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GOVERNMENT OF INDIA
MINISTRY OF SHIPPING
(PORTS WING)

No.PD-13017/2/2014-PD.IV

Dated 17th July, 2015

To,

The Chairmen of All Major Port Trusts,
CMD, Kamarajar Port.

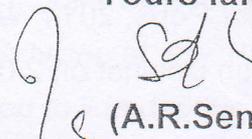
Subject: Policy Guidelines for Land Management 2014-clarifications
reg.

The undersigned is directed to refer to the above subject and to say that the Policy Guidelines for Land Management 2014 were issued to all Major Ports for implementation. However, Indian Ports Association, an apex body of Major Ports, have highlighted certain difficulties and sought some clarifications and suggested some changes and there were also other suggestion from different stakeholders to improve the Land Policy Guidelines.

2. Accordingly, Ministry, vide Order dated 8th August, 2014 constituted a two member committee comprising of DG(Shipping) and Sri R.C.Sinha, Advisor to examine those suggestions and furnish a report. As per the provisions of para 20 (vii) of the Land Policy Guidelines, 2014, in case of any ambiguity or doubt regarding any provision, Ministry of Shipping has powers to interpret and clarify within the overall framework and spirit of the guidelines. Similarly, Para 20 (viii) of the guidelines empowers the Ministry of Shipping to relax the provisions of these Guidelines, in public interest, within the overall framework and spirit of the guidelines, in case of difficulties in implementation.

3. Accordingly, some of the provisions of the Land Policy Guidelines, 2014 have been modified/changed to provide greater clarity and to ease the implementation of the Policy Guidelines by the Major Ports. The Land Policy Guidelines, 2014, thus amended are issued for implementation with immediate effect under Section 111 of MPT Act, 1963.

Yours faithfully,



(A.R.Sengupta)

Under Secretary to the Government of India

Tel. No. 23311659

**Policy Guidelines for Land Management by Major Ports, 2014 –
Clarifications and amendments - regarding**

1. **BACKGROUND**

Land is one of the important resources with the Port Trusts to promote their business and accommodate the increasing traffic at the ports. As per the provisions contained in Sub-Section (1) of Section 34 of the Major Port Trusts Act, 1963, Ports are empowered to lease out land for a period up to 30 years and in case the period of lease is for more than 30 years, prior approval of the Central Government is necessary. The relevant portion of this Sub-Section is reproduced below:-

“Provided further that no contract for the acquisition or sale of immovable property or for the lease of any such property for a term exceeding thirty years and no other contract whereof the value or amount exceeds such value of amount as the Central Government may from time to time fix in this behalf, shall be made unless it has been previously approved by the Central Government.”

2. To regulate allotment of land, the Ministry of Shipping has been issuing guidelines from time to time. In the competitive environment that the ports operate, continuous review of these guidelines is imperative.
3. Accordingly a Draft Policy for land management by Major Ports 2012 was prepared by the Ministry and circulated to various stakeholders for comments and was also put up on the website of the Ministry inviting comments and suggestions. Simultaneously, Inter-Ministerial consultations were also done. Based on the inputs received, the “Policy Guidelines for land management by Major Ports, 2014” was finalised. The said guidelines have been approved by the Union Cabinet on 2/01/2014.

These guidelines were issued to all Major Ports for implementation. However, Indian Ports Association, an apex body of Major Ports, have

highlighted certain difficulties and suggested some changes and there were also suggestions from different stakeholders to improve the Land Policy Guidelines.

Thereafter, Ministry, vide Order dated 8th August, 2014 constituted a two member committee comprising of DG(Shipping) and Sri R.C.Sinha, Advisor to examine the suggestions and furnish a report. Based on the report, the revised guidelines have been framed, The Revised Land Policy guidelines, issued under Section 111 of MPT Act, 1963 are as follows:

4. **Objectives**- The main objectives of the Policy are:-
 - a) To ensure that land resources are put to optimum use as per the approved Land Use Plan with focus on retaining /attracting port traffic;
 - b) To ensure that optimum value is realized by licensing / leasing Port land through a transparent tender-cum-auction methodology.
 - c) The policy prescribes the procedure for revision of rates to enable maximum resource generation for the Ports and the methodology for regular updating of the rates in line with the market value
 - d) The policy also recognizes the need for special dispensation for cases relating to educational and security purposes.

5. **Scope:** The policy is applicable for all Major Ports except for the land relating to the Township areas of Kandla, Mumbai and Kolkata Ports for which separate policy will be formulated. Kamarajar Port Limited may follow the principles of this Land Policy but will not be covered by TAMP jurisdiction . These guidelines supersede all previous guidelines issued on the subject.

6. **Empowered Committee Mechanism:** There shall be an empowered Committee comprising of AS&FA (Shipping), Joint Secretary (Ports), Joint Secretary of the Department of Economic Affairs, and the concerned Adviser of the Planning Commission, for discharge of such functions as are allotted to it under this policy.

7 These policy guidelines for land allotment would be applicable to all new *PPP* projects also. For such projects, approval of the project by the competent authority will be taken as approval for the licence of the land component of the project.

8. **Land Use Plan:**

The Land Policy Guidelines are applicable for all purposes provided under MPT Act 1963. Every Major Port shall have a Land use plan covering all the land owned and/or managed by the Port. Such plans shall be approved by the Board and a copy would be forwarded to the Government. Any proposal for revision of land use plan shall be finalized by the Board only after considering the objections and suggestions received from the various stakeholders. Land use plan of major ports shall be reviewed by the Board at least once in every five years.

9. **Land Allotment Policy:**

Ports are empowered to lease/licensing out land based on the approved land use plan/Zoning of the port and within the framework of MPT Act 1963

9.1 The expression “Lease” shall have the meaning assigned to it as in Section 105 of the Transfer of Property Act, 1882 . Accordingly, lease is defined as transfer of a right to enjoy immovable property, made for a certain time, expressly provided for, in consideration of a price paid or promised, or of money to be rendered periodically or on specified occasions to the transferor by the transferee, who accepts the transfer on such terms.

9.2 The expression “licence” shall have the same meaning assigned to it as in Section 52 of the Indian Easements Act, 1882. Accordingly, licence is defined as a right granted to another person by the grantor, to do or continue to do upon the immovable property of the grantor, something which would, in the absence of such right, be unlawful, and such right does not amount to an easement or an interest in the property.

9.3 The word “Port” and “Board” wherever used in the policy directives connote “Port Administration” and ‘Board of Trustees/ Directors’ respectively.

9.4 **Licence of Land:**

Port will formulate the guidelines for License of land within and outside customs bonded Area in accordance with the land use plan of the port and the spirit of the Land Policy Guidelines and get them approved at the Board level. The Ministry of Shipping should be kept informed of the guidelines.

10. Custom Bond Area:

10.1. **Fresh allotment of land:**

(a) The land inside custom bond area, which is required on an immediate basis, shall be given on licence basis only and no lease may be permitted. Wherever feasible, such licence shall be issued only by inviting competitive tenders. The guidelines laying down the detailed procedure in this regard shall be framed and approved by the Board of the Port. The licence may be granted upto a maximum period of 11 months and shall be at the bid value discovered through the tender-cum-auction, wherever feasible and would be approved by the Board. In cases, where the tender- cum-auction is not possible, land can be allocated on licence basis at the latest SoR which would be the value notified under para-13 (c). However, allotment of land by not resorting to tender-cum- auction methodology should be exercised as an exception.

(b) The Port may also allot land inside the Custom bond area for activities vital to Port operations or for those which clearly aid Port activities and sea trade, such as, setting up of duty free shop, communication centres, parking facilities, passenger facilities like shopping centres, cyber cafes, health clubs etc. and security related activities. The tenure of license for such land will be decided by the respective Port Trust Boards and such tenure shall not exceed 5 years. All such proposals should, however, have the necessary statutory and/or administrative approvals. Land is to be allotted through tender-cum-auction

methodology through a competitive bidding process over the reserve price of such plots which shall be the updated SoR notified by TAMP. Land can also be allotted on nomination basis to CPSUs/SPSUs for activities that are vital to Port operations or which clearly aid port activities at the latest SoR which would be the value notified under para-13 (c).

10.2. **Renewal of existing land leases:**

Even though it would be ideal that land inside custom bond area is allotted on licence basis only, it is observed that some major Ports have allotted land on long term lease basis inside the custom bond area before the land policy guidelines issued in the year 2004 came into force and original lessees have created permanent structures on the land. The procedure outlined in Para 11.3 will also be adopted for renewal of lease of such lands inside the custom bond area.

11. **Outside Custom Bond Area:**

11.1 **Licence of land:**

Normally, land outside custom bond area shall be given on lease basis only. However, in specific cases, for reasons to be recorded in writing, land can be given on licence basis only for Port related activities. Licence of land outside custom bond area will also be governed by the same methodology and conditions as are applicable in case of land inside custom bond area, as spelt out in Para 10 above.

11.2. **Fresh Leases:**

- (a) Land should be leased only in accordance with the land use plan.

- (b) Land can be leased up to a maximum cumulative period of 30 years by the Port with the approval of the Board. Renewal of leases beyond thirty years and for a maximum cumulative period of 99 years should be recommended by the Port

Trust Board after satisfying itself that the same is required to be renewed and that the Port does not require the said land for its own use. Renewals will be granted through the Empowered Committee mechanism subject to the approval of the Government and renewals will be limited to a maximum cumulative period of 99 years.

- (c) In certain cases the lessee may require land for capital intensive investment like tank-farms, refineries etc. The Port, may at its option decide to fix the tenure of lease for a period which is more than 30 years. Such proposals are to be submitted with the recommendations of the Board to the Empowered Committee and Ministry for its approval. The Port in its land-use plan should identify land which can be allotted on long-term lease basis, i.e. for a tenure of 30 years and beyond.

- (d) Land shall be leased through tender -cum -auction methodology through a competitive bidding process over the reserve price of such plots which shall be the updated SoR notified by TAMP. At the tender -cum -auction stage, depending upon its financial requirement, the Port may decide to invite bids either on- (i) Upfront basis, where the bidding parameter is the one-time upfront payment offered by the bidder for the lease period and a nominal lease rent of Rs. One per square metre to be collected every year for the currency of lease period, or; (ii) Premium basis, quoted by the bidder over and above the Reserve Price in terms of the annual lease rent, calculated as per the provisions of para-13(b). While leasing out land on upfront basis, the Board shall fix the Reserve Price which would be the NPV of the sum total of annual lease rentals calculated as per Para 13(b), escalated annually at the rate approved by the Board as indicated in para 13(c). 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.

- (e) A Land Allotment Committee shall be constituted by the Port Trust Board consisting of Deputy Chairman of the Port, and Heads of Departments of Finance, Estate and Traffic. The Land Allotment Committee will finalise the Reserve Price as per the methodology explained above and in Para 13(b).
- (f) In respect of PPP projects, the annual lease rent based on latest SoR with the approved rate of annual escalation would be indicated to the bidders at the bidding stage itself. With respect to land allotted for captive facilities, the lease rentals for the land allotted shall be recovered from the user as per the annual lease rental based on latest SoR notified as per Para-13(c), with the approved rate of annual escalation. The lease rental, as well as the rate of annual escalation would be approved by the Port Trust Board.
- (g) For establishment of common utilities by local bodies like sewage plant, Government Schools and colleges and hospitals, etc, land can be allotted by the Port Trusts on nomination basis provided allotment is in the interest of the Port Trusts. The land allotted to such entities to be used exclusively for the purpose for which it has been allotted and under no circumstances, the usage can be changed. In case the leased land is not used for the purpose it is granted, the lease to be terminated and the land so allotted to be resumed by the Port. No transfer/sub-letting of such lease will be permitted. Concession upto 75% on the annual lease rent arrived at on the basis of updated SoR may be granted to government schools and colleges. Concession in lease rent can be provided by the Port Trust Board as provided under para 11.2 (h) for establishment of common utilities by local bodies like sewage plant, hospitals, etc provided they are in accordance with approved master plan of the city and the land is not required for the Port's own use.
- (h) Land can also be allotted on nomination basis to Government Departments, Statutory Local Bodies, Statutory Authorities/Autonomous Organisations under State/ Central Ministries, Central Public Sector Undertakings (CPSUs), State Public Sector Undertakings (SPSUs) and security agencies like State Police,

CISF, Coast Guard and Navy, subject to the availability of land and on the basis of updated SoR. In cases where any CPSU/SPSU/Statutory Authority enters into Joint Ventures (JV) with private party/parties and the said CPSU/SPSU/Statutory Authority is the lead promoter and has the largest share-holding in the said JV, Port Trust Board may decide to allot land to them also on nomination basis with the approval of the Port Trust Board after incorporating appropriate safeguards. Concession may be granted to security agencies and Government Departments only upto 50% of the annual lease rent. However, in respect of land to be allotted to government departments which are essential to the functioning of the Port like customs, electricity department, health department and for core security functions, concession upto 75% of the annual lease rental can be considered by the port. But such concession can be given for only small extent of land required for core operational purposes imperative for Port functioning and not otherwise. The issue of granting concession and the quantum may be decided on a case to case basis by the Port Trust Board, after recording the reasons in writing.

- (i) When entering into a joint venture for improving Port connectivity or Port development with any public authority, land required for such projects, valued at the latest SoR may constitute the equity of the Port in such joint ventures.
- (j) The Port Trusts should not entertain any proposal for allotment of land to religious institutions or for religious purposes or to political institutions.

11.3. **Renewal of Existing/Earlier Leases:**

- (a) In cases of renewal of existing/earlier leases with or without renewal option, the Port should verify if the land is required for its own use. If it is so required, the Port shall take possession of the land on expiry of lease.
- (b) If the land is not required by the Port for its own use, the Port should then check whether the land use is consistent with the land use plan and whether the lessees are not in default. Thereafter, if it is so, the following procedure will be adopted for renewal of lease of land outside the custom bond area.

- (c) During the process of renewal of existing/earlier leases, the Port is required to differentiate between those lease-agreements that provide for renewal and those that do not provide for such renewal at the end of the lease-period. In cases of renewal of existing leases, without renewal option at the end of the lease-term, the land will be put to tender-cum-auction with the first right of refusal to be extended to the existing lessee. The existing lessee should be allowed to match the H-1 bid. If any structure has been constructed by the earlier lessee on the leased land, it would be valued by a third party valuer to be agreed upon by the Port Trust and the earlier lessee and the successful bidder has to remit the value of the structures which would be passed on to the previous lessee. The bidding and auction would be only on the reserve price of the land. With a view to dissuade non-serious bids, EMD for a valid bid should be fixed at 10% of the latest SoR of the land being put on tender. If the only bidder is the existing lessee, the annual lease rental would be determined on the basis of the latest SoR notified as per Para 13(c) or the price quoted by the existing lessee in the tender-cum-auction, whichever is higher. The provision of first right will also apply to expired lease (possession has been taken by the Port) also in addition to existing leases.
- (d) In respect of lease agreements with renewal option, the lease can be renewed by the Port Trust Board by treating it as a fresh lease at the latest SoR notified as per para 13(c).
- (e) No renewal clause is to be provided in the lease-agreements entered into after coming into effect of these guidelines.
- (f) Any renewal of lease to the original party over and above the existing period is to be approved by the Board, provided that the cumulative lease period does not exceed 30 years.

- (g) Any extension beyond 30 years and for a maximum period of 99 years has to be recommended by the Port Trust Board and the same will be examined and scrutinized by the Empowered Committee which would satisfy itself regarding the justification for such extension and competitiveness of the rate at which such extension is to be granted. Thereafter, approval will be granted by the Government.
- (h) After the expiry/termination of lease and despite receiving the notice thereof, or forfeiture of lease on account of change of user, assignment etc., if the lessee continues to occupy it unauthorisedly, the lessee shall be liable to pay compensation for wrongful use and occupation at three (3) times the annual lease rent based on the latest SoR, till vacant possession is obtained by the Port. In cases of land allotted on upfront basis, the equivalent annual lease rent would be calculated on pro-rata basis.
- (i) For existing leases, at the time of expiry/termination of lease, the lessee shall remove all structures at his own cost under the following conditions:
 - (a) Within three (3) months of expiry/termination, if Port decides not to re-auction that land; or,
 - (b) Three months after tender-cum-auction, if the existing lessee was not successful.

Beyond this period, the lessee shall be liable to pay compensation for wrongful use and occupation at three (3) times the annual lease rent, till vacant possession is obtained. In cases of land allotted on upfront basis, the equivalent annual lease rent would be calculated on pro-rata basis. If the Port so decides, for reasons to be recorded and approved by the Port Trust Board, it may also take over the structures after third party valuation of the assets with the concurrence of the lease holder. In case removal of structures is to be carried out by the Port, it would be at the cost of the lessee.

- (j) The process of renewal of existing leases should be initiated by the respective Ports well in advance, before the term of lease expires. The automatic renewal of existing leases should be preferably done within three months of receipt of such application for renewal. Liability to pay compensation for wrongful use by the lessee will not arise, if the delay in renewing such leases is wholly attributable to the Port.
- (k) In respect of old leases, where the terms of lease stipulate automatic renewal at pre-determined rates, such cases are to be reviewed by the Board on a case to case basis from the point of view of the reasonability of such terms of renewal, including the rates. In such cases, the endeavour should be to migrate to lease rentals based on latest market value.

12. **General- Applicable to existing and new leases:**

- (A) The lessee may be allowed to transfer the lease as per extant laws after obtaining prior approval of the Board of Trustees provided the transferee takes over all the liabilities of the original lessee/ allottee. Such transfer shall be for the remaining duration of the lease and in accordance with the Land Use Plan of the Port. Before allowing such transfer, the Port shall recover:-

(i). In case of leases granted on upfront basis

In case of those lands which were originally given on lease on upfront- rental basis, the transfer as per extant laws may be allowed subject to the transferee agreeing to pay the following:-

- (a) An undertaking for payment of the upfront rental as calculated on pro-rata basis for the balance period; and
- (b) A fee equal to 50% of the pro-rata upfront rental payable upto the time of transfer.

(ii). 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.
- B. **Subletting** :The existing lease holder may be allowed to sublet/partially sublet the leased premises to another party for the same purpose for which it was originally allotted. Also, such subletting shall be in accordance with the Land Use Plan and before allowing this, the Port shall recover 50 % of the rent charged by the lessee from the sub-lessee for the entire period of sub-lease irrespective of the fact whether land was originally allotted on upfront basis or annual rental basis. It is clarified that the original lessee would continue to remain responsible for payment of lease rent and for adherence to the terms and conditions of lease. However, in respect of leases which shall be entered into after the coming into effect of these guidelines, in cases where, the lessee is not able to utilize the entire land leased to him, the portion of the lease premises not required by him should be surrendered and no subletting shall be permitted. Port Trust shall refund proportionate lease rental when allotted on upfront premium basis. It is further clarified that leased premises also includes structures built on lease land for the purpose of recovering of subletting fee. Exemption from collecting subletting fee may be given in case of FTZ/SEZ wherein the business model is based on subletting only.
- C. All proposals for transfer / subletting should be evaluated by the Land Allotment Committee and thereafter approved by the Board of Trustees.
- D. NOC can be granted for mortgage of leasehold land, along with the permissible structures erected by the lessee thereon in favour of reputed financial institutions/ scheduled banks, subject to the Port retaining the first charge on them. The Board of Trustees may permit the mortgage on collection of a nominal fee

commensurate with the size and lease value of the land to be fixed by the Trust Board. All proposals for grant of NOC for mortgage may be duly recommended by the Land Allotment Committee and approved by the Chairman of the Port.

- E. Each lease agreement should specifically provide for termination of lease, if the leased land is not utilized for the purpose for which it is allotted, within two years of the allotment, or such shorter period as may be fixed at the time of approval of the lease. However, this period of two years can be extended by the Board maximum upto one more year from the date of physical possession of land in respect of security/ government agencies only. Similarly, each lease agreement should specifically provide for surrender of lease, subject to prior notice by the lessee at least 6 (six) months in advance and refund of proportionate upfront premium if the land was leased on upfront basis. Even in existing leases, in cases of premature surrender of lease, proportionate upfront premium to be refunded by the Port if the land was leased on upfront basis.
- F. After the expiry/termination of lease or forfeiture of lease on account of change of user assignment, etc., if the lessee continues to occupy it unauthorized, the lessee shall be liable to pay compensation for wrongful use and occupation at three times the annual lease rent, irrespective of the fact whether land was originally allotted on up front basis or annual rent basis, till vacant possession is obtained. In cases of upfront bidding, the annual lease rent would be determined on pro-rata basis
- G. If a lessee breaches/ violates any provision of Lease Agreement, the Port Trust Board would reserve the right to impose appropriate penalty on the lessee or cancel the lease depending upon the nature/ magnitude of breach/ violation. Such penalty may be imposed after giving a reasonable opportunity to the lessee to present his case.
- H. The Port would have the option to prescribe Minimum Guaranteed Traffic/ Minimum Guaranteed Revenue as conditions for fresh leases, if deemed fit.

- I. Licence fee for water area would be 50% of licence fee of abutting land.
- J. The Port Trust Board shall have the right to resume possession of the leased land in public interest before expiry of lease period. In such cases, subject to availability of land, the lessee may at the discretion of the Port Trust Board be given an option to relocate activities in another suitable location to be offered by the Port, as per the land use plan or refund of proportionate upfront premium if the land was leased on upfront basis.
- K. The Port Trust Board shall fix objective eligibility criteria for qualification of bidders, such as net-worth, tax certifications and non-pendency of mutually admitted Port dues.
- L. In respect of land situated adjoining to Defence Installations as defined in Works of Defence Act, 1903, prior concurrence of the Local Defence Authority will be required.
- M. Transfer of lease should not be permitted where land has initially been allotted on nomination basis or at concessional rates of lease rent.
- N. In respect of a case where the transferor extracts premium on the transfer of the lease, 50% of such premium is to be paid to the Port Trust.

13. **Market Value of land and SoR:**

- (a) Land Allotment Committee may normally take into account the highest of the factors mentioned herein below to determine the latest market value of Port land. In case the land allotment committee is not choosing the highest factor, the reasons for the same have to be recorded in writing.
 - 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 last three years in the Port's vicinity (the vicinity of the Port is to be decided by the respective Port Trust Boards), 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.

(b) The Land Allotment Committee shall, while recommending the latest Market Value for any land would normally take into account the highest of the factors mentioned in Para 13 (a) above. Reserve Price in terms of the annual lease rent would be latest SoR determined in accordance with Para 13(a) and 13 (c) and would in no case be less than 6% of the latest market value recommended by the Port Trust.

(c) The Port Trust would make a proposal as outlined in para 13(a) to TAMP for fixing the latest SoR of the land. The TAMP would notify the latest SoR of the land after following due process of consultation with stake holders within 45 days of receipt of the proposal. The Port Trust Board will fix a rate of annual escalation which would not be less than 2%. SoR would be refixed once in every 5 years by TAMP.

(d) **Reserve Price for Auction:**

The reserve be the latest SoR with due escalation for all leases within and outside the Custom Bonded Area.

14. **Right of Way permission:**

The Right of Way permission for laying pipelines/conveyors etc., from jetties to the tank farms within & outside port area shall be given with approval of the Board. It shall neither be a lease nor a license. As far as possible, the pipeline

should be permitted only underground. There shall not be any allotment of land to a party for giving Right of Way permission. As far as possible, these shall be laid on common user basis and if the same pipeline is required by any other party, it shall be spared, on such terms as agreed between the parties and the Port Trust Board. The parties shall have to abide by the conditions specified by the Port. An indicative list of guidelines/conditions for Right of way permission is at Annexure to this document. The Policy for giving the Right of way permission and the terms and conditions shall be formulated by the respective Port Trust Boards.

15. **Transparency and Accountability Provisions:**

- (i) All proposals for transfer of leases, change of purpose/use, mortgage of land, Right of Way permission etc shall be recommended by the Land Allotment Committee and approved by the Port Trust Board.
- (ii) The allotments through tender-cum-auction shall only be done through e-tendering.
- (iii) All financial transactions related to land shall be made with authorized banks on e-payment basis.
- (iv) Details of latest market value assessed by Ports should be displayed on their websites. All matters relating to land bank belonging to a Port, including location and availability should be placed on their website.
- (v) Any proposal for fresh lease/ licence or renewal of existing lease/licence should be placed in the public domain and reasonable time provided for inviting comments / suggestions of the public.
- (vi) Any proposal for revision of the land use plan shall be published in the website of the Port Trust inviting objections and suggestions and shall be

finalised by the Board after considering the objections and suggestions received.

(vii) In case of any ambiguity or doubt arising in regard to any provision, the Ministry of Shipping would have the powers to interpret and clarify the same within the overall framework and spirit of these guidelines.

(viii) In case of any difficulty arising in implementing these guidelines, the Ministry of Shipping would have the powers to relax the provisions in these Guidelines, in public interest, within the overall framework and spirit of the guidelines.

Broad Terms and Conditions for issuance of Right of way Permission for laying Pipelines/conveyors etc.

1. The parties shall be allowed to lay pipelines/conveyors etc., on right of way basis and on purely temporary basis.
2. Only permission shall be given. There shall not be any allotment of land to the party nor is to be construed to be a lease or licence.
3. Facility compensation or right of way charges shall be paid by all parties. For the purpose of Right of way leave charges, the area occupied by pipelines shall be calculated based on the diameter and length of those pipelines. In case of multi-layer stacks, the physical area occupied by the multilayer pipeline/conveyor stacks shall be considered and the respective users shall be billed accordingly. As far as underground pipelines are concerned, if the users establish that the possession of surface area above the underground cross-country pipelines is not physically with them, the area occupied by such pipelines shall be considered as 50% of the diameter and length, for the purpose of levy of Right of Way charges.
4. As far as possible, the pipelines may be laid on common-user basis. If any other party wants to use the pipelines, they may be given permission on such terms as agreed to between the Parties and the Port Trust Board.
5. One time Supervision charges as a percentage of the cost of laying of pipelines/conveyors etc. in the port limits shall be paid by all the parties to the Port Trust. The charges would be applicable even if the supervision is done by a third party.
6. Each Port Trust Board would formulate and approve their own policy for one time supervision charges, MGT and additional compensation charges if any for granting way leave permission.
7. The Port Trust shall ensure that the wharfage and all other charges due to be paid by the party, shall be paid to the Port Trust for the cargo handled through the pipelines.
8. All statutory permissions including that of explosives and fire-safety etc., shall be obtained by the parties concerned from the respective authorities.
9. Port Trust shall reserve the right to direct the parties to remove the pipelines modify or re-route the pipelines in the exigencies or interest of the Port and the Party shall carry out the same at their own cost.
10. The party shall indemnify the Port Trust against all kinds of damages, loss to Port property, personnel etc., caused due to laying, maintenance and operation of pipelines.

11. The party shall follow all the relevant rules of the Port Trust and other statutory authorities such as the Chief Controller of Explosives, Nagpur and also provisions of other relevant statues etc.
12. The party shall take adequate safety measures and arrange for patrolling of their pipelines round the clock at their own cost.
13. The Port Trust shall not be held responsible for any loss, damages, pilferage etc., of the products from pipelines.
14. Other usual operating conditions as laid down by the Port Trust would apply.

No. PD-13017/2/2014-PD.IV
Government of India
Ministry of Shipping
(Ports Wing)

Dated 29th April, 2019

To,
The Chairmen of All Major Port Trusts &
CMD, Kamarajar Port Ltd.

CLARIFICATION CIRCULAR (LAND MANAGEMENT) No. 1 OF 2019-20

**Subject: Compilation of Policy Guidelines for Land Management 2015-
Clarifications issued therein - reg.**

Sir(s),

I am directed to refer to the above subject and to say that the Policy Guidelines for Land Management 2014 had been issued to all Major Ports for implementation. Later, some of the provisions of the Land Policy Guidelines, 2014 were further clarified to ease the implementation of the Policy Guidelines by the Major Ports vide letter No. PD-13017/2/2014-PD. IV dated 17th July, 2015 (hereinafter termed as Policy Guidelines for Land Management 2015 (PGLM, 2015)).

2. Many Major Ports had, however, raised various difficulties in implementing some of the provisions of PGLM, 2015 and requested for further clarifications on the same. Accordingly, Indian Port Association (IPA), an apex body of Major Ports was asked to deliberate on all such issues and submit a report. Based on the report submitted by IPA, the clarifications required to be issued were examined and again discussed with Chairmen of all Major Ports. To accommodate the various difficulties arising with regard to implementation of the guidelines so as to meet the practical exigencies & requirements in public interest, clarifications on these issues had been finalized and issued by the Ministry under the provisions of Para 15(vii) & (viii) of PGLM, 2015, on 14th May 2018 & 9th March, 2019 and on 16th October, 2018 with regard to classification/ categorization of Port Land as per National Industrial Classification (NIC), 2008 (F.No. PD-25021/11/2015-VoCPT dated 16th October, 2018).

3. The various clarifications thus issued from time to time have been compiled by incorporating these clarifications below the relevant paras of PGLM, 2015 for ease of reference and clarity. Clarification Circular prescribing guidelines for establishing a Floating Storage Re-gasification Unit (FSRU) for LNG cargo in different ports issued vide F. No. PD-13/18/2018-PPP Cell dated 7th March, 2019 is at Annexure-I. Policy Guidelines for Land Management 2015 thus incorporating these clarifications are issued with immediate effect for implementation under Section 111 of MPT Act, 1963.

4. Henceforth any clarification regarding Land Policy will be issued only in the form of 'CLARIFICATION CIRCULAR (LAND MANAGEMENT) No. ... of 2019-20'. All the clarifications issued during a Financial Year will be valid till the end of Financial Year i.e.

the Clarification Circular will have a sunset clause. All Clarification Circulars issued in a Financial Year that need to be retained will be consolidated into one Circular to be issued on 1st April of the succeeding year.

Yours faithfully,



(Rameshwar Kumar)

Under Secretary to the Govt. of India

Tel. No. 23311659

Enclosure: As above.

Copy to:

- i. The Managing Director, Indian Port Association, New Delhi

Copy also to:

- i. PS to Hon'ble Minister of Shipping / Hon'ble MOS(S, Finance)/ Hon'ble MOS(S,RT&H,C&F)
- ii. PS to Secretary(S)/PPS to AS&FA
- iii. PPS/PS/PA to AS(S)/JS(P)/JS(S)/JS(SM)/Sr. Adviser(Eco.)/
- iv. All the Directors in Ports Wing/ CO(PB)
- v. NIC- for uploading the same on the website of the Ministry of Shipping

Policy Guidelines for Land Management by Major Ports, 2015
(updated with clarifications issued upto 31.03.2019)

1. **BACKGROUND**

Land is one of the important resources with the Port Trusts to promote their business and accommodate the increasing traffic at the ports. As per the provisions contained in Sub-Section (1) of Section 34 of the Major Port Trusts Act, 1963, Ports are empowered to lease out land for a period up to 30 years and in case the period of lease is for more than 30 years, prior approval of the Central Government is necessary. The relevant portion of this Sub-Section is reproduced below: -

“Provided further that no contract for the acquisition or sale of immovable property or for the lease of any such property for a term exceeding thirty years and no other contract whereof the value or amount exceeds such value of amount as the Central Government may from time to time fix in this behalf, shall be made unless it has been previously approved by the Central Government.”

2. To regulate allotment of land, the Ministry of Shipping has been issuing guidelines from time to time. In the competitive environment that the ports operate, continuous review of these guidelines is imperative.

3. Accordingly a Draft Policy for land management by Major Ports 2012 was prepared by the Ministry and circulated to various stakeholders for comments and was also put up on the website of the Ministry inviting comments and suggestions. Simultaneously, Inter-Ministerial consultations were also done. Based on the inputs received, the “Policy Guidelines for land management by Major Ports, 2014” was finalised. The said guidelines have been approved by the Union Cabinet on 2/01/2014.

These guidelines were issued to all Major Ports for implementation. However, Indian Ports Association, an apex body of Major Ports, had highlighted certain difficulties and suggested some changes and there were also suggestions from different stakeholders to improve the Land Policy Guidelines.

Thereafter, Ministry, vide Order dated 8th August, 2014 constituted a two member committee comprising of DG(Shipping) and Sri R.C. Sinha, Advisor to examine the suggestions and furnish a report. Based on the report, the revised guidelines have been framed. The Revised Land Policy guidelines, issued under Section 111 of MPT Act, 1963 are as follows:

4. Objectives- The main objectives of the Policy are: -
- i). To ensure that land resources are put to optimum use as per the approved Land Use Plan with focus on retaining /attracting port traffic;
 - ii). To ensure that optimum value is realized by licensing / leasing Port land through a transparent tender-cum-auction methodology.
 - iii). The policy prescribes the procedure for revision of rates to enable maximum resource generation for the Ports and the methodology for regular updating of the rates in line with the market value
 - iv). The policy also recognizes the need for special dispensation for cases relating to educational and security purposes.

5. **Scope:** The policy is applicable for all Major Ports except for the land relating to the Township areas of Kandla, Mumbai and Kolkata Ports for which separate policy will be formulated. Kamarajar Port Limited may follow the principles of this Land Policy but will not be covered by TAMP jurisdiction. These guidelines supersede all previous guidelines issued on the subject.

Issue 5.1:

PGLM 2015 provides in Para 5 that this policy guideline is applicable for all land in major ports except for the land relating to the township areas of Kandla, Mumbai and Kolkata ports. For these townships a separate policy is required to be formulated. Leases in these townships have been given mainly for residential and commercial purposes and some of these leases have either expired or are going to expire. Whether provisions of PGLM 2015 can be extended to these townships till formulation and application of a separate policy?

Clarification 5.1:

Townships are broadly defined as well delineated residential developments with supporting infrastructure. Thus, the bulk of the development in such townships is of residential units with other infrastructure supporting the residential development. In Mumbai and Kolkata, such residential areas developed on port land over long periods of time essentially because of the port activities. Similarly, at Kandla, both Gandhidam and Kandla townships developed due to the development of the Deendayal Port (then Kandla Port). PGLM 2015 clearly mentions that these policy guidelines are not applicable to township areas of Kandla, Mumbai and Kolkata ports. However, since there is already a large tract of existing township, the spirit of the extant Policy Guidelines is that no new residential/real-estate development should take place in these places without a separate policy for residential/real-estate development in place. Considering this broad aspect, the

following is decided for the township areas of only Mumbai Port, Deendayal Port (Kandla) and Kolkata Port, excluding Haldia Dock Complex:

- i). No new residential/real-estate development including individual residential unit should be taken up under PGLM 2015 except:
 - (a) the township project at Gandhidham, Deendayal Port which was appraised by the PIB and approved by the Minister of Shipping and Minister of Finance and is an integral part of the Smart Industrial Port City, Kandla.
 - (b) allotment or development of land for residential purposes to Government Ministries/ Departments/ their subordinate, attached offices/ organizations. The allotment would be strictly subject to the condition that the development will be for their own use and cannot be sold, leases or let-out to any other person/ body in any manner whatsoever.
- ii). Even for old residential areas no new norms like increased FAR, etc., should be considered and taken up for development.
- iii). However, renewal of leases within existing development can be taken up following Para 11.3 of PGLM 2015 on policy of renewal of existing/earlier leases.
- iv). Land can be allotted by the way of fresh lease as per Para 11.2 (d) only for industrial, commercial purposes, etc., i.e. through tender-cum-auction methodology through a competitive bidding process over reserve price of such plots which shall be determined as per Para 13.
- v). For establishment of common utilities only by local self-government bodies, methodology as indicated in Para 11.2 (g) may be adopted.
- vi). Land can also be allotted by the way of fresh lease to entities as mentioned in Para 11.2(h) on nomination basis on market value as determined under Para 13 i.e. without any concessions. This should be subject to the condition that the development will be for their own use and cannot be sold, leased or let-out to any other person/ body in any manner whatsoever.
- vii). All the above developments can be taken up provided these are in accordance with an approved Master Plan and the land is not required for the port's own use.

6. Empowered Committee Mechanism: There shall be an empowered Committee comprising of AS&FA (Shipping), Joint Secretary (Ports), Joint Secretary of the Department of Economic Affairs, and the concerned Adviser of the Planning Commission, for discharge of such functions as are allotted to it under this policy.

7. These policy guidelines for land allotment would be applicable to all new PPP projects also. For such projects, approval of the project by the competent authority will be taken as approval for the licence of the land component of the project.

8. Land Use Plan:

The Land Policy Guidelines are applicable for all purposes provided under MPT Act 1963. Every Major Port shall have a Land use plan covering all the land owned and/or managed by the Port. Such plans shall be approved by the Board and a copy would be forwarded to the Government. Any proposal for revision of land use plan shall be finalized by the Board only after considering the objections and suggestions received from the various stakeholders. Land use plan of major ports shall be reviewed by the Board at least once in every five years.

9. Land Allotment Policy:

Ports are empowered to lease/licensing out land based on the approved land use plan/Zoning of the port and within the framework of MPT Act 1963.

9.1 The expression "Lease" shall have the meaning assigned to it as in Section 105 of the Transfer of Property Act, 1882. Accordingly, lease is defined as transfer of a right to enjoy immovable property, made for a certain time, expressly provided for, in consideration of a price paid or promised, or of money to be rendered periodically or on specified occasions to the transferor by the transferee, who accepts the transfer on such terms.

9.2 The expression "licence" shall have the same meaning assigned to it as in Section 52 of the Indian Easements Act, 1882. Accordingly, licence is defined as a right granted to another person by the grantor, to do or continue to do upon the immovable property of the grantor, something which would, in the absence of such right, be unlawful, and such right does not amount to an easement or an interest in the property.

9.3 The word "Port" and "Board" wherever used in the policy directives connote "Port Administration" and 'Board of Trustees/ Directors' respectively.

9.4 Licence of Land:

Port will formulate the guidelines for License of land within and outside customs bonded Area in accordance with the land use plan of the port and the spirit of the Land Policy Guidelines and get them approved at the Board level. The Ministry of Shipping should be kept informed of the guidelines.

Issue 9.4.1:

There are cases where land is required to be allotted on immediate requirement of Port user for Cargo storage. How to allot such land on license basis?

Clarification 9.4.1:

As per para 9.4 of PGLM, 2015, Port may formulate the guidelines for License of land within and outside customs bonded area in accordance with the land use plan of the port and the spirit of the Land Policy Guidelines and get them approved at the Board level. The Ministry of Shipping should be kept informed of the guidelines.

10. Custom Bond Area:**10.1. Fresh allotment of land:**

- a) The land inside custom bond area, which is required on an immediate basis, shall be given on licence basis only and no lease may be permitted. Wherever feasible, such licence shall be issued only by inviting competitive tenders. The guidelines laying down the detailed procedure in this regard shall be framed and approved by the Board of the Port. The licence may be granted upto a maximum period of 11 months and shall be at the bid value discovered through the tender-cum-auction, wherever feasible and would be approved by the Board. In cases, where the tender- cum-auction is not possible, land can be allocated on licence basis at the latest SoR which would be the value notified under para-13 (c). However, allotment of land by not resorting to tender-cum- auction methodology should be exercised as an exception.
- b) The Port may also allot land inside the Custom bond area for activities vital to Port operations or for those which clearly aid Port activities and sea trade, such as, setting up of duty free shop, communication centres, parking facilities, passenger facilities like shopping centres, cyber cafes, health clubs etc. and security related activities. The tenure of license for such land will be decided by the respective Port Trust Boards and such tenure shall not exceed 5 years. All such proposals should, however, have the necessary statutory and/or administrative approvals. Land is to be allotted through tender-cum-auction methodology through a competitive bidding process over the reserve price of such plots which shall be the updated SoR notified by TAMP. Land can also be allotted on nomination basis to CPSUs/SPSUs for activities that are vital to Port operations or which clearly aid port activities at the latest SoR which would be the value notified under para-13(c).

Issue 10.1 (c):

Whether land within custom bond area can be allotted for PPP Projects for more than 5 years? If yes, what will be the methodology?

Clarification 10.1 (c):

The Model Concession Agreement for PPP projects approved in 2018 provides for a concession period of 30 years. There could also be concession agreements entered by the port for periods less than 30 years but more than 5 years. Para 10.1 (b) provides for licence of land allotted inside custom bond areas for activities vital to port operations, or those which clearly aid port activities and security related activities for a maximum tenure of 5 years. However, if it is assessed that the requirement of land for PPP projects in custom bond areas is for more than 5 years, then land can be made part of the bidding process and provided for the period of Concession Agreement. If this land was not part of the bidding process on which the concession got determined then the land can also be provided as per specific provisions for allotment of land contained in the Concession Agreement. When there are no specific provisions for such allotment in the Concession Agreement, then land can be provided after proper assessment at 1.2 times of the latest SOR (as per the Model Concession Agreement for PPP projects, 2018) which would be the value notified under Para 13 (c) of PGLM 2015, on the recommendation of the Board and with the approval of the Ministry of Shipping through the Empowered Committee route.

Issue 10.1(d):

Whether land within custom bond area can be allotted to PSUs/Government bodies for more than 5 years? If yes, what will be the methodology?

Clarification 10.1 (d):

Para 10.1 (b) provides that land inside custom bond areas for activities vital to port operations, or those which clearly aid port activities and security related activities can be allotted on nomination basis to CPSUs/SPSUs at the latest SOR which would be the value notified under Para 13 (c) of PGLM 2015. However, if it is established that the requirement of the land is for tenure of more than 5 years, then in exceptional circumstances, land can be allotted on licence/ lease basis for more than 5 years on nomination basis to PSUs/Government Bodies at the latest SOR which would be the value notified under Para 13(c).

10.2. Renewal of existing land leases:

Even though it would be ideal that land inside custom bond area is allotted on licence basis only, it is observed that some major Ports have allotted land on long term lease basis inside the custom bond area before the land policy guidelines issued in the year 2004 came into force and original lessees have created permanent structures on the land. The procedure outlined in Para 11.3 will also be adopted for renewal of lease of such lands inside the custom bond area.

Issue 10.2 (i):

There may be cases where land has been allotted on licence basis in custom bond area, the licence has been renewed periodically and the licencees have built permanent structures on the licenced land. Whether in such cases, the land can be allotted on lease basis as per Para 10.2 of PGLM 2015.

Clarification 10.2 (i):

No, only in cases where licence was granted prior to 2004 in the custom bond area and the licensees have built permanent structures can lease be granted following the principle as laid out in per Para 11.3. All such proposals would have to be recommended by the Port Trust Board and approved by the Ministry of Shipping through the Empowered Committee route.

11. Outside Custom Bond Area:

11.1 Licence of land:

Normally, land outside custom bond area shall be given on lease basis only. However, in specific cases, for reasons to be recorded in writing, land can be given on licence basis only for Port related activities. Licence of land outside custom bond area will also be governed by the same methodology and conditions as are applicable in case of land inside custom bond area, as spelt out in Para 10 above.

11.2. Fresh Leases:

- (a) Land should be leased only in accordance with the land use plan.
- (b) Land can be leased up to a maximum cumulative period of 30 years by the Port with the approval of the Board. Renewal of leases beyond thirty years and for a maximum cumulative period of 99 years should be recommended by the Port Trust Board after satisfying itself that the same is required to be renewed and that the Port does not require

the said land for its own use. Renewals will be granted through the Empowered Committee mechanism subject to the approval of the Government and renewals will be limited to a maximum cumulative period of 99 years.

(c) In certain cases the lessee may require land for capital intensive investment like tank-farms, refineries etc. The Port, may at its option decide to fix the tenure of lease for a period which is more than 30 years. Such proposals are to be submitted with the recommendations of the Board to the Empowered Committee and Ministry for its approval. The Port in its land-use plan should identify land which can be allotted on long-term lease basis, i.e. for a tenure of 30 years and beyond.

Issue 11.2 (c) (i):

PGLM 2015 provides in Para 11.2 (c) that lease of land for more than 30 years for capital intensive investment like tank farms, refineries etc., can be given. Whether the longer period of lease may also be extended to Free Trade Warehousing Zone/SEZ, multi modal logistics park, mega food park, etc.

Clarification 11.2 (c) (i):

The period of lease for capital intensive investments like tank farms, refineries, industrial units, Free Trade Warehousing Zone/SEZ, Multimodal logistic park, Mega food parks, etc. should be for more than 30 years as the business model for these activities is based on life longer than 30 years. The port may fix the tenure of lease for a period which is more than 30 years and the lease rental should be either upfront premium or premium payable in maximum 10 yearly instalments and interest at the rate of G-Sec prevalent at the time of grant of lease should also be levied during the period of instalment. All such proposals where the period of lease is more than the period within the powers of the Board, will have to be recommended by the Port Trust Board and approved by the Ministry of Shipping following the Empowered Committee route.

(d) Land shall be leased through tender -cum -auction methodology through a competitive bidding process over the reserve price of such plots which shall be the updated SoR notified by TAMP. At the tender -cum -auction stage, depending upon its financial requirement, the Port may decide to invite bids either on- (i) Upfront basis, where the bidding parameter is the one-time upfront payment offered by the bidder for the lease period and a nominal lease rent of Rs. One per square metre to be collected every year for the currency of lease period, or; (ii) Premium basis, quoted by the bidder over and above the Reserve Price in terms of the annual lease rent, calculated as per the provisions of para-13(b). While leasing out land on upfront basis, the Board shall fix the Reserve Price which would be the NPV of the sum total of annual lease rentals calculated as per Para 13(b), escalated annually at the rate approved by the Board as indicated in

para 13(c). 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.

Issue 11.2 (d) (i):

What would be the G-Sec rate to be adopted as discounting factor for computation of Upfront premium if there is a time lag between invitation of tender and actual allotment.

Clarification 11.2 (d)(i):

G-Sec rate has to be the rate applicable at the time of invitation of tender as the bidder should have a clear idea of his liability.

(e) A Land Allotment Committee shall be constituted by the Port Trust Board consisting of Deputy Chairman of the Port, and Heads of Departments of Finance, Estate and Traffic. The Land Allotment Committee will finalise the Reserve Price as per the methodology explained above and in Para 13(b).

(f) In respect of PPP projects, the annual lease rent based on latest SoR with the approved rate of annual escalation would be indicated to the bidders at the bidding stage itself. With respect to land allotted for captive facilities, the lease rentals for the land allotted shall be recovered from the user as per the annual lease rental based on latest SoR notified as per Para-13(c), with the approved rate of annual escalation. The lease rental, as well as the rate of annual escalation would be approved by the Port Trust Board.

(g) For establishment of common utilities by local bodies like sewage plant, Government Schools and colleges and hospitals, etc, land can be allotted by the Port Trusts on nomination basis provided allotment is in the interest of the Port Trusts. The land allotted to such entities to be used exclusively for the purpose for which it has been allotted and under no circumstances, the usage can be changed. In case the leased land is not used for the purpose it is granted, the lease to be terminated and the land so allotted to be resumed by the Port. No transfer/sub-letting of such lease will be permitted. Concession upto 75% on the annual lease rent arrived at on the basis of updated SoR may be granted to government schools and colleges. Concession in lease rent can be provided by the Port Trust Board as provided under para 11.2 (h) for establishment of common utilities by local bodies like sewage plant, hospitals, etc provided they are in accordance with approved master plan of the city and the land is not required for the Port's own use.

Issue 11.2 (g) (i):

Whether land can be allotted for establishment of common utilities in the custom bond area? If yes, what will be the methodology and the rate applicable?

Clarification 11.2 (g) (i):

As far as possible common utilities in the custom bond area should be provided by the port either by itself or through outsourcing. Only in exceptional circumstances when it is not possible for the port to provide these utilities should land be allotted for such common utilities only to local bodies/ Government agencies. In such cases, this should be done following the provision of common utilities outside the custom bond areas in Para 11.2 (g) read with Para 11.2 (h) of PGLM 2015.

Issue 11.2 (g)(ii):

Whether land can be allotted outside custom bond area by a fresh lease for Social and Educational purposes as per approved land use plan? If yes, what would be the methodology?

Clarification 11.2 (g) (ii):

Para 11.2 (g) and (h) provide for establishment of schools, colleges, hospitals, etc., by local/government bodies on nomination basis at the updated SOR rate and concession thereto. In case such social and education utilities have to be established by other than local/government bodies land can also be allotted on tender-cum-auction basis. While fixing up market value of the land as per Para 13 the Land Allotment Committee should consider the rates for land for similar purposes. If the ready reckoner for land for similar purposes is not available then the rates of the adjacent local authorities for similar purposes could also be considered while fixing the market value.

Issue 11.2 (g) (iii):

There are cases, where land was allotted on lease to charitable organizations/religious places/ social institution/ educational institutions/registered and recognized trade unions of Port employees, outside the custom bond area without following competitive bid methodology on nomination basis and also at concessional or nominal rates and the leases have expired. What is the methodology to be adopted for grant of fresh lease and what are the rates which shall apply?

Clarification 11.2 (g) (iii):

Keeping in with the spirit of provision in Para 11.2 (g), renewal of leases for the following purposes only may be considered provided it is in accordance with the approved Master Plan/Land Use Plan and the land is not required for the port's own use:

- (i) Renewal of existing leases of Educational institutions, health and family welfare institutions, registered and recognized trade unions for port employees can be done on a nomination basis. Where these institutions are being run on commercial lines, then the annual lease rent should be charged on the basis of updated SOR for similar usage. In cases the organizations are being run without any commercial consideration, then concession in lease rent may be considered by the Port Trust Board up to 75%. All such proposals would have to be recommended by the Port Trust Board and approved by the Ministry of Shipping through the Empowered Committee route.

Issue 11.2 (g) (iv):

There are cases, where land outside custom bond area was given to Government Schools and Colleges and Government aided schools and colleges on a nomination basis, at concessional rate and the lease has expired. What is the methodology to be adopted for grant of fresh leases and what are the rates which shall apply?

Clarification 11.2 (g) (iv):

The policy guidelines as at Para 11.2(g) for renewal of lease for Government schools and colleges should be followed mutatis mutandis. For Government aided schools and colleges, renewal may be done on annual lease rent basis arrived as per the latest and updated SOR for similar usage. For Government Schools and Colleges Port authorities may finalise cases which fall within their powers and in all other cases, however, they should be recommended by the Port Trust Board and approved by the Ministry of Shipping through the Empowered Committee route.

- (h) Land can also be allotted on nomination basis to Government Departments, Statutory Local Bodies, Statutory Authorities/Autonomous Organisations under State/Central Ministries, Central Public Sector Undertakings (CPSUs), State Public Sector Undertakings (SPSUs) and security agencies like State Police, CISF, Coast Guard and Navy, subject to the availability of land and on the basis of updated SoR. In cases where any CPSU/SPSU/Statutory Authority enters into Joint Ventures (JV) with private party/parties and the said CPSU/SPSU/Statutory Authority is the lead promoter and has the largest share-holding in the said JV, Port Trust Board may decide to allot land to them also on nomination basis with the approval of the Port Trust Board after incorporating

appropriate safeguards. Concession may be granted to security agencies and Government Departments only upto 50% of the annual lease rent. However, in respect of land to be allotted to government departments which are essential to the functioning of the Port like customs, electricity department, health department and for core security functions, concession upto 75% of the annual lease rental can be considered by the port. But such concession can be given for only small extent of land required for core operational purposes imperative for Port functioning and not otherwise. The issue of granting concession and the quantum may be decided on a case to case basis by the Port Trust Board, after recording the reasons in writing.

(i) When entering into a joint venture for improving Port connectivity or Port development with any public authority, land required for such projects, valued at the latest SoR may constitute the equity of the Port in such joint ventures.

(j) The Port Trusts should not entertain any proposal for allotment of land to religious institutions or for religious purposes or to political institutions.

Issue 11.2 (j) (i):

There are cases, where land outside custom bond area was given to Public sector entities/Government bodies on nomination basis and the lease have expired. What is the methodology to be adopted for grant of fresh lease and what are the rates which shall apply?

Clarification 11.2 (j) (i):

Keeping in with the spirit of grant of fresh leases to such organizations as per Para 11.2 (h), the renewal of lease in such cases could also be done on nomination basis. The concessions to be granted should also be as per Para 11.2 (h).

Issue 11.2 (j) (ii):

PGLM 2015 provides in Para 11.2 (h) that land can also be allotted on nomination basis to Government Departments, Statutory Local Bodies, Statutory Authorities/Autonomous Organisations under State/Central Ministries, Central Public Sector Undertakings (CPSUs), State Public Sector Undertakings (SPSUs) and security agencies like State Police, CISF, Coast Guard and Navy, subject to the availability of land and on the basis of updated SoR. Whether the agencies to whom land is allotted on nomination basis can be given lease of land for a period upto 99 years by Port Trust Board and if so, the lease rental is to be calculated on annual premium basis or upfront premium basis.

Clarification 11.2 (j) (ii):

In all cases where the land is being allotted on a nomination basis to institutions mentioned in Para 11.2 (h) the lease period should be fixed as 60 years and the lease rental should be either upfront premium or premium payable in maximum 10 yearly instalments and interest at the rate of G-Sec prevalent at the time of grant of lease should also be levied during the period of instalment. All such proposals will have to be recommended by the Port Trust Board and approved by the Ministry of Shipping following the Empowered Committee route.

11.3. Renewal of Existing/Earlier Leases:

- a) In cases of renewal of existing/earlier leases with or without renewal option, the Port should verify if the land is required for its own use. If it is so required, the Port shall take possession of the land on expiry of lease.
- b) If the land is not required by the Port for its own use, the Port should then check whether the land use is consistent with the land use plan and whether the lessees are not in default. Thereafter, if it is so, the following procedure will be adopted for renewal of lease of land outside the custom bond area.
- c) During the process of renewal of existing/earlier leases, the Port is required to differentiate between those lease-agreements that provide for renewal and those that do not provide for such renewal at the end of the lease-period. In cases of renewal of existing leases, without renewal option at the end of the lease-term, the land will be put to tender-cum-auction with the first right of refusal to be extended to the existing lessee. The existing lessee should be allowed to match the H-1 bid. If any structure has been constructed by the earlier lessee on the leased land, it would be valued by a third party valuer to be agreed upon by the Port Trust and the earlier lessee and the successful bidder has to remit the value of the structures which would be passed on to the previous lessee. The bidding and auction would be only on the reserve price of the land. With a view to dissuade non-serious bids, EMD for a valid bid should be fixed at 10% of the latest SoR of the land being put on tender. If the only bidder is the existing lessee, the annual lease rental would be determined on the basis of the latest SoR notified as per Para 13(c) or the price quoted by the existing lessee in the tender-cum-auction, whichever is higher. The provision of first right will also apply to expired lease (possession has been taken by the Port) also in addition to existing leases.

Issue 11.3 (c) (i):

There are cases where land was allotted on lease for setting up of industrial, service sector and commercial units. The units are still functioning as going concern and lease did not provide for renewal. It has been decided to grant fresh lease as per

Clarification 7. How is the period between the expiry of earlier lease and grant of fresh lease is to be treated? Also, if the lease has expired before 02.01.2014 i.e. prior to coming into effect of PGLM 2014, how is the period between the expiry of the earlier lease and grant of fresh lease is to be treated?

Clarification 11.3 (c) (i):

When the lease has expired and has no renewal clause, then the existing lessee to be eligible for taking part in the bid with ROFR should clear all dues including the value of the lease rental determined as per the SOR rates prevailing from time to time since the period of expiry of the lease and date of tender-cum-auction. When the delay in calling for tender is attributable to the Port authorities no penalty/interest should be charged from the lessee i.e. it should be based on single rate at the prevailing SOR from time to time. The reserve price for the tender would anyhow be the latest SOR as per Para 13. In the tender cum auction process the lease period should be reckoned prospectively. If the existing lessee becomes the successful bidder in the tender – cum - auction, then the intervening period should be regularised by the Board. In all such cases, even if the lease had expired before 2014, i.e. prior to coming into effect of PGLM 2014, the guidelines prescribed for renewal of existing/earlier leases as per Para 11.3 would apply.

Issue 11.3 (c) (ii):

There are cases, where land was allotted on lease for setting up of industrial, service sector or commercial units. The units are still functioning as going concern and lease deed did not provide for renewal. What is the methodology to be adopted for grant of fresh lease, and what are the rates which shall apply? Should procedure for valuation of a structure be on a 'replacement' basis which is defined in Indian Accounting Standards (Ind AS 113)?

Clarification 11.3 (c) (ii):

The methodology and the rates which shall apply for such cases is provided in detail in para 11.3 (c). As a measure of amplification the following points may also be incorporated:

- a) Value of the structures shall be made by a Valuer who is mutually acceptable to both Port Trusts and the existing lessee. The valuer has to be selected by the parties amongst the panel of 3 valuers to be proposed by Port authority within a fixed time period. Here the mutual acceptance is of the Valuer and the value of the structure.
- b) While the guidelines provide for EMD for a valid bid to be fixed at 10% of the latest SOR of the land being put on tender, there is no provision for EMD for the value of

structures. An EMD for 10% of the value of the structures in the form of bank guarantee may also be taken from all bidders except the original lessee.

- c) The valuation of the structure should be done on a 'replacement' basis following principles as defined in Indian Accounting Standard (Ind AS 113).

Issue 11.3 (c)(iii):

There are cases where successful bidder has been finalized following the E-Tender cum E-Auction. However, any judicial orders/laws which come into effect after the bid due date and which prevent the successful bidder from optimal utilisation or development and any other factor which is not attributable to the bidder. How to deal with such cases with regard to rentals recoverable?

Clarification 11.3 (c)(iii):

- i). If the licensee/Port authority could not get the statutory clearances in the prescribed time and due to this the lessee is not able to proceed optimally or as per the agreement in the project, then to the extent of such delays no due should be recovered by the Port unless there is an express provision in the agreement after approval of the same by the Port Trust Board.
- ii). If the successful bidder is prevented from optimal utilisation and development of the project as per the agreement, due to changes which are akin to change in law or akin to force majeure event then the Port at its sole discretion can consider waiver of dues during such period after approval of the same by the Port Trust Board.
- d) In respect of lease agreements with renewal option, the lease can be renewed by the Port Trust Board by treating it as a fresh lease at the latest SoR notified as per para 13(c).
- e) No renewal clause is to be provided in the lease-agreements entered into after coming into effect of these guidelines.
- f) Any renewal of lease to the original party over and above the existing period is to be approved by the Board, provided that the cumulative lease period does not exceed 30 years.

Issue 11.3 (f)(i):

There are cases where the original lease has expired or will expire and the lease provides for renewal clause. Whether the earlier period of lease would be counted/ taken

into account for determining whether the renewal/grant of new lease is within the powers of Board of Trustees or is to be referred to Ministry of Shipping?

Clarification 11.3 (f) (i):

In such cases the renewal can be treated as fresh lease. As such whether the case will fall within the powers of the Board of Trustees or is to be referred to Ministry of Shipping would be determined by the period of renewal without taking into account the period of the earlier/past lease.

Issue 11.3 (f) (ii):

There are cases where the original lease has expired or will expire and the lease does not provide for renewal clause. The land is put up for fresh grant of lease as per procedure laid in PGLM 2015. Whether the earlier period of lease would be counted/ taken into account for determining whether the renewal/grant of new lease is within the powers of Board of Trustees or is to be referred to Ministry of Shipping?

Clarification 11.3 (f) (ii):

In all such cases every grant of lease without renewal option after the expiry of the original lease period must be treated as a fresh lease provided it has been put up for fresh tender-cum-auction for grant of fresh lease. Thus, whether this will fall within the powers of the Board or Ministry of Shipping would depend upon the period of fresh lease without considering the period of past lease.

Issue 11.3 (f) (iii):

There are cases where port lands have been encroached by slum dwellers. Can rehabilitation/relocation/redevelopment of such slums can be undertaken?

Clarification 11.3 (f) (iii):

For the purpose of freeing up encroachments leading to optimum utilization of land, the ports may consider the applicability of any Central Government approved Policy/ Scheme for slum rehabilitation/ redevelopment/relocation. For this purpose, Port may formulate proposal keeping the said Central Government Policy/ Scheme into consideration and submit it to MoS for obtaining the approval of the concerned Central Government Ministry. For example, if the proposal falls under Prime Minister Aavas Yojna (PMAY), the concerned port will submit the proposal formulated based on the guidelines of PMAY to Ministry of Shipping for obtaining the approval of Ministry of Urban Development.

- g) Any extension beyond 30 years and for a maximum period of 99 years has to be recommended by the Port Trust Board and the same will be examined and scrutinized by the Empowered Committee which would satisfy itself regarding the justification for such extension and competitiveness of the rate at which such extension is to be granted. Thereafter, approval will be granted by the Government.
- h) After the expiry/termination of lease and despite receiving the notice thereof, or forfeiture of lease on account of change of user, assignment etc., if the lessee continues to occupy it unauthorisedly, the lessee shall be liable to pay compensation for wrongful use and occupation at three (3) times the annual lease rent based on the latest SoR, till vacant possession is obtained by the Port. In cases of land allotted on upfront basis, the equivalent annual lease rent would be calculated on pro-rata basis.
- i) For existing leases, at the time of expiry/termination of lease, the lessee shall remove all structures at his own cost under the following conditions:
 - a) Within three (3) months of expiry/termination, if Port decides not to re-auction that land; or,
 - b) Three months after tender-cum-auction, if the existing lessee was not successful.

Beyond this period, the lessee shall be liable to pay compensation for wrongful use and occupation at three (3) times the annual lease rent, till vacant possession is obtained. In cases of land allotted on upfront basis, the equivalent annual lease rent would be calculated on pro-rata basis. If the Port so decides, for reasons to be recorded and approved by the Port Trust Board, it may also take over the structures after third party valuation of the assets with the concurrence of the lease holder. In case removal of structures is to be carried out by the Port, it would be at the cost of the lessee.

- j) The process of renewal of existing leases should be initiated by the respective Ports well in advance, before the term of lease expires. The automatic renewal of existing leases should be preferably done within three months of receipt of such application for renewal. Liability to pay compensation for wrongful use by the lessee will not arise, if the delay in renewing such leases is wholly attributable to the Port.
- k) In respect of old leases, where the terms of lease stipulate automatic renewal at pre-determined rates, such cases are to be reviewed by the Board on a case to case basis from the point of view of the reasonability of such terms of renewal, including the rates. In such cases, the endeavour should be to migrate to lease rentals based on latest market value.

12. General- Applicable to existing and new leases:

(A) The lessee may be allowed to transfer the lease as per extant laws after obtaining prior approval of the Board of Trustees provided the transferee takes over all the liabilities of the original lessee/ allottee. Such transfer shall be for the remaining duration of the lease and in accordance with the Land Use Plan of the Port. Before allowing such transfer, the Port shall recover: -

(i) In case of leases granted on upfront basis

In case of those lands which were originally given on lease on upfront- rental basis, the transfer as per extant laws may be allowed subject to the transferee agreeing to pay the following: -

- a) An undertaking for payment of the upfront rental as calculated on pro-rata basis for the balance period; and
- b) A fee equal to 50% of the pro-rata upfront rental payable upto the time of transfer.

(ii) 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.

(B) Subletting: The existing lease holder may be allowed to sublet/partially sublet the leased premises to another party for the same purpose for which it was originally allotted. Also, such subletting shall be in accordance with the Land Use Plan and before allowing this, the Port shall recover 50 % of the rent charged by the lessee from the sub-lessee for the entire period of sub-lease irrespective of the fact whether land was originally allotted on upfront basis or annual rental basis. It is clarified that the original lessee would continue to remain responsible for payment of lease rent and for adherence to the terms and conditions of lease. However, in respect of leases which shall be entered into after the coming into effect of these guidelines, in cases where, the lessee is not able to utilize the entire land leased to him, the portion of the lease premises not required by him should be surrendered and no subletting shall be permitted. Port Trust shall refund proportionate lease rental when allotted on upfront premium basis. It is further clarified that leased premises also includes structures built on lease land for the purpose of recovering of subletting fee. Exemption from collecting subletting fee may be given in case of FTZ/SEZ wherein the business model is based on subletting only.

Issue 12 (B) (i):

Whether in cases where a lease has been granted post coming into effect of PGLM 2014, subletting / leasing of such lease can be permitted/allowed?

Clarification 12 (B) (i):

No subletting/sub-leasing is allowed for leases given after 2014 as per PGLM 2015. However, subletting/sub-leasing shall be permitted in case the land has been allotted to entities such as FTZ/SEZ, Multimodal Logistic parks, Mega food parks, Free trade warehousing zones, etc., where the business model is based on subletting. In such cases no subletting fee shall be levied. The issue of whether the business model is based on the subletting or no may be decided by the respective Boards of ports.

(C) All proposals for transfer / subletting should be evaluated by the Land Allotment Committee and thereafter approved by the Board of Trustees.

(D) NOC can be granted for mortgage of leasehold land, along with the permissible structures erected by the lessee thereon in favour of reputed financial institutions/scheduled banks, subject to the Port retaining the first charge on them. The Board of Trustees may permit the mortgage on collection of a nominal fee commensurate with the size and lease value of the land to be fixed by the Trust Board. All proposals for grant of NOC for mortgage may be duly recommended by the Land Allotment Committee and approved by the Chairman of the Port.

(E) Each lease agreement should specifically provide for termination of lease, if the leased land is not utilized for the purpose for which it is allotted, within two years of the allotment, or such shorter period as may be fixed at the time of approval of the lease. However, this period of two years can be extended by the Board maximum upto one more year from the date of physical possession of land in respect of security/ government agencies only. Similarly, each lease agreement should specifically provide for surrender of lease, subject to prior notice by the lessee at least 6 (six) months in advance and refund of proportionate upfront premium if the land was leased on upfront basis. Even in existing leases, in cases of premature surrender of lease, proportionate upfront premium to be refunded by the Port if the land was leased on upfront basis.

Issue 12 (E) (i):

Whether extension of the construction period beyond the period stipulated in the para 12E of the PGLM, 2015 can be granted.

Clarification 12 (E) (i):

- a) When the statutory clearances are required to be obtained by the port, the construction period by the lessee can be counted only from the time such clearances are obtained unless there is an express provision to the contrary in the agreement.
- b) The stage wise construction could be prescribed and construction period can be counted for utilization of land stage wise.
- c) Port may decide the additional lease premiums to be collected from the lessees for the delays in construction beyond the period of construction as stated in the agreement.

(F) After the expiry/termination of lease or forfeiture of lease on account of change of user assignment, etc., if the lessee continues to occupy it unauthorized, the lessee shall be liable to pay compensation for wrongful use and occupation at three times the annual lease rent, irrespective of the fact whether land was originally allotted on up front basis or annual rent basis, till vacant possession is obtained. In cases of upfront bidding, the annual lease rent would be determined on pro-rata basis.

Issue 12 (F) (i):

Whether compensation @ 3xSoR should be charged when a party is declared an unauthorised occupant.

Clarification 12 (F) (i):

If the delay in issuing of fresh tender, after the issue of clarification on PGLM 2015 on 14.05.2018, is on the part of the Port then the lessee cannot be considered an unauthorised occupant and may not be charged compensation @ 3xSoR. All such cases should be duly processed by the Ports within two years from date of issue of clarification on PGLM 2015 which is 14.05.2018.

(G) If a lessee breaches/ violates any provision of Lease Agreement, the Port Trust Board would reserve the right to impose appropriate penalty on the lessee or cancel the lease depending upon the nature/ magnitude of breach/ violation. Such penalty may be imposed after giving a reasonable opportunity to the lessee to present his case.

(H) The Port would have the option to prescribe Minimum Guaranteed Traffic/ Minimum Guaranteed Revenue as conditions for fresh leases, if deemed fit.

(I) Licence fee for water area would be 50% of licence fee of abutting land.

Issue 12 (I) (i):

How will Floating Storage Re-gasification Unit (FSRU) for Liquefied Natural Gas (LNG) be set up at various Major Ports and operated?

Clarification 12 (I) (i):

Detailed Guidelines for Establishing a Floating Storage Re-gasification Unit (FSRU) at Major Ports is at Annexure-I

(J) The Port Trust Board shall have the right to resume possession of the leased land in public interest before expiry of lease period. In such cases, subject to availability of land, the lessee may at the discretion of the Port Trust Board be given an option to relocate activities in another suitable location to be offered by the Port, as per the land use plan or refund of proportionate upfront premium if the land was leased on upfront basis.

(K) The Port Trust Board shall fix objective eligibility criteria for qualification of bidders, such as net-worth, tax certifications and non-pendency of mutually admitted Port dues.

(L) In respect of land situated adjoining to Defence Installations as defined in Works of Defence Act, 1903, prior concurrence of the Local Defence Authority will be required.

(M) Transfer of lease should not be permitted where land has initially been allotted on nomination basis or at concessional rates of lease rent.

(N) In respect of a case where the transferor extracts premium on the transfer of the lease, 50% of such premium is to be paid to the Port Trust.

13. Market Value of land and SoR:

(a) Land Allotment Committee may normally take into account the highest of the factors mentioned herein below to determine the latest market value of Port land. In case the land allotment committee is not choosing the highest factor, the reasons for the same have to be recorded in writing.

- 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 last three years in the Port's vicinity (the vicinity of the Port is to be decided by the respective Port Trust Boards), 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.
- (b) The Land Allotment Committee shall, while recommending the latest Market Value for any land would normally take into account the highest of the factors mentioned in Para 13 (a) above. Reserve Price in terms of the annual lease rent would be latest SoR determined in accordance with Para 13(a) and 13 (c) and would in no case be less than 6% of the latest market value recommended by the Port Trust.
- (c) The Port Trust would make a proposal as outlined in para 13(a) to TAMP for fixing the latest SoR of the land. The TAMP would notify the latest SoR of the land after following due process of consultation with stake holders within 45 days of receipt of the proposal. The Port Trust Board will fix a rate of annual escalation which would not be less than 2%. SoR would be refixed once in every 5 years by TAMP.

Issue 13 (c)(i):

It has been brought to the notice of the Ministry that the present classification of the port lands and the fixation of SoR thereof is not uniform within and across the major ports leading to complications and disputes. This impacts the realization of revenue for the ports. How does the Port Land need to be classified/ categorized?

Clarification 13(c)(i):

For the lease, classification/ categorization of Port Land needs to be done as per National Industrial Classification (NIC), 2008.

(d) Reserve Price for Auction:

The reserve be the latest SoR with due escalation for all leases within and outside the Custom Bonded Area.

14. Right of Way permission:

The Right of Way permission for laying pipelines/conveyors etc., from jetties to the tank farms within & outside port area shall be given with approval of the Board. It shall neither be a lease nor a license. As far as possible, the pipeline should be permitted only underground. There shall not be any allotment of land to a party for giving Right of Way permission. As far as possible, these shall be laid on common user basis and if the same pipeline is required by any other party, it shall be spared, on such terms as agreed

between the parties and the Port Trust Board. The parties shall have to abide by the conditions specified by the Port. An indicative list of guidelines/conditions for Right of way permission is at Annexure to this document. The Policy for giving the Right of way permission and the terms and conditions shall be formulated by the respective Port Trust Boards.

Issue 14 (i):

Whether Right of way permission may be given for providing public utility services like water supply lines, drainage/sewage lines, rain water management channels, electric supply lines, telephone lines, telegraph lines, railway lines, roads (including last mile connectivity for the services), etc., by private, local bodies, public sector, government entities and what are the rates which shall apply? Is it necessary that the Right of Way permission is only from the Jetties?

Clarification 14 (i):

The Right of Way permission for laying pipelines/conveyers, etc., from jetties to tank farms within and outside port area is provided in Para 14. This is only an indicative list. The Right of Way permission shall be extended for other similar purposes such as telegraph cables, OFC lines, telephone towers, electric cables, telegraph lines, etc. Such ROW permission can also be given for roads, railways where no licence/ lease of land is involved infrastructure is built and maintained by the funds of the permission holder and these facilities can also be used by the port, if needed, without levy of any charge. The charges to be levied for this Right of Way permission would be as per the Annexure 2 of PGLM 2015 detailing "Terms and conditions for issue of Right of Way permission for laying pipelines/conveyers, etc." However, where there is a specific Central Act/Statute which govern such Right of Way permission, the provisions under the said Central Act/Statute shall override these guidelines. A case in point is the specific permission for Right of Way under the Indian Telegraph Act, 1885 and the Indian Telegraph Right of Way Rules, 2016.

No, it is not necessary that RoW permission is limited only from the Jetties and can be anywhere within the Port land as per the requirement.

Issue 14 (ii):

Whether way leave permission can be given for pipelines for tank farms located outside the Port Area? If so, what will be the methodology?

Clarification 14 (ii):

The main function of the Port is to receive Cargo and thereafter to evacuate it. Storage of cargo can only be a very limited function of the Port. The evacuation of this cargo is by many means, like – Road, Rail, Coastal Shipping, Pipelines, Conveyers etc. Thus the cargo anyhow moves outside the Port. Movement of liquid by pipelines outside the Port can thus be taken as a normal activity of the Port and in no way should be restricted, otherwise there is danger of this cargo moving to some other nearby competing Port. Para 14 of PGLM, 2015 categorically provides for Right of way permission for laying pipelines/conveyers etc. from jetties to the tank farms within and outside Port area with broad terms & conditions. It also stipulates that each Port Trust Board may formulate and approve its own policy of granting way-leave permission. While formulating its own policy, Port Trust Board shall take all relevant factors into consideration such as extent of land available with Port, its tariff, land parcel available outside Port area, potential of additional Cargo throughput, chances of diversion of cargo, cost benefit analysis, etc. In addition, the following should be factored by Port Trust Board:

- i). Extent of land available with the Port.
- ii). While fixing the way leave charges, existing market conditions needs to be taken into account, so as to have a competitive environment for doing business. It may also be noted that by allowing way leave permission outside port area will help in avoiding the monopoly situations by existing tank farms owners inside port area.
- iii). Ports will be entitled to revise its charges, as per the extant Guidelines and to facilitate competitiveness with tank farm owners inside and outside Port Area to whom way leave permission is given.
- iv). Stimulates the growth of the Port, keeping in view the growth of trade in future.

15. Transparency and Accountability Provisions:

- i). All proposals for transfer of leases, change of purpose/use, mortgage of land, Right of Way permission etc shall be recommended by the Land Allotment Committee and approved by the Port Trust Board.
- ii). The allotments through tender-cum-auction shall only be done through e-tendering.
- iii). All financial transactions related to land shall be made with authorized banks on e-payment basis.

iv). Details of latest market value assessed by Ports should be displayed on their websites. All matters relating to land bank belonging to a Port, including location and availability should be placed on their website.

v). Any proposal for fresh lease/ licence or renewal of existing lease/licence should be placed in the public domain and reasonable time provided for inviting comments / suggestions of the public.

vi). Any proposal for revision of the land use plan shall be published in the website of the Port Trust inviting objections and suggestions and shall be finalised by the Board after considering the objections and suggestions received.

vii). In case of any ambiguity or doubt arising in regard to any provision, the Ministry of Shipping would have the powers to interpret and clarify the same within the overall framework and spirit of these guidelines.

viii). In case of any difficulty arising in implementing these guidelines, the Ministry of Shipping would have the powers to relax the provisions in these Guidelines, in public interest, within the overall framework and spirit of the guidelines.

Broad Terms and Conditions for issuance of Right of way Permission for laying Pipelines/conveyors etc.

1. The parties shall be allowed to lay pipelines/conveyors etc., on right of way basis and on purely temporary basis.
2. Only permission shall be given. There shall not be any allotment of land to the party nor is to be construed to be a lease or licence.
3. Facility compensation or right of way charges shall be paid by all parties. For the purpose of Right of way leave charges, the area occupied by pipelines shall be calculated based on the diameter and length of those pipelines. In case of multi-layer stacks, the physical area occupied by the multilayer pipeline/conveyor stacks shall be considered and the respective users shall be billed accordingly. As far as underground pipelines are concerned, if the users establish that the possession of surface area above the underground cross-country pipelines is not physically with them, the area occupied by such pipelines shall be considered as 50% of the diameter and length, for the purpose of levy of Right of Way charges.
4. As far as possible, the pipelines may be laid on common-user basis. If any other party wants to use the pipelines, they may be given permission on such terms as agreed to between the Parties and the Port Trust Board.
5. One time Supervision charges as a percentage of the cost of laying of pipelines/conveyors etc. in the port limits shall be paid by all the parties to the Port Trust. The charges would be applicable even if the supervision is done by a third party.
6. Each Port Trust Board would formulate and approve their own policy for one time supervision charges, MGT and additional compensation charges if any for granting way leave permission.
7. The Port Trust shall ensure that the wharfage and all other charges due to be paid by the party, shall be paid to the Port Trust for the cargo handled through the pipelines.
8. All statutory permissions including that of explosives and fire-safety etc., shall be obtained by the parties concerned from the respective authorities.
9. Port Trust shall reserve the right to direct the parties to remove the pipelines modify or re-route the pipelines in the exigencies or interest of the Port and the Party shall carry out the same at their own cost.
10. The party shall indemnify the Port Trust against all kinds of damages, loss to Port property, personnel etc., caused due to laying, maintenance and operation of pipelines.

11. The party shall follow all the relevant rules of the Port Trust and other statutory authorities such as the Chief Controller of Explosives, Nagpur and also provisions of other relevant statues etc.
12. The party shall take adequate safety measures and arrange for patrolling of their pipelines round the clock at their own cost.
13. The Port Trust shall not be held responsible for any loss, damages, pilferage etc., of the products from pipelines.
14. Other usual operating conditions as laid down by the Port Trust would apply.

File NO. PD13/18/2018-PPPCell
Government of India
Ministry of Shipping
(Ports Wing)

1, Parliament Street
Transport Bhawan
Dated: 7th March, 2019

CLARIFICATION CIRCULAR (LAND MANAGEMENT) No.1 OF 2019

Subject: Guidelines for Establishing a Floating Storage Re-gasification Unit (FSRU) at Major Ports.

The demand for Liquefied Natural Gas (LNG) in the country has been increasing and it is the stated policy of the Government of India to double the share of LNG in the energy mix of the economy in the near future. LNG imports are substantial since domestic supply of LNG is not being able to meet the demand, for which supporting infrastructure requires to be developed. Floating Storage Regasification Units (FSRU) within port limits offer a low cost, fast track and flexible option even compared with traditional onshore terminals.

2. Some entities have shown interest to set up FSRU units in port limits. However, presently there are no specific guidelines on how FSRU units will be permitted to be set up and operate and therefore Indian Ports Association (IPA) was tasked to examine the issue and give its report. IPA submitted its report in September 2018.
3. After examining the report it has now been decided to bring uniformity in setting up and operation of Floating Storage Regasification Units (FSRU) for LNG cargo in different Ports, and that fundamentally it entails giving license of water area and is covered under Para 12.1 of Policy Guidelines For Land Management 2014(PGLM). The PGLM will be applicable for all matters concerning the license for FRSU.
4. Accordingly, the following Guidelines for Establishing Floating Storage Regasification Units (FSRU) at Major Ports may be followed:
 - 4.1 **Licence of Water area**
 - (i) FSRUs can be set up by any entity within the Port limits. The entire investment of the gasification units as well as storage units including the pipelines shall be made by the entity setting up the FSRU unit.
 - (ii) In case of project initiated by the Port, they will prepare Pre-Feasibility Report to ascertain project capacity, cost of project, land/waterfront requirement etc. Also, any

entity desirous of setting up FSRU shall submit Pre-Feasibility Report. Such Pre-Feasibility Report shall be examined by port, either in house or by engaging consultant, to ascertain project capacity, cost of project, land/waterfront requirement etc. and its financials. If found feasible in either case, then the Port shall proceed further for setting up the Project.

(iii) Port shall, thereafter, carry out transparent competitive bidding process as per Para 11.2(d) and 13 of PGLM. The project model will be Land License Model and the project entity shall be owner of the project assets and entitled to take away the same wherever feasible free of cost on expiry of lease period.

(iv) Water Area, Land area and any other facility/ permission such as ROW for pipelines shall be provided by the Port at applicable charges. License fee for Water Area at rate equal to 50% of License fee of abutting land (with escalation) is to be paid by the operator to Port for the water area occupied FSRU unit and shall be the reserve price for the bids to be invited.

(v) FSRU projects are to be taken up on license basis up to 30 years under the provisions of PGLM and the Board of Trustees shall be the competent authority for approval of the project as per MPT Act. For license above 30 years approval of the Ministry of Shipping through the Empowered Committee will be required as per Para 11.2(c) of PGLM.

4.2 Guidelines for bidding process

(i) Port may adopt "Single Stage e-Tendering" system of bidding. The rationale is that number of bidders will be limited and better financial quote will be made by bidder as competitors will not be known while bidding under this system.

(ii) The Bid documents will also include Draft License Agreement.

(iii) As stated, bidder shall pay water area charges to the port. The water area charges as per land policy shall be the minimum payable by the operator and shall be "Reserve Price" of the bid. Bidders will be invited to quote premium (%) over Reserve Price and bidder quoting highest premium shall be selected for award of the project. The total license rental for the license period (Total License Rental) will be payable on upfront basis.

(iv) The bidder will be required to furnish Solvency Certificate not older than 3 months issued by any Nationalized/ Scheduled Bank for an amount equal to Total License Rental payable by the bidder.

(v) Bidder will be required to provide Bid Security equal to Rs. 2 crore.

(vi) Since FSRU project typically costs around Rs.500 crore(excluding vessel cost), bidder shall provide Performance Security in the form of Bank Guarantee of 10% of the Project cost subject to a maximum of Rs.50 crore to ensure timely commissioning of the project which shall be forfeited if project is not completed in 2 years or any extended period, not exceeding 6 months, as approved by the Port. The port may also prescribe stage wise completion of the project and fix penalty for non-adherence to the schedule. Performance Security shall be refunded after successful commissioning of the project.

(vii) Bidder shall also provide a Bank Guarantee equal to 10% of Total Upfront premium throughout the license period towards meeting security and other operational requirements, prescribed in the Bid Document.

(viii) No MGT will be prescribed until 5 years after COD. MGT equal to 30% of Project capacity will be prescribed thereafter. On default for a continuous period of 3 years, license agreement may be liable to termination. However, licensee may be given an option to continue by paying wharfage for the shortfall in achievement of MGT.

4.3 General conditions for the Project

(i) The project entity shall obtain all applicable permits, licenses/ clearances etc. required for construction and operation of the project from time to time giving priority to safety. However, port shall provide assistance to the entity for the purpose of obtaining statutory clearances including tie-in connectivity for evacuating regasified LNG into the National Natural Gas Grid. The final responsibility of obtaining the permission shall lie with the entity.

(ii) The scope of project operation shall be discharge of LNG, its regasification, storage for the required period and supply/transportation through pipeline / smaller vessels/ Bunkering Vessels/ trucks to the importer. The operator shall be permitted to handle own LNG as well i.e. it can buy LNG, handle the same at the project and sell at market determined price.

(iii) Normal port charges like Port Dues, pilotage, wharfage and berth hire, where applicable, as being done in case of SPMs/SBMs will be paid to the Port as per prevalent SOR. If LNG is transported through barges, vessel related charges pertaining to barges shall be payable to Port.

(iv) In view of hazardous nature of the cargo, the entity would obtain adequate third party/ Public Liability Insurance as per law/ good industry practice.

(v) The projects shall comply with "The Petroleum and Natural Gas Regulatory Board (Technical Standards and Specifications including Safety Standards for Liquefied Natural Gas Facilities) Regulations, 2018", Performance Standards and any additional safety

standards, wherever required, will be prescribed with penalty provisions for shortfall in achievement.

(vi) Regulations are to be notified for minimum distance to be maintained from LNG operating ship to turning circle channel and basin and the safety aspects with regard to the existing jetty/berth to be considered for LNG operation.

(vii) On expiry of lease period, the Licensee shall remove at its own cost all Project Assets within 90 (ninety) days from expiry of the Lease Period from the Project Site/Port's Assets except for those which Port may be interested in taking over at a mutually agreed price and hand over peaceful possession of the Project Site and Port's Assets free of Encumbrance at its own cost in the same condition as was at the time of handing over to them by the Port.

(viii) Projects taken up as per this policy will not require separate Central Government Approval as per Section 42(3) of MPT Act 1963.

5. This issues with the approval of Hon'ble Minister of Shipping.

(Kanchan Bala Hamza)
07/3/2019

(Kanchan Bala Hamza)

Under Secretary to the Govt. of India

Tele: 23722252

Email: kb.hamza@nic.in

To,

- i. Chairmen/CMD, All Major Port Trust
- ii. MD, IPA

Copy to:

- i. The Director, Tariff Authority for Major Port, Mazgaon, Mumbai.
- ii. The Chairman, IWAI, Noida, U.P.

Copy also to:

- i. Hon'ble Minister (S,RT&H)/Hon'ble MOS(S,Finance)/Hon'ble MOS(S,RT&H, C&F)
- ii. PS to Secretary(S)
- iii. PS to Addl. Secretary
- iv. PPS/PS/PA to JS(P)/ JS(S)/JS(SM)/Sr. Advisor (E)
- v. Dir (AC)/ Dir (AKS)/Dir(SS)/ CO(PB)
- vi. NIC-for uploading on the website of Ministry of Shipping.

Government of India
Ministry of Shipping
(Ports Wing)

No.PD-24018/8/2009 - PD.III New Delhi-1, dated the 2nd August, 2010

To

The Chairman, All Port Trusts

Sub:- Policy for preventing private sector monopoly in Major Ports.

Sir,

In pursuance of private sector participation guidelines, 1996 for the Port Sector and with a view to ensure healthy competition and smooth award of the projects for capacity augmentation at the Major Ports, the Central Government hereby directs all Major Ports under Section 111 of the Major Port Trusts Act, 1963, to follow the following Policy while awarding projects to private parties through Public Private Partnership (PPP) route so as to avoid private sector monopoly in the Major Ports. This policy is in supersession of this Ministry's letters No.PD-25021/13/2002-Pvt dated 11th November, 2002, No.PD-12013/2/2005-JNPT dated 26th September, 2007 and No.PD-11015/2/2006-VPT dated 1st October, 2008.

2.Policy

If there is only one private terminal/berth operator in a port for a specific cargo, the operator of that berth or his associates shall not be allowed to bid for the next terminal/berth for handling the same cargo in the same port.

For the purpose of this policy, the terms

- (i) 'Operator' includes consortium members of the bidder:
- (ii) 'Associates' means, in relation to the Applicant/Consortium member, a person who controls, is controlled by, or is under common control with such Applicant/Consortium Member (the Associate). As used in the definition, the expression "control" means, with respect to a person which is a company or corporation, the ownership, directly or indirectly, or more than 50% (fifty per cent) of the voting shares of such person, and with respect to a person which is not a company or corporation, the power to direct the management and policies of such person by operation of law.
- (iii) 'Berth' shall have the same meaning as "Wharf" given in Section 2 (za) of the MPT Act, 1963.

(iv) 'Specific Cargo' means (i) containers (ii) liquid bulk, (iii) dry bulk or (iv) multipurpose/other general cargo.

3. The policy shall be applicable with immediate effect and shall apply to Request for Qualification (RFQs) issued on or after this date.

4. It is also directed that the above provisions may be incorporated by the Major Ports in the Request for Qualification & Request for Proposal to give effect to the policy in relevant cases.

5. This issues with the concurrence of the Ministry of Law and Justice, Department of Legal Affairs and approval of Hon'ble Minister of Shipping.

Yours faithfully,

(Geetu Joshi)
Director
Tel No. 23321672

Government of India
Ministry of Shipping, Road Transport & Highways
Department of Shipping
(Ports Wing)

No: PO-28015/8/2000-DRG

Delhi dated the 12th February, 2007

To

The Chairman,
All Major Ports
CMD, DCI

Sub: Dredging policy to be followed by major ports w.e.f . 1.4. 2007 for a period 3 years- reg.

Sir,

I am directed to refer to this Ministry's letter No. PO-28015/8/2000-DRG dated 17.2.2004 regarding the dredging policy to be followed by major ports w.e.f. 1.4.2007 for the period of 3 years.

2. The Department has since reviewed the existing policy and the revised policy guidelines shall be as under:-

- (i) All major ports shall invite open competitive bids for dredging works and Indian companies owing Indian flag dredgers, including Dredging Corporation of India (DCI) shall have the right of first refusal if the rate is within 10% of the lowest valid offer. This would apply to both maintenance and capital dredging works with sole exception of the maintenance dredging requirement of Kolkata Port for which separate instructions shall apply.
- (ii) If more than one company owing Indian flag dredger participates in the tender, the right of first refusal will go to that Indian company which has quoted the lowest rate and is within 10% of the lowest valid offer.
- (iii) All major ports may strictly adhere to the guidelines issued by the Central Vigilance Commission from time to time for processing the tenders in a transparent manner. Ports may ensure that a prequalification criteria is fixed in advance and should not be very stringent to restrict entry of certain potential Indian bidders. The prequalification conditions should be exhaustive, yet specific. The prescribed conditions should be clearly specified in the bid documents to ensure fair competition and transparency. Detailed instructions in this regard will be issued separately.
- (iv) The Government of India through Department of Shipping reserves the right to assign, in public interest, any contract for dredging work in any of the major ports to DCI on nomination.
- (v) Guidelines issued by DG(Shipping), Mumbai from time to time in terms of the relevant provisions of Merchant Shipping Act shall be applicable.

4. Kindly acknowledge receipt.

Yours faithfully,

Sd/-

(Rajeev Kumar)

Deputy Secretary to the Government of India

CRUISE SHIPPING POLICY

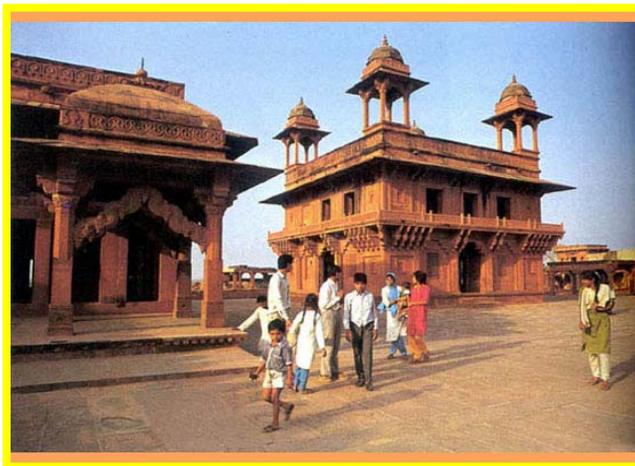
Background

1.1 'Cruise Shipping' is one of the most dynamic and fastest growing components of the leisure industry worldwide. It is fast emerging as a new marketable commodity/product. Growing at the rate of 12% per annum globally, this sector has witnessed some activity in India as well in recent times. However, it is still in its infancy in India.

1.2 'Cruise Ships' are like moving township studded with state of art facilities and variety of recreational activities. The idea is fast catching, as journey on board cruise liners is not only pleasurable, but also comparatively free from sea travel health hazards. Experience in the Caribbean, Latin American and South-East Asian countries indicate that huge amount of foreign exchange can be earned and employment can be provided onshore by providing the right policy environment and infrastructure for the growth of cruise shipping.

1.3 Cruises are no longer considered the privilege of the rich and the elderly and today more and more young tourists are cruising. This industry annually generates US\$ 14 billion world-wide and enjoys a passenger base of over 10 million, which is expected to almost double by 2009. As regards number of cruise ships, projections/forecasts are the number will increase from the present 257 to 285 by 2009.

1.4 India with its vast and beautiful coastline, virgin forests and undisturbed idyllic islands, rich historical and cultural heritage, can be a fabulous



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from

tourist destination for cruise tourists. With the Indian economy developing at a

steady pace, middle class growing in number and increasingly possessing disposal incomes which could be spent on leisure activities, Indians could also take on cruise shipping in a big way.

2. Current Status

2.1 While the growth rate witnessed globally in cruise shipping sector (in terms of cruise ship fleet and passengers carried) is in the range of 10% -20%, Indian coastline is not witnessing the same growth pattern.

2.2 At present, no Indian shipping line owns any luxury cruise liner. As regards the trend in Cruise (foreign lines) passengers landings at Indian ports, it may be seen from the Statement at Annexure-I that the no. of cruise passengers have been increasing since 2004-2005.

2.3 Perhaps the fastest emerging product in leisure industry that Cruise Shipping is, it requires a special marketing strategy and focus.

3. Economic benefits of Cruise Shipping

3.1 The principal beneficiary of the 'cruise shipping' is the economy of the respective maritime nations where the cruise vessels call. Cruise shipping, world over, is seen as employment generating leisure activity. It is estimated that on an average a cruise tourist spends about US\$ 200-300, a cruise staff/officer spend about US\$ 100-150 per port visit. Besides, a vibrant 'Cruise Shipping' sector has a number of spin-off effects in Service sector.

3.2 On an average about 1000 passengers travel on a cruise vessel (medium size). When such vessels arrive at a port, automatically there is demand for a whole lot of services. For instance, temporary stalls are erected at the berth/wharf, which sell traditional items of handicrafts, souvenir, etc. These are very popular among the cruise tourists who for some reason do not always take to city travel. In many cases, tourist buses and in some cases chartered flights are engaged for the cruise tourists. The services of guides and local tour operators besides the vessel agents are also availed. The passengers spend handsome amount on buying traditional handicraft, dresses, etc. The cruise tourists also pay admission/user charges etc at the monuments of historic significance. Thus a cruise call results in gainful employment to a lot of people,

and the earnings could be in foreign currency if the cruise tourists are foreigners.

3.3 Cruise Ships also require bunkers, provisions, bond stores in large quantities, agency service, crew etc. All these demands can be met locally. To that extent, there will be contribution to Indian Economy.

3.4 Thus it can be seen that cruise tourism is a new popular leisure activity generating employment, local growth and earning foreign exchange. As such, the nation stands to gain substantially by promoting cruise tourism.

4. Potential in Indian context

4.1 Cruise tourism has tremendous potential in India. There is a definite curiosity value attached to this sector since it is relatively new concept for the Indian travelers and is mostly seen as a luxury item. If cruising is made more affordable and the opportunity becomes available in India, the vast Indian “middle class” could make a huge pool of client base/market.

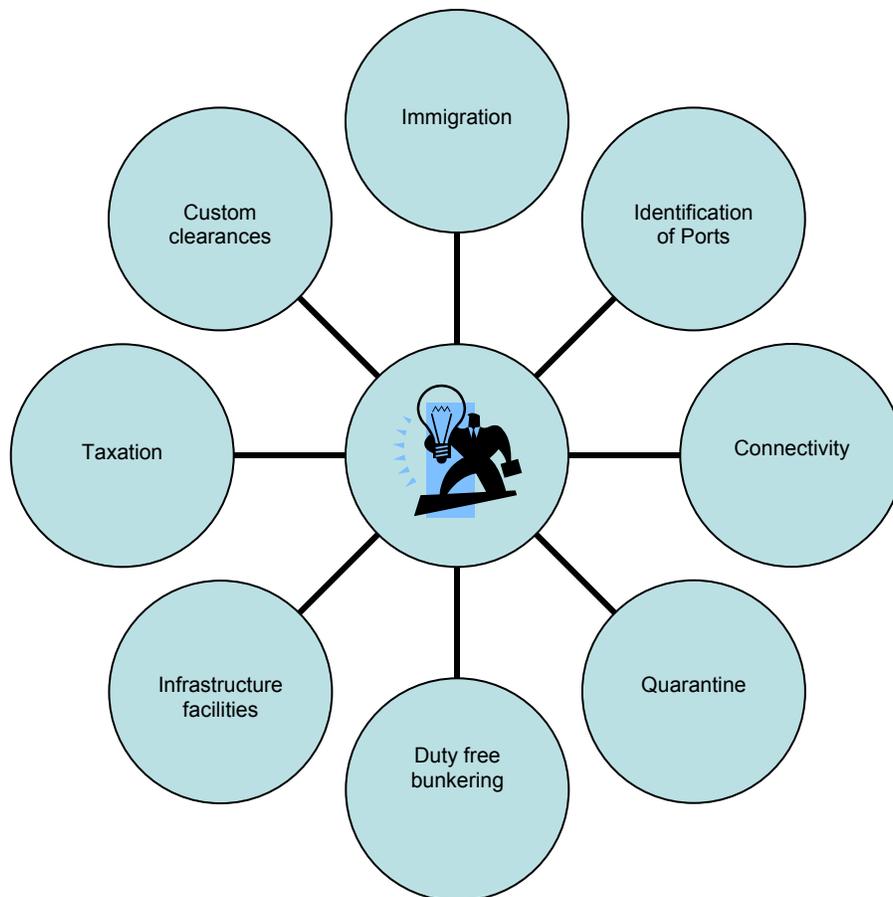
4.2 An important aspect of Cruise tourism activity is that Cruisers/liners look for newer destinations. World’s most favourite cruising areas, i.e, Carribean, Mediterranean, Alaska and the latest additions in South East Asia have saturated for quite some time. Newer areas could be points of attraction for the ever-increasing fleet of cruise ships/tourists.

4.3 In this backdrop, there is tremendous opportunity for Indian Ocean region. India with its large coastline and varied unspoiled tourist destinations which can all be explored for cruise shipping by visiting any of our sea-ports makes it an ideal place for marketing cruise shipping/tourism to both domestic and international clients.

5. Problems/Bottlenecks:

5.1 Despite the inherent advantages/economic benefits and tremendous potential of ‘Cruise Shipping’ sector, the country has not witnessed any worthwhile growth, as compared to the growth witnessed in Latin America and South East Asia in this segment.

5.2 ‘Cruise Shipping’ is an international industry and its efficiency judged by the contribution it makes to the country’s economy is governed by the industry structure infrastructure and policy package in place. Various relevant components are: (i) Stated Policy on Cruise Shipping covering various aspects,(ii) Well developed port-infrastructure, cruise terminals etc,(iii) availability of cruise liners,(iv) conducive fiscal regime, (v) Hassle free immigration and transit facilities,(v) Marketing strategy, (vi) Connectivity to on-shore destinations by various modes(road, rail, air and IWT), (vii) Duty free bunkering and (viii) Institutional framework for holistic development of ‘Cruise Shipping’:



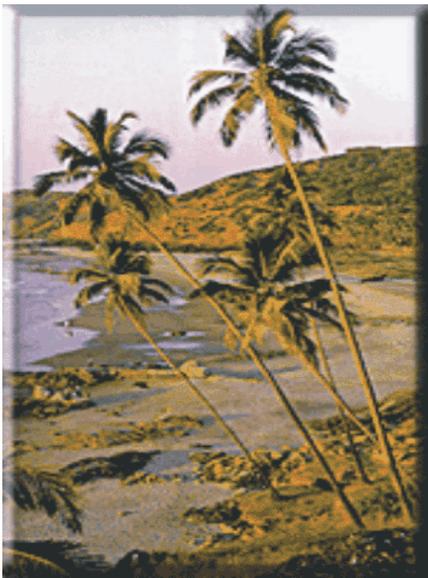
5.3 “The Cruise Shipping Policy” as outlined below attempts to touch upon each of these aspects and seeks to develop “Cruise Shipping” in India at a fast pace.

6. Objectives:

- To develop India as Destination as well as Source Market with state of art infrastructure and appropriate marketing strategy
- To increase the number of cruise ship calls and passenger arrivals in a sustainable manner
- To achieve a target of at least 10 lakh cruise passengers landings per year by 2010.
- To strengthen inter-sectoral linkages, whereby cruise liners source the requisite supplies of goods and services from local Indian suppliers
- To consolidate existing ports of call, explore other ports and suitable anchoring sites on the Indian coast with a view to making additional cruise ship calls to other areas of the country.
- To operationalise appropriate promotional programmes that would effectively convert cruise passengers to long stay visitors.
- To maximize the benefits from the cruise industry consistent with protection of environment.
- To ensure that the cruise shipping industry in India becomes internationally competitive with other destinations and contributes to the economy in terms of generation of foreign exchange, income, employment and business opportunities.
- To attract the right segment of foreign tourists to cruise shipping in India
- To popularize cruise shipping with Indian tourists.
- To enhance absorptive capacity of the country by developing existing and new visitor attractions, including event attractions in line with India's efforts to improve the tourism product

7. Policy Issues

7.1



India as a Destination Market or Source Market?

7.1.1 Given the rich cultural heritage, a number of scenic spots and variety of flora and fauna in proximity to the ports, India is a potential candidate for destination brand development as well. Given the vastness of the country and the fact that Indian economy is growing at

an impressive annual average growth rate of more than 8% per year, as also the fact that India is the 4th largest economy in PPP terms, the country is poised to become a major source market for Cruise Shipping provided, of course, right policy environ is in place. Thus India should be promoted both as destination and source market.

- 7.1.2 Importance and potential of India as a destination market to be driven home through India's participation in international exhibitions and trade fairs on cruise shipping on a continuous basis. Destination brand development may be attempted by promoting India as a region.
- 7.1.3 Source market development may take place through Economic Survey, proper segmentation of market, marketing efforts, positioning of Cruise as aspirational product, proper pricing of this product etc within the country.

7.2 Well Developed Port Infrastructure and Connectivity

- 7.2.1 Phased programme will be evolved for development of facilities at ports for cruise shipping.
- 7.2.2 The ports will avail of the financial assistance, which is available under the scheme of Department of Tourism for funding of tourism projects, wherein assistance upto 25% of the project cost subject to a ceiling of Rs. 50 crores is provided by the Ministry.
- 7.2.3 Notwithstanding the above, if any major/ non major port is able to attract a BOT operator to invest in infrastructure facilities, the port be encouraged to develop such facility.
- 7.2.4 Necessary infrastructure like Rail and Road Connectivity, IWT connectivity, Air connectivity and Metro connectivity will be developed. Individual Ports identified in this policy will plan to develop suitable infrastructure. However, the cruise shipping policy will provide comfort to future investors for committing resources etc.
- 7.2.5 Port shall augment financial resources to develop cruise terminals/infrastructure in order to have more calls from cruise liners.

Private agencies interested in developing cruise terminals shall also be encouraged to do so at cruise destinations. Central Government/State Government/UT Administrations shall provide financial resources and other incentives for promoting cruise tourism.

7.2.6 Efforts shall be made for the development of Marina for Yachts and small boats at all important coastal tourist destinations like Goa, Cochin, Chennai etc. based on BOT/PPP model wherever possible.

7.3 Absence of Indian Flag cruise vessels and Cabotage relaxation

7.3.1 Cruise vessels under Indian Flag will be promoted.

7.3.2 Presently no Indian Shipping Line owns any luxury cruise liner. Policy dispensation being prescribed vide this document is expected to lead to Indian flag cruise liners becoming a reality in not so distant future. However till that happens, foreign cruise liners must be encouraged to undertake coastal runs. Moreover, since we intend promoting India as a region, it is imperative (given the present situation when we have no Indian flag cruise liner) that foreign cruise lines touch more than one port.

7.3.3 As per Section 407(1) of the MS Act, no ship other than an Indian ship or a ship chartered by a citizen of India or a company or a cooperative Society which satisfies the requirements specified in class (b) or as the case may be clause (c) of Section 21 shall engage in the coasting trade of India except under a licence granted by the Director General under this Section. This puts restrictions on foreign lines embarking passengers/disembarking along coastal runs.

7.3.4 Efforts will be made to attract investment for Indian Flag cruise liners. Foreign flag Cruise ships/vessels will be permitted to make coastal voyages between different ports of India in relaxation of the provisions of Section 407(1) of MS Act. This dispensation (cabotage relaxation) presently given till December, 2008 under Section 407(3) of MS Act will be extended for another 10 years.

7.4 Immigration

Cruise tourism is a leisure activity involving disembarkation of a large number of tourists (1000 – 2000 at a time) at the ports of call. Delays on account of immigration formalities not only spoil the mood of the tourists but also give negative publicity to the country as a whole. Hence it is imperative that immigration formalities are completed quickly and with ease. It will be ensured that immigration formalities are completed within one hour of disembarkation of the cruise passengers from the ship. To ensure this, the procedure outlined at **Appendix-A** (p/ 12-13) will be followed.

7.5 Quarantine

- 7.5.1 Indian Port Health Rules 1955 govern quarantine restrictions for passenger ships, cargo ships as well as cruise ships. Diseases, which come under the purview of these Rules for the purpose of quarantine restrictions, are Cholera, Plague and Yellow Fever. Indian Port Health Rules also have provisions to tackle public health emergency like SARS.
- 7.5.2 In 1951 WHO adopted ‘International Sanitary Regulations’ which was renamed in 1969 as International Health Regulations (IHR). The purpose of IHR is to ensure maximum security against the international spread of disease in world traffic. The existing IHR covers three diseases – Cholera, Plague and Yellow Fever. In the revised IHR spread of three diseases - Small pox, Poliomyelitis and SARS – is being made to be notified on mandatory basis. Besides, spread of nine diseases – Congo fever, Ebola Fever, Anthrax, Encephalitis, Hemorrhagic Fever, Cholera, Plague and Yellow Fever – will be notified based on assessment.
- 7.5.3 In view of the above, it seems adequate measures are available for the security of cruise passengers in Port Health Rules as well as International Health Regulations. It, therefore, does not appear to be necessary to frame separate rules for this purpose. However, Indian Port Health Rules 1955 will be aligned with International Health Regulations (as relevant to cruise shipping) from time to time.

7.6 Custom

Customs clearance will be provided at customs notified ports for disembarking/embarking cruise tourists subject to provisions of Baggage Rules, 1998. Further, transfer of baggage between airports and seaports under bond would be permitted by Customs and undertaken by cruise-lines/airlines as per provisions of the Customs Act, 1962.

7.7 Waste disposal

7.7.1 The Cruise liners will be mandatorily asked to comply with all requirements of Marine Pollution (MARPOL) Convention and its annexes and to follow the guidelines of Indian Maritime Administration to ensure inter-alia the following:

- No waste (sewage waste, solid waste, waste/contaminated water or used oil) will be released or dumped into the sea or on islands during the cruise ship tour in Indian waters.
- Any boat or smaller vessel taking tourists to an island destination in India will ensure that no litter or waste is thrown over-board or left littering the island. All waste originating from the mother ship will be disposed off in a manner stipulated by the Maritime Administration.
- No oily or contaminated bilge water will be released in Indian territorial waters except in emergency situations where the vessel is taking on water to the extent that the safety of the vessel or those aboard will be threatened.

7.8 Conducive Fiscal Regime

Direct Tax

7.8.1 The fiscal environment (governed by incidence of taxation) should be conducive to encouraging cruise ship itineraries in Indian ports on the one hand and encouraging domestic tourists to avail variety of entertainments/services on board cruise ship on domestic circuit.

Duty on Bunkering

7.8.2 The Customs duty on bunkering for coastal (Cruise) ships is presently around 33%. Therefore a foreign flag vessel if it is not engaged in coastal trade in India and purchases bunker in India, the bunkering is 33% cheaper as compared to the purchase of bunker by a vessel having an Indian flag or a foreign flag engaged in coastal trade of India (Details at **Appendix-B/** p-14). This makes Cruise Shipping operations in Indian waters highly uncompetitive.

Taxes on facilities/services provided by cruise ships for their passengers on board

7.8.3 Various types of facilities/services such as restaurant, bar, discotheque, swimming pool, duty free shops, jewellery shops, massage parlours, beauty parlours, sauna baths, gymnasium, golfing, bowling etc are provided on board cruise ships. At present, these facilities/services attract following taxes/duties:

- (i) Service Tax (levied by the central Government) on services like, massage/ beauty parlors, sauna bath etc, if the Cruise ship is on a coastal circuit. Taking these activities outside the purview of Service Tax will be a minor concession; however it (the concession) will help the cause of cruise shipping promotion.
- (ii) Entertainment Tax levied by the state Governments - Since States are direct beneficiary of cruise passengers consuming a variety of services otherwise, the State Governments would be urged not to levy entertainment tax on the shows/activities on board a cruise ship, may be by bringing about amendment in their respective statute.
- (iii) Duties on food, beverages, and consumable & fashion goods: - **Duty** free shops on board a Foreign Cruise Vessel are required to be sealed when they convert to coastal leg. Such an act may become an irritant for the passengers on board. It would be desirable that the shops are not sealed and duty free goods continue to be provided to the passengers.

7.8.4 The Central Government will establish an appropriate fiscal regime for Cruise Shipping, consistent with the overall fiscal policy of the Government. Anomalies, if any, in the fiscal policy will be addressed through the budgetary process.

7.9 Cruise Tourism Promotion

7.9.1 Ministry of Tourism will the Cruise shipping itineraries consultation with State Governments, Popularise circuits by State/Central PSEs undertake appropriate publicity campaigns.



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7.9.2 Government/PSUs are providing Leave Travel Concession (LTC) facility to their employees; the underlying principle being, to encourage employees to take a break from work and indulge in leisure to enhance their productivity. In so much as Cruise Shipping is fast emerging as a popular leisure activity, Government would include Cruise Shipping itineraries in India offered by Luxury Cruise Liners as a permissible mode of travel/destination under LTC scheme.

7.10 Marketing Strategy

7.10.1 Cruise Shipping is a new product in Indian context. This new product needs to be developed and marketed and for that purpose an effective institutional framework is a must. In fact, institutional framework will hold the key to success of this new Product development. Some of the major marketing challenges in Cruise Shipping development process are: Idea generation, screening, concept/brand development, business analysis, product development, brand positioning, source market development vs destination market development, market testing and commercialization.

Appendix-A
(Para 7.4 of the Policy)

Procedure for hassle free, quick and timely immigration

- (i) The cruise shipper should send the details of all passengers at least seven days in advance to the respective immigration authorities.
- (ii) As regards passengers who are arriving without visa, the Visa Manual provides for grant of collective landing permit (TLP) with multi-entry facility for a group of four or more for a period not exceeding 60 days.
- (iii) No landing permit is granted to citizens of Afghanistan, Bangladesh, Ethiopia, Iran, Nigeria, Pakistan, Sri Lanka and Somalia. Passengers whose names appear on our PRC/Black List will not be allowed to enter unless they have been granted permission by the competent authority.
- (iv) The cruise travel agent should give an undertaking for departure of all cruise passengers for grant of TLP.
- (v) For no wait situation, there should be arrangement with cruise shippers to take an immigration staff to the previous port on their cost of travel and insurance during travel to the port of entry in India so that this official may screen all the travel documents/passports while the ship is cruising and the cruise passengers who are cleared are given Yellow Passes immediately after boarding out at the port of arrival in India.
- (vi) For faster immigration clearance, additional immigration counters be set up at identified ports for cruise shipping.
- (vii) Since only Mumbai and Chennai ports are being manned by BoI and other sea ports like Cochin, Goa etc. are manned by the State Government officials, for the specific days when the cruise ships are arriving, there is requirement of large number of immigration officials to man the counters.

(viii) Bureau of Immigration (BoI) will organize training programme at Chennai and Mumbai for pool of State Government officials for faster immigration clearance.

(ix) As regards issuance of multi entry TLP for all the ports in India, it may be possible by enhancing the passenger fee. BOI has been requested to work out the details. Immigration Officer at the cost of travel and insurance will have to accompany passengers in the ship from one port to another.

(x) Since Dock Entry Permit and Yellow Pass issued by the immigration authorities are one and the same, there is no need for revocation of any existing card.

Duty on Bunkering

It is estimated that incidence of duty on bunkers consumed by a vessel on coastal run is approx. 33%, as per the details given below:

DUTY ON FUEL OIL	
Basic Custom Duty	10%
Counter-vailing Duty i.e. Excise Duty	16% of 110 (i.e. 17.6%)
Education Cess	2% of Excise Duty (i.e. 0.35%)
Education Cess	2% of entire amount above (i.e. 2.56%)
Total duty on Fuel Oil (FO)	Around 31%
Total duty on diesel oil (further 3%)	Around 34%

The difference between the total delivered rates of Fuel Oil (F.O.) Grade Bunker for Coastal Bunkers (Duty Paid) and International Bunkers (Excise Bonded) ranges from around 24% (Mumbai) to 28%(Vasco) to 38.5%(JNP).

STEVEDORING AND SHORE HANDLING POLICY FOR MAJOR PORTS

1. Definition

- Stevedoring includes loading and unloading and stowage of cargo in any form on board the vessels in Ports;
- Shore Handling includes arranging and receiving the cargo to/from the hook point, Inter modal transport from wharf to stackyard and vice-versa and also receiving and delivering of cargo from/to wagons/trucks;

2. Scope

The policy shall cover the following activities:-

- (i) Stevedoring activities undertaken by the port and/or licensed Stevedore in a Major Port
- (ii) Shore handling activities undertaken by the port and/or licensed Shore Handling Agents or by agents under any other name.

The Stevedoring and Shore handling may cover the activities on board and on shore respectively. Stevedoring and Shore Handling of vessels in Major Ports may be carried out by a single agency, as far as possible.

No Agency shall undertake to perform these activities in a Major Port unless and until they are issued a valid licence by the Port for the purpose.

3. Stevedoring and Shore Handling Charges

- i. TAMP shall notify the normative tariff for Stevedoring and Shore Handling activities, separately for mechanized and manual operations for the Major Ports based on a set of Guidelines to be issued to TAMP. These Tariff shall be ceiling tariff. With regard to Kamarajar Port, the Board of Directors may fix the same based on the above principles. In case of any change in Role for TAMP in future, Boards of Major Ports will fix and notify the Rates based on the same principles. This will also apply to Mumbai Port and Haldia where stevedoring is carried out by the Ports.
- ii. Port Trust shall go in for an open and transparent auction system based on the TAMP notified tariff to give licenses for Stevedoring and Shore Handling on

revenue sharing basis for a period of 3 years. All eligible applicants who are ready to match the highest revenue share shall be given licenses. The Stevedoring and Shore Handling agents have to charge the rates from their principals, not exceeding the ceiling tariffs notified by TAMP.

- iii. The Port Trusts should be liberal in issuing licenses to Stevedoring and Shore Handling agents to ensure adequate competition. Even after the auction, if any firm satisfying the eligibility conditions is ready to match the highest revenue share discovered in the auction, such firm may be given a license. As competition increases, the cost of transaction to the trade and the quality of services will also improve.

4. License for Stevedores & Shore Handling Agents

Port Trusts shall frame & notify regulations for licensing of Stevedoring and Shore Handling Agents instead of only Stevedores as at present. The Major Port Trusts shall host the Stevedoring and Shore Handling regulations in their web site and any eligible firm which fulfils the eligibility criteria can apply for license at any time on-line along with requisite documents. The stevedoring and shore handling licenses shall be issued by the ports, in case the firm fulfils the following criteria:

- (i) It shall be a Company registered under Companies Act or a partnership firm or any other legal entity.
- (ii) It shall deposit security amount of at least Rs. 5 lakhs to meet any contingency which shall be refunded without interest after adjusting the claims, if any, when the licensee ceases to operate.
- (iii) The Stevedoring and Shore Handling agent shall undertake to provide equipment/gear required for both the operations as specified by the Port Trust Board.
- (iv) The Stevedoring and Shore Handling agents shall undertake to employ at least 6 supervisory personnel with minimum two years of cargo handling/ stowage experience for undertaking both the functions. Their profiles have to be enclosed along with the application.
- (v) The fee for issue/renewal of license shall be on payment of a minimum application fee of Rs. 50,000 for one year or part of a year, which may be revised from time to time by the Port Trust Board.
- (vi) Major Port Trusts have to ensure that enough competition prevails in Stevedoring and Shore Handling activities in their ports.

5. Validity / Renewal of licence

- (i) The license will be valid for a period of three years from the date of issuance of licence.
- (ii) The Daily performance Report in the prescribed format shall be submitted by the Stevedoring & Shore Handling agent to the Traffic Department online.
- (iii) Besides a quarterly /half yearly review of performance of Stevedoring & Shore Handling agent in terms of productivity achieved by them, compliance of terms and conditions of the licence issued to them, safety norms followed by them will be monitored by Traffic Manager and a report to be submitted to the Chairman.
- (iv) On such a review, if the Traffic Manager finds any default on the part of Stevedoring & Shore Handling agent, he shall cause to issue warning in the event of first default and in the event of second default, the license of the Stevedoring & Shore Handling agent shall be liable to be cancelled, apart from levying penalties..
- (v) At the end of three years, the license shall be renewed strictly on the basis of above mentioned performance reports.
- (vi) Application as per the prescribed proforma of the port for renewal of Stevedoring & Shore Handling license shall be made at least three months before the expiry of the license.
- (vii) If the Stevedore & Shore Handling agent fulfils the required conditions and is eligible for renewal but awaiting safety clearance before expiry of the license period, Port may permit the Stevedoring operation by executing an Indemnity bond.

6. Migration to the new Stevedoring and Shore Handling Scheme :

The new Stevedoring and Shore Handling Scheme will come into effect in all Major Ports not later than 1st April, 2016. The existing Stevedoring Agents will have to switch over to the new Stevedoring and Shore Handling Scheme from that date and they shall pay the highest revenue share discovered by the Port Trusts through the auction and also charge the ceiling tariff to be fixed by the TAMP. If they do not switch over to the new scheme, the licence shall be terminated by the Port Trusts by giving due notice as envisaged in the Regulations. The Ports shall ensure that migration to the new Stevedores & Shore Handling Scheme is done by following the statutory provisions under the existing Regulations.

However, the above Scheme will not be applicable to Haldia Dock Complex, since a similar scheme based on the Auction system has been introduced for two years from April, 2015 and is valid till March, 2017. Therefore, this Scheme will be made applicable after expiry of the existing Scheme i.e. from April, 2017 for Haldia Dock Complex alone.

7. Duties & Responsibilities

Individual port may prescribe duties, responsibilities and performance parameters of Stevedores & Shore Handling agents to ensure the safe and efficient handling as per their Stevedoring & Shore Handling Licensing Rules, keeping in view the following basic criteria :

- (i) Stevedore & Shore Handling agents shall comply with applicable safety norms in relation to such operations and with the applicable statutes regarding labour.
- (ii) Stevedore & Shore Handling agent shall indemnify the Board against all third party claims arising out of such operations.
- (iii) Whenever casual workers are deployed, the Stevedore & Shore Handling agents should ensure that such workers are covered by the insurance policy.
- (iv) If any gear, plant or any other property of the Board is damaged in the course of stevedoring and shore handling operation the Stevedore and Shore Handling agent shall compensate the Board for such loss or damage.
- (v) Stevedore & Shore Handling agent shall deploy necessary equipment as indicated by the Port in the license.

- (vi) Stevedore & Shore Handling agent shall achieve the performance standards fixed by the Port.
- (vii) The Stevedore & Shore Handling agencies shall publish their tariff along with break up in their web sites and in the website of the Port.

8. Cancellation / Suspension of license

- A) The port may at any time suspend or cancel the license issued to a Stevedore & Shore Handling agent for violation of any of the terms of license or for any reasons listed below :
 - (i) The CEO of the Stevedoring and Shore Handling firm has been convicted by the Court of any offence involving moral turpitude and sentenced in respect, thereof, to imprisonment for not less than six months, and a period of five years has not elapsed from the date of expiry of the sentence.
 - (ii) The firm handles less than the minimum guaranteed throughput/the prescribed parameters as fixed by the port for consecutively 2 years.
 - (iii) The firm does not achieve the performance standards prescribed in the license on an average over a period of 3 months.
 - (iv) Violates safety regulations and mandatory Dock Safety measures
 - (v) Adopts improper and unsafe handling methods.
 - (vi) Misrepresents or misstates material facts
 - (vii) Adjudged insolvent or going into liquidations
 - (viii) Transfer the stevedoring operations or sublets the license to any other individual or parties
 - (ix) Violates security related rules & instructions like ISPS code compliance.
 - (x) Any misconduct which in the opinion of the Board warrant such cancellation or suspension
 - (xi) Indulges in illegal/corrupt practices.
- B) Provided that no such license shall be cancelled or suspended as the case may be until the holder of the license has been given a reasonable opportunity for

showing cause why his license should not be cancelled or suspended as the case may be.

9. Appeal

Any person aggrieved by any order relating to cancellation/suspension/refusal to issue licenses, may prefer an appeal in writing to the Chairman of the concerned port or any other higher authority, as the case may be, within 30 days of the communication of the order appealed against.

10. Deployment of workers from Port / DLBs / License Holder or outside

Existing practice of deploying port labour by Stevedore and Shore Handling agents may continue. In case the port is unable to supply the requisite workers against the requisition placed by Stevedore and Shore Handling agent, the port may allow the Stevedore and the Shore Handling agent to make their own arrangement for this purpose. No notional booking or levying of charges should be made and agents shall not be levied any charges for labour, in case the Port Trust does not supply the labour.

9. Datum, Norms for Productivity, etc.

Datum, Norms for Productivity, rate of incentive, etc. may be determined by the ports from time to time ,duly taking cognizance of the performance parameters during last 3 years.

11. Training, Use of Modern Technology

The personnel deployed in Stevedoring & Shore Handling activities shall be trained in modern methods of cargo handling for improving the productivity, efficiency and safety. It is suggested that such specialized training courses for the Stevedoring and the Shore Handling operation may be introduced in Indian Maritime University.

-X-X-X-X-

F.No. PD-11033/73/2013-PT(pt)
Government of India
Ministry of Shipping
Ports Wing

Transport Bhawan,
1, Parliament Street,
New Delhi-110001.

Dated: 17th September, 2016

To

Chairmen,
All Major Port Trust
&
CMD, KPL,
Member (Finance), TAMP

Subject: Guidelines for determination of Upfront Tariff for Stevedoring and Shore Handling Operations authorized by Major Ports

...

Sir,

I am directed to forward herewith a copy of Guidelines for determination of Upfront Tariff for Stevedoring and Shore Handling Operations authorized by Major Ports duly approved by the Competent Authority.

2. All Major Ports are accordingly requested to take immediate action and intimate the Ministry of the action taken in this regard by **30th September, 2016.**

Yours faithfully,



(A.K. Saran)
Director

Tel.No.011-23714714

Encl: a/a

o/c issued

GUIDELINES FOR DETERMINATION OF UPFRONT TARIFF FOR STEVEDORING AND SHORE HANDLING OPERATIONS AUTHORISED BY MAJOR PORT TRUST UNDER SECTION 42 (3) OF THE MAJOR PORT TRUSTS ACT 1963

1. Preliminary

- 1.1 These Guidelines shall be called ‘Guidelines for determination of upfront tariff for stevedoring and shore handling operations authorised by Major Port Trusts’
- 1.2 These guidelines shall come into force from the date of their publication in the Gazette of India and shall remain in force until the Central Government decides to modify or change or revoke them
- [This clause needs modification to be in harmony with clause 2.6]
- 1.3 These guidelines shall be applicable for fixation of upfront tariff for carrying out all stevedoring and shore handling operations by the agencies or firms who are authorised by Major Port Trusts to carry out these operations under the provisions of Section 42 (3) Major Port Trust Act 1963. For stevedoring and shore handling operations which are carried out by the concerned Major Port Trusts itself. Tariff Policy 2015 as amended from time to time shall continue to apply.
- 1.4 These Tariff Guideline are not applicable for BOT/BOOT operators or any other arrangement for private sector participation who are governed by the Tariff Guidelines of 2005, 2008 and 2013.
- 1.5 It is clarified that the stevedoring or shore handling operations currently carried out by any agencies or firms will continue only until the period the new arrangement under these Guidelines comes into effect. The Major Port Trust will file a proposal to TAMP for fixation of upfront tariff for stevedores and for the shore handling operators under these new guidelines along with performance standards.
- 1.6 In case any difficulty arises in the implementation or interpretation of these guidelines, the Government in consultation with the Tariff Authority for Major Ports (TAMP) may issue the necessary orders to remove such difficulty in consistent with the basic features of these guidelines.

- 1.7 Unless revoked or modified earlier, the Guidelines may be reviewed and revised after 3 (three) years from the date of issue.
- 1.8 TAMP may accept necessary adjustments in the norms, based on the justification to be furnished by the concerned Port Trust keeping in view the port specific conditions having impact on the norms prescribed in these guidelines.
- 1.9 In any question arises requiring clarification or interpretation of the Scale of Rates and Statement of Conditions of the operator., the matter shall be referred to TAMP and decision in this regard will be binding on the operator.

2. Overall Approach

- 2.1 Tariff caps for handling various commodities in both the stevedoring and shore handling activities by the private agencies or the firms licensed by Major Port Trusts under Section 42(3) of the Major Port Trust Act, 1963 shall be set upfront by TAMP following these guidelines based on the proposal of the concerned Major Port Trust. Along with upfront tariff caps, performance standards shall also be notified by TAMP based on the proposal of the concerned Port Trust.
- 2.2 For the purpose of fixing upfront tariff, TAMP will follow the normative cost based approach which recognises the operating cost estimates based on the norms set in these guidelines and allow a reasonable rate of return namely margin on the operating cost as set out in these guidelines.
- 2.3 Once the upfront tariff caps are set out for stevedoring and shore handling operations of various commodities for a port, it will be applicable uniformly to the entire port where the stevedoring and shore handling operations are carried out by private agencies or firms and will be valid for a period of three years.
- 2.4. The upfront tariff and performance standards notified by TAMP will be mentioned in the bid document and subsequently in the agreement in respect of the operator.
- 2.5. The Port Trust concerned shall approach TAMP 3 months before the expiry of the tariff set under these Guidelines for revising the upfront tariff and performance standards for the next three years period.
- 2.6. TAMP will examine and modify the norms set out in these guidelines and set it upwards with the approval of the Ministry of Shipping, to take into account

the technological changes in the method of handling and other developments after expiry of three years from the date of issue of this Guidelines.

- 2.7. The upfront tariff so set by TAMP will be the ceiling levels.
- 2.8. TAMP and Major Port Trusts should comply with the policy direction set out by the Government from time to time like coastal cargo/containers, etc., which have bearing on the determination of the tariff.
- 2.9. Operator shall charge only for services provided by them. No notional booking of labour and other similar notional charges would be permitted.
- 2.10. Tariff caps will be indexed to inflation but only to an extent of 60% of the variation in the Wholesale Price Index (WPI) occurring between 1 January and 31 December of the relevant year. Such automatic adjustment of the tariff cap will be made every year and the adjusted tariff cap will come into effect from 1 April of the relevant year till 31 March of the following year.
- 2.11. Before commencement of the stevedoring and or the shore handling operations, the operator will approach TAMP for notification of the Scale of Rates containing the ceiling rates of the stevedoring and or the shore handling charges and performance standards as required under Section 48 of the Major Port Trust Act , 1963.
- 2.12. The Scale of Rates (SoR) to be framed by TAMP as per clause 2.11 and performance standards to be notified shall be in line with the tariff caps and the performance standards prescribed for the port and included in the bid document, subject to indexation explained in Clause 2.10 above. Such SoR and the conditionalities along with performance standards shall be notified by TAMP in the Gazette of India as required by MPT Act 1963.
- 2.13. The stevedoring operation is distinctly different from the shore handling operations, though both of them are cargo handling operations. Hence the procedure for determination of upfront tariff for these two operations are given separately in these Guidelines.

3. Estimation of Optimal Capacity, Capital cost and Operating cost for stevedoring operation

- 3.1 In the case of determining upfront tariff for the stevedoring operation, the optimal capacity determination will not be the annual capacity; rather it will be the optimal capacity per shift for each of the commodity. The berth or the combination of berths will be handling different commodities in a year; it

is hence prescribed to calculate the optimal capacity on per shift basis for each commodity.

3.2 The commodities that are handled in a port have been grouped for the purpose of tariff determination under two major categories viz., DRY BULK and BREAK BULK. Various commodities of dry bulk cargoes and the break bulk cargoes are classified under different groups separately for bulk cargoes and the break bulk cargoes. The classification of cargoes under the bulk and break bulk cargoes are given under **Annex-I and Annex-II**. The two annexes contain list of commodities which are handled at the major ports. If any new cargo is to be handled which is not included in the list, then the Major Port Trusts may categorise that cargo under any one of the cargo category based on the nature, physical characteristics and the method of handling that cargo.

3.3 Optimal Capacity

As explained in clause 3.1 above the optimal capacity is to be calculated on per shift basis for each of the cargo that is to be handled. For this purpose, the productivity basis norms have been set out for both dry bulk and break bulk cargoes for each of the cargo classification therein and is attached in **Annex-III and Annex-IV** respectively.

3.4 Capital cost

For the stevedoring activity, capital cost requirement will be for deployment of equipment for handling cargo between ship and shore. As the licensing is for limited period of three years, direct capital investment in the handling equipment is not reckoned with for the purpose of upfront tariff determination. The cost towards equipment is reckoned with in the form of equipment hire charges.

3.4.1 Bulk cargo

For the stevedoring activity, equipment for handling cargo between ship and shore will be required. Equipment such as dozers may be required for deployment inside the hatch. The type and capacity of equipment that can be deployed for Bulk Cargo is given in the **Annex-V**

The hire charges towards deployment of equipment prescribed shall be estimated by Major Port Trusts based on the equipment hire cost prevailing at the relevant port locations or prevailing market based hire cost.

3.4.2 Break Bulk

For handling break bulk cargo, mostly the ship board cranes are used and the requirement of HMC will be very limited. The requirement of HMC may arise for handling heavy project cargo and machineries.

The type and capacity of equipment that can be deployed for Break Bulk Cargo is given in the **Annex-VI**

The hire charges towards deployment of equipment prescribed shall be estimated by Major Port Trusts based on the equipment hire cost prevailing at the relevant port locations or prevailing market based hire cost.

3.5 Operating Cost

3.5.1 The operating cost shall be estimated cargo wise on per shift basis to achieve the per shift productivity prescribed under clause 3.3 following the norms prescribed for various components of the Operating Cost.

3.5.2 The Operating Cost are grouped under the following major heads

- i) Equipment hire cost
- ii) Labour cost
- iii) Operational Overheads
- iv) Administrative Overheads

3.5.3 As stated in clause 3.4. above, no capital investment is envisaged in this model, hence no depreciation cost will be considered.

3.5.4 No licence fee is considered as no land is allotted for stevedoring operations. The Port will continue to charge the applicable wharfage on the cargo handled as per the prevailing Scale of Rate. Besides, the Port will also collect the storage charges for the cargos stored at the Port premises as per the prevailing Scale of Rates.

3.5.5 Revenue share will not be considered as cost for determination of upfront tariff

3.5.6 The equipment hire cost shall be estimated for normative list of equipments to be taken on hire as per norms prescribed at **Annex-VII**. The concerned Port shall consider the hire cost for these equipments based on the equipment hire cost prevailing at the relevant port locations or prevailing market based hire cost.

3.5.7 The labour deployment for handling various commodities shall be only as per the norms prescribed by the National Tribunal Award. The norms for deployment of Labour for Stevedoring operations from the National Tribunal Award are provided under **Annex-VIII** for various commodities which shall be followed for calculation of labour cost. The unit rate for labour deployment will be the prevailing actual cost of labour for the quantum of labour prescribed in the norms.

3.5.8 The operational overheads shall be estimated at 20% of the sum total of the equipment hire cost and the labour cost.

3.5.9 The administrative overheads shall also be estimated at 20% of the sum total of the equipment hire cost and the labour cost.

3.5.10. TAMP in consultation with the concerned Port may decide on particular item of expenditure, which it considers necessary for incorporation, while computing upfront tariff cap, for which norms are not explicit in the Guidelines.

4. Estimation of Optimal Capacity, Capital cost and Operating cost for shore handling operation

4.1 The procedure adopted for determination of tariff for the stevedoring operation shall be followed for the determination of tariff for the shore handling operations. The optimal capacity determination will not be the annual basis, but will be on per shift basis for each of the commodity.

4.2 The classification of commodities that are handled in a port and grouped for the purpose of upfront tariff determination for stevedoring operations at **Annex I and Annex II** shall be followed for the shore handling operation also.

4.3 Optimal Capacity

The optimal capacity for shore handling need to match with the optimal capacity of the stevedoring operations. Accordingly, the optimal capacity of the shore handling operations for each of the commodity will be same as that for the stevedoring operations.

4.4 Capital cost

For the shore handling activity, the capital cost requirement will be towards deployment in cargo handling equipment for unloading of cargo into truck for direct delivery to the consignees' premises or to a temporary storage within the port. As the licensing is limited for three years, direct investment in the handling equipment is not reckoned with. The cost towards equipment is reckoned with in the form of equipment hire charges.

4.4.1 Bulk cargo

The different handling methods adopted for shore handling operations of bulk cargo are given below:

Methods	Detail of Handling Methods
1	Cargo unloaded onto truck for direct delivery to consignees premises.
2	Cargo unloaded onto truck (without hopper) and moved to storage yard within the port premises.
3	Cargo unloaded onto truck through hopper and moved to storage yard within the port premises for storage.
4	Cargo unloaded onto wharf and loaded onto trucks and going to consignee premises.
5	Cargo unloaded onto wharf and loaded onto trucks and transported to storage yard.

The norms for the requirement of the equipment for the above five different methods are given under **Annex-IX**.

4.4.2 Break Bulk

The different handling methods that are adopted for shore handling of the break bulk cargos are listed below:

Method	Details of Handling Method
1	Cargo unloaded onto truck for direct delivery to consignees premises or vice versa
2	Cargo unloaded onto wharf and loaded onto trucks and going to consignee premises or vice versa
3	Cargo unloaded onto truck and transported to storage yard within the port premises or vice versa
4	Cargo unloaded onto wharf and loaded onto trucks and transported to storage yard within the port premises or vice versa

The norms for the requirement of the equipment for the above four different methods for shore handling operations are given under **Annex-X**.

4.5 Operating Cost

4.5.1. The operating cost shall be estimated cargo wise on per shift basis to achieve the per shift productivity prescribed under 4.3 following the norms prescribed for various components of the Operating Cost for each of methods of handling envisaged.

4.5.2 The Operating Cost are grouped under the following major heads

- i) Equipment hire cost
- ii) Labour cost
- iii) Operational Overheads
- iv) Administrative Overheads

4.5.3 As stated in clause 4.4. above, no capital investment is envisaged in this model, hence no depreciation cost will be considered.

4.5.4 No licence fee is considered as land is not allotted for shore handling operations as such. The Port will continue to charge the applicable wharfage on the cargo handled as per the prevailing Scale of Rate. Besides, the Port will also collect the storage charges for the cargos stored at the Port premises as per the prevailing Scale of Rates.

4.5.5 Revenue share will not be considered as cost for determination of upfront tariff

4.5.6 The equipment hire cost for shore handling operations shall be estimated for equipments to be taken on hire as per norms prescribed at **Annex - IX** for Dry bulk cargo and **Annex - X** for Break cargo. The concerned Port shall obtain the hire cost for these equipments from the market for the determination of the upfront tariff.

4.5.7 The operator will be deploying their own labour for shore handling operations. The norm for estimation of labour cost for shore handling operations is 5% of the equipment hire cost for dry bulk cargo and 10% of equipment hire cost for break bulk cargo.

4.5.8 The operational overheads shall be estimated at 20% of the sum total of the equipment hire cost and the labour cost.

4.5.9 The administrative overheads shall also be estimated at 20% of the sum total of the equipment hire cost and the labour cost.

4.5.10. TAMP in consultation with the concerned Port may decide on particular item of expenditure, which it considers necessary for incorporation, while computing upfront tariff cap, for which norms are not explicit in the Guidelines.

5. Allowable Margin

There is no capital investment considered in the upfront tariff determination as explained under 3.4. and 4.4. above. Recognising that stevedoring and shore handling is

a labour intensive activity, in lieu of the Return on Capital Employed, a fair margin of 20% on the total operating cost shall be allowed while arriving at the upfront tariff.

6. Revenue Requirement, determination of upfront tariff framing Scale of Rates

- 6.1 The per shift Revenue Requirement for performing the stevedoring operation for each commodity will be the sum total of the operating cost of the operation per shift as estimated as per clause 3.5 above and the margin estimated as per clause 5 above.
- 6.2. The per shift Revenue Requirement for performing the shore operation for each commodity under each methods will be the sum total of the operating cost of the operation per shift as estimated as per clause 4.5 and the margin estimated as per clause 5 above.
- 6.3 The cargo wise per shift Revenue Requirement for stevedoring operations is to be realized through tariff. The upfront tariffs caps for stevedoring shall be computed on per ton per shift basis by spreading the per shift Revenue Requirement over the per shift optimal capacity assessed for each commodity so as to realize the Revenue Requirement for handling the commodity.
- 6.4. The cargo wise per shift Revenue Requirement for shore handling operations is to be realized through tariff. The upfront tariffs caps for shore handling shall be computed on per ton per shift basis by spreading the per shift Revenue Requirement over the per shift optimal capacity assessed for each commodity under each of the methods of handling so as to realize the Revenue Requirement assessed for handling the commodity under the particular method of handling.
- 6.5 The conditionalities for providing the handling service shall be prescribed.
- 6.6. Wharfage, storage charges, and other miscellaneous charges shall continue to be levied by the port as per the prevailing Scale of Rates.

7. Performance Linked Tariff

- 7.1. From the date of Commercial Operation (CoD) till 31st March of the same financial year, the tariff would be limited to the indexed upfront Tariff relevant to that year, which would be the ceiling. The aforesaid Tariff shall be automatically revised every year based on an indexation as provided in para 2.10. above which will be applicable for the entire Licence period.

However, the operator would be entitled to 100% WPI indexation instead of 60% WPI indexation prescribed at clause 2.10. above, from the second year of

operation on achievement of performance standards for each of the commodities notified along with the upfront tariff. For this purpose, the Operator shall approach the concerned Major Port Trust within 30 days of completion of financial year of operation along with details of cargo wise average Performance standard achieved for each cargo for both stevedoring and shore handling operations. The Major Port Trust shall ascertain the achievement of performance standards claimed to have been achieved by the operator by engaging Consultant if required in one months time. The BOT operator can apply 100% indexation instead of 60% prescribed at clause 2.10. above, on written confirmation by the Major Port Trust to the operator that it has achieved the Performance Standards notified along with the upfront tariff. An illustration showing determination of indexed upfront Tariff and Performance Linked Tariff is at **Annex-XI**.

- 7.2. In the event the Major Port Trust confirms that the Operator has not achieved the Performance Standards as notified by TAMP in previous 12 months, the operator will not be entitled for 100% WPI indexation. The operator will continue to levy the tariff with 60% indexation as prescribed at clause 2.9. above.

8. Mandatory disclosures by operators

- 8.1. All the operators shall furnish to the Major Port Trust and TAMP annual reports on cargo traffic, ship berth day output, per shift output within a month following the end of financial year in respect of stevedoring/shore handling operations licensed by the port. Any other information which may be required by TAMP shall also be furnished to them from time to time.
- 8.2. TAMP shall publish on its website all such information received from operators and Major Port Trusts. However, TAMP shall consider a request from any operator or Major Port Trust about not publishing certain data/information furnished which may be commercially sensitive. Such requests should be accompanied by detailed justification regarding the commercial sensitiveness of the data/information in question and the likely adverse impact on their revenue/operation of upon publication. TAMP's decision in this regard would be final.

9.0 Performance Monitoring

- 9.1 The performance norms prescribed for various commodities shall be the minimum that should be achieved by the operator. These performance norms shall be incorporated in the bid documents.

9.2 The performance actually achieved by the operator shall be monitored by both the Port and the TAMP on a quarterly basis. In the event of any shortfall in achieving the performance prescribed, the Port will initiate action on the operator as per the terms contained in the agreement entered into with the operator by the Port.

10. Grievance Redressal

In the event any user has any grievance regarding non-achievement by the operator of the Performance Standards as notified by the TAMP, he may prefer a representation to TAMP which, thereafter, shall conduct an inquiry into the representation and give its finding to the concerned Major Port Trust. The Major Port Trust will be bound to take necessary action on the findings as per the provisions of the contract conditions of the Agreement.

Annex-I

CLASSIFICATION OF COMMODITIES FOR UPFRONT TARIFF DETERMINATION – DRY BULK CARGO

G. No.	Commodity Group	Details of cargo
1	Finished Fertilizers	All Fertilizers that can be directly used without processing such as: MOP, Urea, DAP, SOP, NPK, Ammonium Nitrate, etc.
2	Fertilizer-Raw Materials	All Fertilizers that are used for production of Finished fertilizers such as: Sulphur, Rock Phosphate, etc.
3	Food Grains	All types of Food Grains and Pulses such as: Rice, Wheat, Maize, other Food grains, Cereals, Pulses Bran of all kinds, Peas, Bulgur wheat, Corn Soya blend, Seeds of all kinds, Oilseeds, Sugar; candy or cube in bulk, Cattle Feed/Animal Feed, Bone and Bone Meal, Oil Cakes, Fodder, Copra cake, all types of Oil Extractions, etc.
4	Non Coking Coal (Thermal Coal)	Thermal Coal
5	Coking Coal	All types of Coal other than Thermal Coal such as: Calcined petroleum coke, Coke/Charcoal, Metallurgical Coke, Coking Coal, coke of all kinds and charcoal of all kinds, etc.
6	Iron Ore, Iron Ore Pellets, Bentonite, Bauxite, Copper Concentrate, Lead and Zinc Ore	Include Iron Ore; Fines & Lumps, Iron Ore Pellets, Bentonite, Bauxite, Copper Concentrate, Lead and Zinc Ore, etc.
7	Shredded Scrap	All types of Shredded Scrap such as: Iron scrap, Metal scrap of all kinds, Steel Scrap, etc.
8	Heavy Melting Scrap	All types of Heavy Melting Scrap such as: Iron scrap, Metal scrap of all kinds, Steel Scrap, etc.

G. No.	Commodity Group	Details of cargo
9	Other Ores and Minerals	Ores other than Iron Ore, Bauxite, Copper Concentrate, Lead and Zinc Ore, and minerals other than Bentonite such as: Manganese Ore, Charge chrome, Ferro Manganese, Ferro Silicon, Silicon Manganese, High carbon Ferrochrome, Gypsum, Chrome Ore /Chrome Concentrate, Magnesite, Graphite, Silicon Carbide, Mullite, Barytes, Feldspar, etc.
10	Limestone, Dolomite, Clinker, Clay, Sand and other similar Dry Bulk cargo	Include Limestone, Dolomite, Clinker, Clay, Sand and other similar Dry Bulk cargo such as: River sand, stone dust, Fly Ash, Blast furnace slag, Dolomite chips, Ilmenite sand, Mill Scale, Other fluxing materials, Chalk, Rock sand, etc.
11	Salt	All kinds of Salt handled in bulk.
12	Alumina and Pig Iron ingots and similar Dry Bulk Cargo	All types of Alumina and Pig Iron ingots and similar Dry Bulk Cargo such as: Alumina, Pig iron, Fused alumina, Sponge Iron, Hot Briquetted Iron, Mica Block /flake /spitting /waste /scrap /powder, sized kerb stones /cobble stones, Wood Chips, Reframul, Wood Pulp in bulk, Ferro silicon, bricks, tiles, etc.

Annex-II**CLASSIFICATION OF COMMODITIES FOR UPFRONT TARIFF
DETERMINATION – BREAK BULK CARGO**

Sl. No.	Commodity Group	Details of cargo
1	Bagged cargo	All cargo in bags of various weights (25, 50, 60 kg, etc.) that are manually handled such as: Cashew Nuts, Cashew Kernels, Tamarind Seed, Cement, Rice, Wheat and other food grains, Salt, Sugar, Candy or cube, Soda Ash, etc.
2	Jumbo Bags	All cargo in bags of various weights (0.5, 1.0, 1.5 MT) that are handled only by hooking the bags to slings; and include cargo in boxes, cartons, barrels, drums or rolls such as: Wood Pulp in boxes, Processed wood such as Boards, Poles, Plywood, News Print, Oil-Animal or Vegetables in barrels, Rubber-Raw, Rubber-Manufactured, Synthetic Resin, Paper, paper products and newsprint, Asphalt and Bitumen in barrels, etc.
3	Iron and steel- coils and slabs	All Iron and steel coils and slabs of varying weights and dimensions: Include all Metal Products and Asbestos of similar nature.
4	Iron and steel- pipes, tubes, plates	All Iron and steel pipes, tubes, plates of varying weights and dimensions: Include all Metal Products and Asbestos of similar nature such as: Iron and Steel Materials, Aluminum Products, Alumina Billets, Steel Pipe, Aluminum Ingots, Asbestos, etc.
5	Timber logs-Soft	Timber Logs of varying length and of light weight; normally less than 1.5 MT per piece.
6	Timber logs-Hard	Timber Logs of varying length and of heavy weight; normally more than 1.5 MT per piece.
7	Granites and Marbles	Granite Blocks of all dimensions normally in the range of 3.0 to 40.0 MT per block and Marbles of varying weight such as: Granite, Granite Blocks & Marbles, Stones-Sculptural, engraved slabs, dressed, etc.

Sl. No.	Commodity Group	Details of cargo
8	Containers Empty	Containers of 20' and 40' in length and other odd sizes weighing normally 2.5 MT for 20' and 4.0 MT for 40'
9	Containers Laden	Containers of 20' and 40' in length and other odd sizes weighing up to 30.5 MT for 20' and 32.5 MT for 40'
10	Project Cargo	Cargo for specific projects, often with OOG specifications and handled through specialized means such as: Project material, Project equipment, Railway coaches and wagons, All types of project cargo including over dimensional consignment, etc.
11	Motor vehicles other than through RORO	All motor vehicles handled using Shackles, Hooks, Chain Slings and Heavy Lifting Beams such as: Any rubber tyred vehicle; Cargo moving equipment; Earth-moving equipment, Powered two wheeled vehicles, Auto Rickshaws and other three wheeled vehicles including their chassis on wheels, Motor cars, Jeeps, Vans and Tourist Caravans, Motor vehicles like buses, dumpers, lorries, tractors, trucks, & trawlers, Locomotives, Vehicles not specified above and parts and accessories of conveyances, tubes and all earth moving equipment like Excavators, Pay loaders Bulldozers, Dozers, Poclaimers, FLT's, TLT's, Reach Stackers, etc.
12	Machinery and machinery parts	All types of Machinery and machinery products that are of varying weights and dimensions such as: Machinery and Spares, Machinery parts, Military Goods, Arms, Ammunition, Explosives and Defense Stores, Tank and Tank parts, Arms, Ammunitions, Explosives, Defense Stores and Defense equipment / machinery.

Annex-III**PRODUCTIVITY NORMS PER HOOK PER SHIFT AND PER
SHIFT FOR DRY BULK CARGO FOR STEVEDORING
OPERATIONS**

Group No.	Commodity	Norm in tons per hook per shift	Average Number of hooks per shift
1	Finished Fertilizers	900	3
2	Fertilizer-Raw Materials	810	3
3	Food Grains	660	3
4	Non Coking Coal (Thermal Coal)	1000	4
5	Coking Coal	900	4
6	Iron Ore, Iron Ore Pellets, Bentonite, Bauxite, Copper Concentrate, Lead and Zinc Ore	1460	4
7	Shredded Scrap	700	3
8	Heavy Melting Scrap	360	3
9	Other Ores and Minerals	870	3
10	Limestone, Dolomite, Clinker, Clay, Sand and other similar Dry Bulk cargo	1080	3
11	Salt	1000	4
12	Alumina and Pig Iron ingots and similar Dry Bulk Cargo	1120	3

Annex-IV

**PRODUCTIVITY NORMS FOR THE PRODUCTIVITY PER HOOK
PER SHIFT AND PER SHIFT FOR BREAK BULK CARGO**

GROUP NO	COMMODITY	NORM IN TONS PER HOOK PER SHIFT
1	Bagged cargo	300
2	Jumbo Bags	560
3	Iron and steel- coils and slabs	1360
4	Iron and steel- pipes, tubes, plates	280
5	Timber logs-Soft	320
6	Timber logs-Hard	480
7	Granites and Marbles	500
8	Containers Empty	200
9	Containers Laden	1050
10	Project Cargo	The cargos are homogeneous and they come in different size, shape and weight. Hence no productivity norm prescribed. Tariff to be prescribed on per shift basis based on the best productivity achieved by any of the ports in handling such cargo. The cost shall be worked for handling these cargo for a shift.
11	Motor vehicles other than through RORO	
12	Machinery and machinery parts	

Annex-V

**NORMS ON TYPE AND CAPACITY OF EQUIPMENT TO BE
DEPLOYED FOR HANDLING BULK CARGO BETWEEN SHIP
AND SHORE**

GROUP NO	COMMODITY	<u>Handling equipment for ship to shore</u>	<u>Handling equipment for hatch working</u>
1	Finished Fertilizers	Ship Crane or Shore Crane or HMC or combination of these	Dozer 5T - 1 No. Per hatch, Grabs - 1 No./ hook
2	Fertilizer-Raw Materials	Ship Crane or Shore Crane or HMC or combination of these	Dozer 5T - 1 No. Per hatch, Grabs - 1 No./ hook
3	Food Grains	Ship Crane or Shore Crane or HMC or combination of these	Dozer 5T - 1 No. Per hatch, Grabs - 1 No./ hook
4	Non Coking Coal (Thermal Coal)	Ship Crane or Shore Crane or HMC or combination of these	Excavator -1 No. Per hatch, Grab - 1 No./ hook
5	Coking Coal	Ship Crane or Shore Crane or HMC or combination of these	Excavator -1 No. Per hatch, Grab - 1 No./ hook
6	Iron Ore, Iron Ore Pellets, Bentonite, Bauxite, Copper Concentrate, Lead and Zinc Ore	Ship Crane or Shore Crane or HMC or combination of these	Excavator -1 No. Per hatch, Grab - 1 No./ hook
7	Shredded Scrap	Ship Crane or Shore Crane or HMC or combination of these	Excavator -1 No. Per hatch, Grab - 1 No./ hook
8	Heavy Melting Scrap	Ship Crane or Shore Crane or HMC or combination of these	Excavator -1 No. Per hatch, Grab - 1 No./ hook
9	Other Ores and Minerals	Ship Crane or Shore Crane or HMC or combination of these	Dozer 5T - 1 No. Per hatch, Grabs - 1 No./ hook

GROUP NO	COMMODITY	<u>Handling equipment for ship to shore</u>	<u>Handling equipment for hatch working</u>
10	Limestone, Dolomite, Clinker, Clay, Sand and other similar Dry Bulk cargo	Ship Crane or Shore Crane or HMC or combination of these	Dozer 5T - 1 No. Per hatch, Grabs - 1 No./ hook
11	Salt	Ship Crane or Shore Crane or HMC or combination of these	Dozer 5T - 1 No. Per hatch, Grabs - 1 No./ hook
12	Alumina and Pig Iron ingots and similar Dry Bulk Cargo	Ship Crane or Shore Crane or combination of these	Dozer 5T - 1 No. Per hatch, Grabs - 1 No./ hook

Note:

1. The HMC crane indicated here is of 100 ton capacity

Depending on the local condition the Port may decide on the type of equipment to be used for Ship to Shore handling.

**NORMS ON TYPE AND CAPACITY OF EQUIPMENT TO BE
DEPLOYED FOR HANDLING BREAK BULK CARGO BETWEEN
SHIP AND SHORE**

GROUP NO	COMMODITY	<u>Handling equipment for ship to shore</u>	<u>Handling equipment for hatch working</u>
1	Bagged cargo	By net slings (maximum load 5T) and hooks if required	No Equipment
2	Jumbo Bags	By hooks	DFLT 5T - 1 No.
3	Iron and steel- coils and slabs	By ship cranes using wire rop slings attached to the hooks	DFLT 30T - 1 No.
4	Iron and steel- pipes, tubes, plates	By ship cranes using slings	DFLT 30T - 1 No.
5	Timber logs-Soft	By ship cranes using log grabs	Log Grabber 10T - 1 No.
6	Timber logs-Hard	By ship cranes using log grabs	Log Grabber 10T - 1 No.
7	Granites and Marbles	By ship cranes using slings	DFLT-30T- 1 No.
8	Containers Empty	By ship cranes using manual spreaders	No Equipment
9	Containers Laden	By ship cranes using manual spreaders	No Equipment
10	Project Cargo	By ship cranes using slings	No Equipment
11	Motor vehicles other than through RORO	By ship cranes using slings	No Equipment
12	Machinery and machinery parts	By ship cranes using slings	No Equipment

NORMS FOR ESTIMATION OF EQUIPMENT HIRE COST FOR STEVEDORING OPERATION

A: DRY BULK CARGO

GROUP NO	COMMODITY	<u>Handling equipment for ship to shore</u>	<u>Number of hooks worked per shift</u>	<u>Handling equipment for hatch working</u>	<u>Number of hatch worked per shift</u>
1	Finished Fertilizers	Ship Crane or Shore Crane or HMC or combination of these	3	Dozer 5T - 1 No. Per hatch, Grabs - 1 No./hook	3
2	Fertilizer-Raw Materials	Ship Crane or Shore Crane or HMC or combination of these	3	Dozer 5T - 1 No. Per hatch, Grabs - 1 No./hook	3
3	Food Grains	Ship Crane or Shore Crane or HMC or combination of these	3	Dozer 5T - 1 No. Per hatch, Grabs - 1 No./hook	3
4	Non Coking Coal (Thermal Coal)	Ship Crane or Shore Crane or HMC or combination of these	4	Excavator -1 No. Per hatch, Grab - 1 No./hook	4
5	Coking Coal	Ship Crane or Shore Crane or HMC or combination of these	4	Excavator -1 No. Per hatch, Grab - 1 No./hook	4
6	Iron Ore, Iron Ore Pellets, Bentonite, Bauxite,	Ship Crane or Shore Crane or HMC or	4	Excavator -1 No. Per hatch, Grab - 1 No./	4

GROUP NO	COMMODITY	<u>Handling equipment for ship to shore</u>	<u>Number of hooks worked per shift</u>	<u>Handling equipment for hatch working</u>	<u>Number of hatch worked per shift</u>
	Copper Concentrate, Led and Zinc Ore	combination of these		hook	
7	Shredded Scrap	Ship Crane or Shore Crane or HMC or combination of these	3	Excavator -1 No. Per hatch, Grab - 1 No./ hook	3
8	Heavy Melting Scrap	Ship Crane or Shore Crane or HMC or combination of these	3	Excavator -1 No. Per hatch, Grab - 1 No./ hook	3
9	Other Ores and Minerals	Ship Crane or Shore Crane or HMC or combination of these	3	Dozer 5T - 1 No. Per hatch, Grabs - 1 No./ hook	3
10	Limestone, Dolomite, Clinker, Clay, Sand and other similar Dry Bulk cargo	Ship Crane or Shore Crane or HMC or combination of these	3	Dozer 5T - 1 No. Per hatch, Grabs - 1 No./ hook	3
11	Salt	Ship Crane or Shore Crane or HMC or combination of these	4	Dozer 5T - 1 No. Per hatch, Grabs - 1 No./ hook	4
12	Alumina and Pig Iron ingots and similar Dry Bulk Cargo	Ship Crane or Shore Crane or combination of these	3	Dozer 5T - 1 No. Per hatch, Grabs - 1 No./ hook	3

B: BREAK BULK CARGO

GROUP NO	COMMODITY	<u>Handling equipment for ship to shore</u>	<u>Number of hooks worked per shift</u>	<u>Handling equipment for hatch working</u>	<u>Number of hatch worked per shift</u>
1	Bagged cargo	By net slings (maximum load 5T) and hooks if required	2.5	No Equipment	2.5
2	Jumbo Bags	By hooks	2.5	DFLT 5T - 1 No.	2.5
3	Iron and steel- coils and slabs	By ship cranes using wire rop slings attached to the hooks	2.5	DFLT 30T - 1 No.	2.5
4	Iron and steel- pipes, tubes, plates	By ship cranes using slings	2.5	DFLT 30T - 1 No.	2.5
5	Timber logs- Soft	By ship cranes using log grabs	2.5	Log Grabber 10T - 1 No.	2.5
6	Timber logs- Hard	By ship cranes using log grabs	2.5	Log Grabber 10T - 1 No.	2.5
7	Granites and Marbles	By ship cranes using slings	2	DFLT-30T- 1 No.	2
8	Containers Empty	By ship cranes using manual spreaders	2	No Equipment	2
9	Containers Laden	By ship cranes using manual spreaders	2	No Equipment	2

GROUP NO	COMMODITY	<u>Handling equipment for ship to shore</u>	<u>Number of hooks worked per shift</u>	<u>Handling equipment for hatch working</u>	<u>Number of hatch worked per shift</u>
10	Project Cargo	By ship cranes using slings		No Equipment	
11	Motor vehicles other than through RORO	By ship cranes using slings		No Equipment	
12	Machinery and machinery parts	By ship cranes using slings		No Equipment	

**NORMS FOR ESTIMATION OF LABOUR COST FOR
STEVEDORING OPERATION**

A: DRY BULK CARGO

Group No	Commodity	Norms for manpower requirement				
		Tindal per shit	Signal man per hook	Mazdoor per hook	Operator per equipment	No. of Hooks per shift
1	Finished Fertilizers	0	1	0	1	3
2	Fertilizer-Raw Materials	0	1	0	1	3
3	Food Grains	0	1	0	1	3
4	Non Coking Coal (Thermal Coal)	0	1	0	1	4
5	Coking Coal	0	1	0	1	4
6	Iron Ore, Iron Ore Pellets, Bentonite, Bauxite, Copper Concentrate, Led and Zinc Ore	0	1	0	1	4
7	Shredded Scrap	0	1	0	1	3
8	Heavy Melting Scrap	0	1	0	1	3
9	Other Ores and Minerals	0	1	0	1	3
10	Limestone, Dolomite, Clinker, Clay, Sand and other similar Dry Bulk cargo	0	1	0	1	3
11	Salt	0	1	0	1	4
12	Alumina and Pig Iron ingots and similar Dry Bulk Cargo	0	1	0	1	3

B: Break Bulk

Group No	Commodity	Norms for manpower requirement				
		Tindal per shit	Signal man per hook	Mazdoor per hook	Operator per equipment	No. of Hooks per shift
1	Bagged cargo	1	1	4	1	3
2	Jumbo Bags	1	1	4	1	3
3	Iron and steel- coils and slabs	1	1	2	1	3
4	Iron and steel- pipes, tubes, plates	1	1	2	1	4
5	Timber logs-Soft	1	1	2	1	4
6	Timber logs-Hard	1	1	2	1	4
7	Granites and Marbles	1	1	2	1	3
8	Containers Empty	1	1	2	1	3
9	Containers Laden	1	1	2	1	3
10	Project Cargo	The cargos are not homogeneous and they come in different size, shape and weight. Hence no productivity norm prescribed. Tariff to be prescribed on per shift basis. The cost shall be worked for handling these cargos for a shift.				3
11	Motor vehicles other than through RORO					4
12	Machinery and machinery parts					3

ANNEX- IX

**NORMS FOR EQUIPMENT ON HIRE BASIS FOR SHORE HANDLING OPERATIONS OF DRY
BULK CARGO UNDER DIFFERENT HANDLING METHODS**

Sl. No	Cargo	Method 1: Cargo unloaded onto truck for direct delivery to consignees premises		Method 2: Cargo unloaded onto truck (without hopper) and moved to storage yard within the port premises		Method 3: Cargo unloaded onto truck through hopper and moved to storage yard within the port premises for storage		Method 4: Cargo unloaded onto wharf and loaded onto trucks and going to consignee premises	Method 5: Cargo unloaded onto wharf and loaded onto trucks and transported to storage yard	
		With Hopper	Beyond 1 km	Within 1 km	Beyond 1 km	Within 1 km	Beyond 1 km		Within 1 km	Beyond 1 km
1	Finished Fertilizers - Urea, DAP, SOP, MOP and NPK	Mobile Hoppers 30 cum - 4 nos	Trucks 15T - 12 nos, Payloaders 10T -2 nos (at storage yard)	A. Ship Crane :Trucks 15T -20 nos, B. HMC Payloaders 10T -2 nos (at storage yard)	Mobile Hoppers 30 cub - 4nos Trucks 15T - 12 nos, Payloaders 10T -2 nos (at storage yard)	Mobile Hoppers 30 cub -4 nos, Trucks 15T -20 nos Payloaders 10T -2 nos (at storage yard)	Payloaders 10T - 3 nos,	Payloaders 10T - 3 nos (at berth) Trucks 15T - 12 nos, Payloaders 10T -2 nos (at storage yard)	Payloaders 10T - 3 nos (at berth) Trucks 15T -20 nos Payloaders 10T -2 nos (at storage yard)	
2	Fertilizer - Raw materials	Mobile Hoppers 30 cum - 3 nos	Trucks 15T - 12 nos, Payloaders 10T -2 nos (at storage yard)	Trucks 15T -20 nos, Payloaders 10T -2 nos (at storage yard)	Mobile Hoppers 30 cub - 4nos Trucks 15T - 12 nos, Payloaders 10T -2 nos (at storage yard)	Mobile Hoppers 30 cub -4 nos, Trucks 15T -20 nos Payloaders 10T -2 nos (at storage yard)	Payloaders 10T - 3 nos,	Payloaders 10T - 3nos (at berth) Trucks 15T - 12 nos, Payloaders 10T -2 nos (at storage yard)	Payloaders 10T - 3 nos (at berth) Trucks 15T -20 nos, Payloaders 10T -2 nos (at storage yard)	
3	Food Grains -	Mobile Hoppers 30 cum - 4 nos	Trucks 15T - 12 nos, Payloaders 10T -2 nos (at storage yard)	Trucks 15T -20 nos, Payloaders 10T -2 nos (at storage yard)	Mobile Hoppers 30 cub - 4nos Trucks 15T - 12 nos, Payloaders 10T -2 nos (at storage yard)	Mobile Hoppers 30 cub -4nos, Trucks 15T -20nos Payloaders 10T -2 nos (at storage yard)	Payloaders 10T - 3 nos,	Payloaders 10T - 3nos (at berth) Trucks 15T - 12 nos, Payloaders 10T -2 nos (at storage yard)	Payloaders 10T - 3 nos (at berth) Trucks 15T -20 nos, Payloaders 10T -2 nos (at storage yard)	

Sl. No	Cargo	Method 1: Cargo unloaded onto truck for direct delivery to consignees premises		Method 2: Cargo unloaded onto truck (without hopper) and moved to storage yard within the port premises		Method 3: Cargo unloaded onto truck through hopper and moved to storage yard within the port premises for storage		Method 4: Cargo unloaded onto wharf and loaded onto trucks and going to consignee premises	Method 5: Cargo unloaded onto wharf and loaded onto trucks and transported to storage yard	
		With Hopper		Within 1 km	Beyond 1 km	Within 1 km	Beyond 1 km		Within 1 km	Beyond 1 km
4	Non Coking Coal (thermal coal)	Mobile Hoppers 30 cum - 4 nos	Trucks 15T - 15 nos, Payloaders 10T - 4 nos (at storage yard)	Trucks 15T - 25 nos, Payloaders 10T - 4 nos (at storage yard)	Mobile Hoppers 30 cub - 4nos, Trucks 15T - 15 nos, Payloaders 10T - 4 nos (at storage yard)	Mobile Hoppers 30 cub - 4nos, Trucks 15T - 25nos Payloaders 10T - 4 nos (at storage yard)	Payloaders 10T - 6 nos,	Payloaders 10T - 6nos (at berth) Trucks 15T - 15 nos, Payloaders 10T - 4 nos (at storage yard)	Payloaders 10T - 6 nos (at berth) Trucks 15T - 25 nos, Payloaders 10T - 4 nos (at storage yard)	
5	Coking Coal	Mobile Hoppers 30 cum - 4 nos	Trucks 15T - 15 nos, Payloaders 10T - 4 nos (at storage yard)	Trucks 15T - 25 nos, Payloaders 10T - 4 nos (at storage yard)	Mobile Hoppers 30 cub - 4nos, Trucks 15T - 15 nos, Payloaders 10T - 4 nos (at storage yard)	Mobile Hoppers 30 cub - 4nos, Trucks 15T - 25nos Payloaders 10T - 4 nos (at storage yard)	Payloaders 10T - 6 nos,	Payloaders 10T - 6nos (at berth) Trucks 15T - 15 nos, Payloaders 10T - 4 nos (at storage yard)	Payloaders 10T - 6 nos (at berth) Trucks 15T - 25 nos, Payloaders 10T - 4 nos (at storage yard)	
6	Iron Ore, iron ore pellets, bentonite, bauxite, copper concentrate, lead and zinc	Mobile Hoppers 30 cum - 4 nos	Trucks 15T - 20 nos, Payloaders 10T - 4 nos (at storage yard)	Trucks 15T - 34 nos, Payloaders 10T - 4 nos (at storage yard)	Mobile Hoppers 30 cub - 4nos, Trucks 15T - 20 nos, Payloaders 10T - 4 nos (at storage yard)	Mobile Hoppers 30 cub - 4nos, Trucks 15T - 34nos Payloaders 10T - 4 nos (at storage yard)	Payloaders 10T - 6 nos,	Payloaders 10T - 6nos (at berth) Trucks 15T - 20 nos, Payloaders 10T - 4 nos (at storage yard)	Payloaders 10T - 6 nos (at berth) Trucks 15T - 34 nos, Payloaders 10T - 4 nos (at storage yard)	
7	Shredded Scrap	NA	Trucks 15T - 9 nos, Payloaders 10T - 2 nos and excavators 2 nos (at storage yard)	Trucks 15T - 15 nos, Payloaders 10T - 2 nos and excavators 2 nos (at storage yard)	NA	NA	Trucks 15T - 15 nos, Payloaders 10T - 3 nos at berth and excavators 3 nos at the berth	Trucks 15T - 9 nos, Payloaders 10T - 3 nos at berth and excavators 3 nos at the berth, Payloaders and excavators 2 nos each at the yard	Trucks 15T - 15 nos, Payloaders 10T 3 nos at berth and excavators 3 nos at the berth, Payloaders and excavators 2 nos each at the yard	

Sl. No	Cargo	Method 1: Cargo unloaded onto truck for direct delivery to consignees premises		Method 2: Cargo unloaded onto truck (without hopper) and moved to storage yard within the port premises		Method 3: Cargo unloaded onto truck through hopper and moved to storage yard within the port premises for storage		Method 4: Cargo unloaded onto wharf and loaded onto trucks and going to consignee premises	Method 5: Cargo unloaded onto wharf and loaded onto trucks and transported to storage yard	
		With Hopper	Within 1 km	Beyond 1 km	Within 1 km	Beyond 1 km	Within 1 km		Beyond 1 km	
8	Heavy Melting Scrap (HMS)	NA	Trucks 15T - 9 nos, Mobile Cranes 15T- 2 nos at yard	Trucks 15T - 15 nos, Mobile Cranes 15T- 2 nos at yard	NA	NA	Trucks 15T - 15 nos, Mobile Cranes 15T -3 nos at berth	Trucks 15T - 9 nos, Mobile Cranes 15T -3 nos at berth and 2 nos at yard	Trucks 15T - 15 nos, Mobile Cranes 15T - nos at berth and 2 nos at yard	
9	Manganese Ore and other ores and minerals	Mobile Hoppers 30 cum - 3 nos	Trucks 15T - 12 nos, Payloaders 10T -2 nos (at storage yard)	Trucks 15T -20 nos, Payloaders 10T -2 nos (at storage yard)	Mobile Hoppers 30 cub - 4nos, Trucks 15T -12 nos, Payloaders 10T -2 nos (at storage yard)	Mobile Hoppers 30 cub -4nos, Trucks 15T -20nos Payloaders 10T -2 nos (at storage yard)	Payloaders 10T - 3 nos,	Payloaders 10T - 3nos (at berth) Trucks 15T -12 nos, Payloaders 10T -2 nos (at storage yard)	Payloaders 10T - 3 nos (at berth) Trucks 15T -20 nos, Payloaders 10T -2 nos (at storage yard)	
10	Lime stone, Dolomite, clinker, clay, sand and other similar dry bulk cargo	Mobile Hoppers 30 cum - 4 nos	Trucks 15T - 15 nos, Payloaders 10T -4 nos (at storage yard)	Trucks 15T -25 nos, Payloaders 10T -4 nos (at storage yard)	Mobile Hoppers 30 cub - 4nos Trucks 15T - 15 nos, Payloaders 10T -4 nos (at storage yard)	Mobile Hoppers 30 cub - 4nos, Trucks 15T -25nos Payloaders 10T -4 nos (at storage yard)	Payloaders 10T - 6 nos,	Payloaders 10T - 6nos (at berth) Trucks 15T - 15 nos, Payloaders 10T -4 nos (at storage yard)	Payloaders 10T - 6 nos (at berth) Trucks 15T -25 nos, Payloaders 10T -4 nos (at storage yard)	
11	Salt	Mobile Hoppers 30 cum - 4 nos	Trucks 15T - 15 nos, Payloaders 10T -4 nos (at storage yard)	Trucks 15T -25 nos, Payloaders 10T -4 nos (at storage yard)	Mobile Hoppers 30 cub - 4nos Trucks 15T - 15 nos, Payloaders 10T -4 nos (at storage yard)	Mobile Hoppers 30 cub - 4nos, Trucks 15T -25nos Payloaders 10T -4 nos (at storage yard)	Payloaders 10T - 6 nos,	Payloaders 10T - 6nos (at berth) Trucks 15T - 15 nos, Payloaders 10T -4 nos (at storage yard)	Payloaders 10T - 6 nos (at berth) Trucks 15T -25 nos, Payloaders 10T -4 nos (at storage yard)	

Sl. No	Cargo	Method 1: Cargo unloaded onto truck for direct delivery to consignees premises	Method 2: Cargo unloaded onto truck (without hopper) and moved to storage yard within the port premises		Method 3: Cargo unloaded onto truck through hopper and moved to storage yard within the port premises for storage		Method 4: Cargo unloaded onto wharf and loaded onto trucks and going to consignee premises	Method 5: Cargo unloaded onto wharf and loaded onto trucks and transported to storage yard	
			Within 1 km	Beyond 1 km	Within 1 km	Beyond 1 km		Within 1 km	Beyond 1 km
12	Alumina and pig iron ingots and similar dry bulk cargo	With Hopper Mobile Hoppers 30 cum - 4 nos	Trucks 15T - 15 nos, Payloaders 10T -4 nos (at storage yard)	Trucks 15T -25 nos, Payloaders 10T -4 nos (at storage yard)	Mobile Hoppers 30 cub - 4nos, Trucks 15T -25nos Payloaders 10T -4 nos (at storage yard)	Mobile Hoppers 30 cub - 4nos, Trucks 15T -15 nos, Payloaders 10T -4 nos (at storage yard)	Payloaders 10T - 6 nos,	Payloaders 10T - 6nos (at berth) Trucks 15T - 15 nos, Payloaders 10T -4 nos (at storage yard)	Payloaders 10T - 6 nos (at berth) Trucks 15T -25 nos, Payloaders 10T -4 nos (at storage yard)

ANNEX-X

**NORMS FOR EQUIPMENT ON HIRE BASIS FOR SHORE HANDLING OPERATIONS OF
BREAK BULK CARGO UNDER DIFFERENT HANDLING METHODS**

Sl. No.	Cargo Group	Handling Method (Handling by ship gears)	Ship Day output Norms by ship gears	Method 1: Cargo unloaded onto truck for direct delivery to consignees premises or vice versa	Method 2: Cargo unloaded onto wharf and loaded onto trucks and going to consignee premises or vice versa	Method 3: Cargo unloaded onto truck and transported to storage yard within the port premises or vice versa	Method 4: Cargo unloaded onto wharf and loaded onto trucks and transported to storage yard within the port premises or vice versa	Remarks
1	Bagged cargo	By net slings (maximum load 5T) and hooks if required	2400	Not Applicable	No Equipment (manually loaded onto truck)	Not Applicable	Trucks 10 T - 9 nos	40 min / cycle / truck
2	Jumbo bags	By hooks	4200	No Equipment	Not Applicable	Trucks 15 T - 9 nos.	Not Applicable	30 min / cycle / truck
3	Iron & steel - coils and slabs	By ship cranes using wire rop slings attached to the hooks	10200	No Equipment	Fork Lift Truck 30 T - 1 nos at berth	Mobile Cranes 30 T - 2 nos at yard, Tractor Trailers - 40T - 9 nos	Fork Lift Truck 30 T - 1 nos at berth and 2 nos at yard, Tractor Trailers - 40T - 9 nos	30 min / cycle / tractor trailer
4	Iron & steel - pipes, tubes, plates	By ship cranes using slings	2100	No Equipment	Fork Lift Truck 10 T - 1 nos at berth	Mobile Cranes 10 T - 2 nos at yard, Tractor Trailers - 40T - 9 nos	Fork Lift Truck 10 T - 1 nos at berth and Mobile cranes 10T 2 nos at yard, Tractor Trailers - 40T - 9 nos	
5	Timber logs - soft	By ship cranes using log grabs	2400	Not Applicable	Log Grabbers 10 T - 5 nos at berth	Not Applicable	Log Grabbers 10 T - 5 nos at berth and 2 nos at yard, Tractor Trailers - 40T - 12 nos	

Sl. No.	Cargo Group	Handling Method (Handling by ship gears)	Ship Day output Norms by ship gears	Method 1: Cargo unloaded onto truck for direct delivery to consignees premises or vice versa	Method 2: Cargo unloaded onto wharf and loaded onto trucks and going to consignee premises or vice versa	Method 3: Cargo unloaded onto truck and transported to storage yard within the port premises or vice versa	Method 4: Cargo unloaded onto wharf and loaded onto trucks and transported to storage yard within the port premises or vice versa	Remarks
6	Timber/Logs - hard	By ship cranes using log grabs	3600	Not Applicable	Log Grabbers 10 T - 5 nos at berth	Not Applicable	Log Grabbers 10 T - 5 nos at berth and 2 nos at yard, Tractor Trailers - 40T - 12 nos	
7	Granite and Marbles	By ship cranes using slings	3000	No Equipment	Not Applicable	Mobile Cranes 30T - 2 nos, Trucks 40 T - 12 nos.	Not Applicable	
8	Containers Empty	By ship cranes using manual spreaders	500	No Equipment	Fork Lift Truck 10 T - 1 no at berth	Fork Lift Truck 10 T - 1 no, Tractor trailers 40 T - 12 nos	Fork Lift Truck 10 T - 1 no at berth and 1 no at yard, Tractor trailers 40 T - 12 nos	
9	Containers Laden	By ship cranes using manual spreaders	400	No Equipment	1 Top Lifter at berth	Top Lifter 1 no., Tractor trailers 40 T - 12 nos.	Top Lifter 1 at berth and 1 at yard, Tractor trailers 40 T - 12 nos.	
10	Project cargo	By ship cranes using slings	NA	This Cargo are not homogeneous coming in difference size and volume. Time taken and productivity will vary widely. Hence in these cases no shore equipment is considered and cargo will be loaded on to consignee truck directly to consignee premises or to storage yard				
11	Motor vehicles other than RORO through RORO	By ship cranes using slings						
12	Machinery and machinery products	By ship cranes using slings						

Illustration of Performance Linked Tariff

Assumed Upfront Tariff (2015-16): Rs. 100 / tonne

Indexed Tariff (Assumed inflation of WPI @ 10% per annum)

Year	Indexed Upfront Tariff – 60% of WPI	Performance linked tariff at 100% of the WPI indexation on the achievement of Performance Standards
2016-2017	106.00	110.00
2017-2018	112.36	121.00
2018-2019	119.10	133.10

Note:

If in any financial year the Licensed Operator does not achieve the Performance Standards as incorporated in the License Agreement, he will be entitled to charge only the indexed Upfront Tariff and not eligible to apply for Performance Linked Tariff for the ensuing financial year.

No. PD-19017/1/2016-PD-VI
Government of India
Ministry of Shipping
New Delhi

Transport Bhavan,
1, Parliament Street, New Delhi,
Dated: 8th Aug, 2016

To,

As per list

Subject: Central Sector Scheme for providing financial support to Major/Non-Major Ports/State Governments for creation of infrastructure to promote movement of cargo/passengers by sea/National Waterways – reg.

Sir/s,

I am directed to convey that Government has approved a revised Central Sector Scheme for providing support to Major/Non-Major Ports/State Governments for creation of infrastructure to promote movement of cargo/passengers by sea/National Waterways. The revised scheme would be administered by Ministry of Shipping. The assistance under the Scheme would be governed by following conditions:-

- A. Financial assistance under the Scheme would be given only for (a) construction/upgradation of (i) exclusive coastal berths for coastal cargo (ii) berths/Jetties for passenger ferries in Major/ Non-Major Ports (b) construction of platforms/ jetties for hovercrafts/ seaplanes by Ports (Major Ports, Non-Major Ports/State Governments) in port waters and (c) construction of berths/jetties in National Waterways and Islands by State Governments concerned (iv) mechanization of costal berths for Major Ports and Non-Major Ports (v) capital dredging grant for operating Non-Major Ports, and (vi) construction of breakwater for existing and Greenfield ports
- B. Financial assistance would be upto 50% of the total cost of the project subject to (i) a maximum of ₹ 25 crore for projects relates to construction/upgradation of coastal berths by Major/Non-Major Ports, (ii) a maximum of ₹ 10 crore for construction of platforms/jetties for hovercrafts & seaplanes by Ports/State Governments & passenger jetties in National Waterways and islands by State Governments, (iii) a maximum of ₹ 15 crore for mechanization of berths by Major/Non-Major Ports (iv) a maximum of ₹ 50 crore for capital dredging of operational Non-Major Ports ; and (v) a maximum of ₹ 50 crore for construction of breakwater for existing and

Greenfield Ports. The balance expenditure has to be incurred by the respective ports/concerned State Government from their own resources.

- C. 50% of the Government's share will be disbursed upon approval of the proposal submitted by the Major Port/Non-Major Port/State Government. Remaining 50% of the Central Government share shall be released upon completion of the work subject to submission of Utilization Certificate of earlier released amount and the completion certificate which must be countersigned by third party monitor.
- D. The concerned Major Port/Non-Major Port and State Government seeking assistance under the scheme will formulate a proposal and submit it with Project documents viz. TEF, DPR etc., Administrative Approval, confirmation of 50% funding by them etc. duly approved by competent authority and send it to Ministry of Shipping for approval/release of funds. Non-Major Ports will submit proposals through State Maritime Boards or Port Department of Maritime States.
- E. Major Port/Non-Major Port and State Government provided assistance under the scheme would appoint a third party monitor. Third party monitor would be appointed from the approved panel maintained by Indian Port Association (IPA) for the purpose. The third party monitor would furnish periodic status reports to both the Ports/ State Governments and Ministry of Shipping and also countersign the completion certificate. The expenditure on account of appointing third party monitor will be borne by respective Major Port/Non-Major Port/State Government seeking financial assistance.
- F. The Coastal Berth Scheme will apply to State Maritime Boards/State Governments. In case private ports are selected by State Maritime Boards/State Governments through open transparent bidding and license is given to private ports by the State Governments, the support under the proposed scheme would be limited upto the amount of assistance permitted as per Department of Economic Affairs VGF scheme guidelines dated 23/01/2006. During the selection of concessionaire the benefits under the scheme shall be informed upfront to bidders. However, the scheme will not be applicable to existing private ports.
- G. Coastal berths proposed to be constructed under the Scheme should preferably be outside custom bound area so that they can be notified as exclusive coastal berths.
- H. Breakwater and capital dredging proposals of Coastal Ports (not dealing with EXIM Cargo) will be given preference and it should be based on model

studies from reputed institutions. The cost of maintenance dredging if any and O&M cost of equipments should be borne by the ports.

- I. The assets created under the scheme will be maintained by respective ports. No assistance would be provided under the Scheme for maintenance of capital assets created under the Scheme.
- J. No assistance will be provided for deployment of manpower.
- K. The projects funded from the scheme would be implemented by respective ports/ State Governments.
- L. The beneficiary Major Port/Non-Major Port/State Government will host the project details on the website of the Ministry of Shipping in a separate window to be created for the purpose. The progress of the project would be updated on monthly basis.
- M. Procedures being followed for securing other port infrastructure against nature/mandate disasters like floods, cyclones, earthquakes, tsunamis, etc., will also be followed in respect of infrastructure created under the scheme.
- N. The financial assistance (grant-in-aid) given under the Scheme is subject to audit by the CAG of India.
- O. These guidelines supersede the earlier guidelines on the subject issued vide this Ministry's letter number 16(35)/2012-PD-VI dated 08.09.2015.

Yours sincerely,



(Devendra Kumar Rai)

Director

Tel. No. 23719312

Copy to:

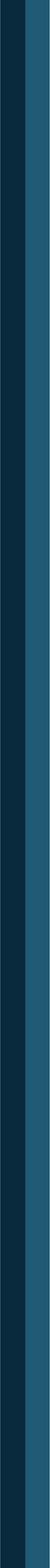
1. Pay & Accounts Officer, Ministry of Shipping, Jamnagar House, New Delhi
2. NITI Aayog (Sh. Amit Bhardwaj, SRO), New Delhi
3. Deptt. of Expenditure (Director, PF-II Division), North Block, New Delhi
4. IFW, Ministry of Shipping
5. Indian Ports Association with the request to display the panel of independent engineers referred to in para 1 (5) above on its website to enable beneficiaries under the scheme to appoint third party engineer for certification of work under the scheme.

Copy also forwarded to information to:

1. All Dirs/ DSs/USs of Ports Wing, Dir(IWT), US(IWT), Coastal Shipping Cell.
2. PPS to Secretary (S)
3. PS to AS(S)
4. PS to JS(P)
5. PS to JS(S)
6. PS to JS(SM)

1. The Chairman, Kolkata Port Trust, 15, Strand Road, Kolkata – 700 001
2. The Chairman, Paradip Port Trust, P.O. Paradip Port, Distt. Jagatsinghpur, Odissa – 754142
3. The Chairman, Visakhapatnam Port Trust, Port Area, Visakhapatnam – 530035
4. The Chairman, Kamrajar Port Limited (KPL), No. 23, First Floor, PT Lee Chengalvaraya, Naicker Maaligai, Rajaji Salai, Chennai-600 001
5. The Chairman, Chennai Port Trust, 1, Rajaji Salai, Chennai
6. The Chairman, V.O. Chidambaranar Port Trust, Bharati Nagar, Tutucorin-628004
7. The Chairman, Cochin Port Trust, Willingdon Island, Cochin-682009
8. The Chairman, New Mangalore Port Trust, Panambur, Mangalore-575010
9. The Chairman, Mormugao Port Trust, Headland Sada, Goa – 403 804
10. The Chairman, Jawaharlal Nehru Port Trust, Administrative Building, sheva, Navi Mumbai – 400 007
11. The Chairman, Mumbai Port Trust, Port House, Shoorji Vallabhdas Marg, Mumbai-400001
12. The Chairman, Kandla Port Trust, Business Development Cell, Post Box No.50, Administrative Building, Gandhi Dham, Kutch-370 201
13. The Chief Executive Officer, Maharashtra Maritime Board, 3rd Floor, Ramji Bhai Kamani Marg, Ballard Estate, Mumbai – 400 038
14. Principal Secretary/Vice Chairman & Chief Executive Officer, Tamil Nadu Maritime Board, No. 171, South Kesavaperumal Puram, Off Greenways Road, Raja Annamalai Puram, Chennai – 600 028
15. Vice Chairman & Chief Executive Officer, Gujarat Maritime Board, Sagar Bhawan, Sector 10-A, Gandhinagar – 382010
16. Secretary (Energy, Infrastructure & Investment & Ports), Government of Andhra Pradesh, Secretariat Office, FDC Complex, Opposite Mahaveer Hospital, A.C. Guards, Hyderabad
17. Principal Secretary to the Govt. of Karnataka, Department of Ports & IWT, Govt. of Karnataka, Public Works Department, 3rd Floor, Vikasa Soudha, M.S. Building, Dr. Ambedkar Road, Bangalore-560 001
18. Secretary, Department of Ports, Govt. of Puducherry, Puducherry-605001
19. Principal Secretary, Department of Ports, Govt. of Kerala, Thiruvananthapuram-695001
20. Chief Secretary (Ports), Andaman & Nicobar Islands, Port Blair – 744101
21. Secretary (Ports), Govt. of Goa, Dayanand Bandokar Marg, Panaji, Goa
22. The Administrator, UT of Daman & Diu and UT of Dadara Nagar Haweli, Daman
23. The Commissioner-cum-Spl Secretary to the Govt, of Odisha, Secretariat, Bhuivaneswar
24. Chief Secretary, Govt. of West Bengal, 'NABANNA' HRBC Building, 325, Sarat Chatterjee Road, Howrah – 711102
25. The Administrator, UT of Lakshadweep, Kavaratti
26. Additional Chief Secretary (Transport & Ports), 2nd Floor, Home Department, Mantralaya, Mumbai – 400 032

27. Principal Secretary (Ports & Transport Deptt.), Block-2, 2nd Floor, Sachivalaya, Gandhinagar-382010
28. Principal Secretary (Highways & Minor Ports), Sectt. 5th Floor, Chennai-9
29. Chief Secretary, Govt. of Bihar, Old Secretariat, Patna-800015
30. Chief Secretary, Govt. of Uttar Pradesh, Secretariat, Lucknow-226001
31. Chief Secretary, Govt. of Assam, Assam Sachivalaya, Block-C, 3rd Floor, Dispur, Guwahati-781006
32. Chief Secretary, Arunachal Pradesh Civil Secretariat, Govt. of Arunachal Pradesh Civil Secretariat, Itanagar -791111
33. Chief Secretary, Govt. of Manipur, Manipur Secretariat, Imphal-790001
34. Chief Secretary, Govt. of Mizoram, Block C, Civil Secretariat, Aizawal-796001
35. Chief Secretary, Govt. of Tripura, Civil Secretariat, Agartala-799001
36. Chief Secretary, Govt. of Nagaland, Nagaland Civil Secretariat, Kohima-790001



BERTHING POLICY FOR DRY BULK CARGO FOR MAJOR PORTS

1. INTRODUCTION

1.1 The present policy paper lays down standardized guidelines for all major ports to compute performance norms for different dry bulk commodities, taking into account the infrastructure available at ports. It also recommends penalties & incentive structures to be instituted by all major ports based on the performance norms calculated. All major ports are required to adapt these guidelines for their own specific ports and institute penalties & incentives tied to the performance norms as part of the overall berthing policy. In addition, the paper also describes a method for re-rating capacity of berths as well as guidelines for levying anchorage charges to reduce turn-around times.

2. BACKGROUND

2.1 Dry bulk cargo currently makes up >26% of the cargo handled at the 12 major ports. Furthermore growth in coastal shipping is expected to add ~100-150 MMTPA of additional dry bulk cargo at ports by 2020-25. Recent benchmarking of ports' performance across key dry bulk commodities has identified significant scope for improvement of productivities in-comparison to best-in-class peers. The low productivity has contributed to high turn-around times in addition to resulting in higher berth occupancy levels across major ports. Furthermore, low productivity prevents ports from being able to utilize the full capacity of existing assets, thereby directly diminishing return on investment for ports. Significant productivity improvements are therefore necessary at major ports not only to ensure additional dry bulk cargo throughput, but also for avoidance of CAPEX in additional capacity creation.

2.2 Performance norms and penalties linked to performance norms are used by most international ports to improve overall productivity of operations. For instance, major international coal loading ports such as Newcastle and Dalrymple Bay specify number of hatch changes and draft surveys, de-ballasting rates as well as overall productivity with provisions for denied berthing and/or penalties. Penalties linked to non-compliance with productivity norms are also levied by ports to create the right incentive/dis-incentive structure and improve performance. Shown below are select examples of international ports that have penalties for ships not meeting productivity related norms.

	Operational control enforced	Penalties for non-compliance
 <p>Newcastle</p>	<p>Norms imposed to reduce NWT</p> <ul style="list-style-type: none"> • Max. 2 passes / hatch • 2 trim passes not less than 1000MTs/ pass • Max. 1 interim draft survey <p>Vessel size – wise avg. prod. norms</p>	<p>\$1000 per hour penal charges for non compliance with loading</p> <p>Repeat offenders can be denied berthing</p>
 <p>Hay Point</p>	<p>Norms to control NWT</p> <ul style="list-style-type: none"> • Hatch pours • De-ballasting rate <p>Vessel size wise productivity norms</p>	<p>Loading declined upon non-compliance to norms</p> <p>Non-acceptance of vessels for future trips</p>

2.3 Currently, however in many major ports it has been observed that performance norms are not being used optimally to improve productivity. Furthermore, currently, there is no standardized, systematic method for arriving at norms for different commodities. Also, in cases where norms have been prescribed, it is observed that these norms do not utilize the entire capacity of the best available equipment on berth. A guideline for calculation of performance norms for different commodities, taking into account the infrastructure available, is therefore important for enabling ports to use performance norms as a key lever to drive productivity improvement across ports.

3. OBJECTIVE

- 3.1 The berthing policy is drafted to regulate performance of vessels at berth with an intention to meet the objectives as stated below:
- Provide a standardized framework for calculation of norms, specific to the commodity handled and the infrastructure available on the berth
 - Design norms with the objective of driving higher productivity and achieving near-design capacity of the available equipments/infrastructure in order to:
 - Reduce berthing time & overall turn-around time of ships; drive higher cargo throughput using the available infrastructure in the Major Ports
 - Improve utilization of port assets and create additional capacity without any significant capital investment.
 - Increase competitiveness of the Major Port by creating value for the trade through reduced logistics cost
 - Re-assess the capacity of the berths based on the expected performance of the berth equipments and vessels derived from the performance norms
 - Standardize anchorage charges across major ports to reduce turnaround time
- 3.2 The policy paper detailed below is intended to describe, amongst other aspects of berthing performance improvement, a standardized method for computation of performance norms for different dry bulk commodities through illustrative examples. The actual norms for each port will need to be calculated at a commodity level (eg: steam coal, coking coal etc.) taking into account the berth infrastructure available at each port.

4. GUIDELINES FOR CALCULATION OF PERFORMANCE NORMS

4.1 Performance norms calculation for unloading of dry bulk cargo

- 4.1.1 A method for calculation of normative unloading performance for different kinds of dry bulk cargo (coal, fertilizers, iron-ore, minerals, food-grains etc.) is described in detail below and in Annexure-I. All the ports are required to use the same approach for calculation of productivity norms for dry bulk unloading at their respective ports.
- 4.1.2 The approach, computes the normative productivity of unloading operations of dry bulk cargo (defined as tonnes of cargo unloaded per berth day) at a commodity specific level. The model calculates the normative productivity level for each dry bulk commodity by taking into the following variables:
- Density of commodity
 - Size of grab available (in cbm)
 - Picking factor for the particular commodity
 - Number of cycles per hour: This value depends on the size and type of crane (ship/shore/HMC) and stage of operation (full-load vs. partial-load)
 - Non-working time per shift
 - % of total cargo that is covered by full-load or partial-load operation
 - Vessel profile i.e. Size of the vessel, geared vs. gearless

A step-by-step illustration for calculation of performance norms are presented below with assumptions for crane/ vessel parameters detailed in Annexure 1.

4.1.3 Stepwise illustration of commodity specific performance norms calculation:

- i. First, tonnes per grab lift is calculated for each commodity based on the density of commodity, grab-size and picking factor.

$$\text{Quantity/lift} = \text{Grab size (cbm)} * \text{Commodity density (tonnes/m}^3\text{)} * \text{Grab pick \%}$$

For example, for coking coal (density =0.85) transported through a 100 MT HMC with a grab-size of 37 cbm and picking factor of ~90% the quantity per lift is estimated as: $0.9*37*0.9= 28.3$ T per lift

The prescribed grab-sizes for different commodities-crane combinations are detailed in Annexure-1. Ports can use the grab sizes available at their ports currently to compute norms. However, it is expected that ports will engage with crane operators to use optimal grab size for commodities.

- ii. Second, tonnes moved per hour of crane operation is calculated by multiplying # of cycles for crane per hour and the quantity per lift. The cycles per hour of crane operation will vary based on whether the crane is working at full-load or partial load.

$$\text{Quantity per hour} = \text{Cycles/hour} * \text{Quantity per cycle}$$

For example, for coking coal transported through 100 HMC with 37 cbm grab, the quantity per hour for full-load operations i.e 30 cycles per hour will be $28.3\text{T per lift} * 30 \text{ cycles} = 849$ T per hour. For half-load operations this would be 566 T per hour- 28.3 T per lift * 20 cycles

Prescribed cycles per hour for full-load and partial load operations are detailed in Annexure-1. The amount of time for half-load vs. full-load depends on type of ship as detailed in Annexure I.

- iii. Tonnes moved per hour of crane operation is next extrapolated to tonnes moved by crane per day by multiplying tonnes per hour calculated above with the number of working hours. It is assumed that typically 0.5 hr per shift will be idle translating to number of working hours of 22.5 per day.

$$\text{Quantity per day} = \text{Quantity per hour} * \text{\# of hours per day}$$

For coking coal example, the tonnes per day = 849 T/hour * $22.5 = 19,102$ tonnes per day. Similarly for half-load operations, this would be $12,735$ T per day

- iv. Ship-specific performance norms for each commodity are calculated by taking into account the % of cargo used in full-load vs. half-load operations. This will depend on the size of ships, the nature of infrastructure at port i.e. availability of payloaders etc. and the type of cargo that is being unloaded. For example for Panamax vessels carrying coking coal, 70% of cargo is assumed to be used in full-load operations and balance in partial-load operations. For this, the number of hours used up in both partial-load and full-load operations are calculated as:

$$\# \text{ of hours (full-load)} = \% \text{ of full-load} * \text{Parcel size/Tonnes per day for full-load}$$

$$\# \text{ of hours (partial-load)} = \% \text{ of partial-load} * \text{Parcel size/Tonnes per day for partial-load}$$

$$\text{Productivity} = \text{Parcel size} / (\# \text{ of full-load hrs} + \# \text{ of partial-load hours})$$

Averaging of full load (top cargo) and half load (bottom cargo) is done to incorporate lower productivity at the time of half load. The % of cargo to be used for half-load and full-load operation as per size of vessel is specified below.

Figure 1: Full load & Half-load ratio across vessel classes

Class of vessel	% of cargo for full-	% of cargo for
Panamax & above	70%	30%
Supramax	60%	40%
Handymax	55%	45%

As an example for coking coal, for a Panamax vessel size of 70,000 MT, # of hours for full-load operation will be 70%* 70000 MT/19102 MT per day= 61.55 hours. Similarly, for partial load this would be 39.6 hours adding to a total operational time of 101 hours. Therefore, the productivity for a Panamax vessel for 1 HMC operation would be 70000/ 101hours * 24 = 16633 T per day per HMC. Different scenarios commodity wise berth-day output per crane in Annexure 1.4.

- v. Finally, norms are calculated by taking into account the best infrastructure that is available at the berth to determine commodity-wise productivity norms. This is to ensure that ports are able to maximize berth productivity, reduce TAT for customers and improve RoCE for ports assets. Furthermore, ports are directed to ensure that berth productivity is not reduced because of in-efficiency of ships discharging with ship-cranes through mandated use of HMCs wherever available. For berths across several ports, 2 HMCs per ship are routinely used whereas in the case of ship-cranes 4 cranes are used in conjunction.

For coking coal example, assuming 2 100 MT HMCs are used for ship un- loading, the berth day output would be $2 \times 16633 = \sim 33000$ TPD. In case of combination of cranes (say 1 60MT and 1 100 MT HMC), the individual summative productivities will be used. Different scenarios for crane-commodity combinations are detailed in Annexure 1.5.

Process followed here has been used in detail to calculate berth-day outputs for different dry bulk commodities for certain commodity/ship/crane combinations as described in Annexure -1.

- vi. For the calculation of berth-day productivities for different commodities, major ports are required to calculate based on the best available berth infrastructure so as to maximize productivity possible.

4.2 Performance norms calculation for loading of dry bulk cargo

4.2.1 A method for calculation of normative mechanized loading performance for coal is described in detail below. All the ports are directed to adapt the same approach for calculation of productivity norms for dry bulk loading at their respective ports.

4.2.2 The approach, computes the normative productivity of mechanized loading operations of dry bulk cargo (defined as tonnes of cargo loaded per berth day) based on:

- Existing berth infrastructure (loading rate possible)
- Actual loading rate during working time at berth (depending on ship-size): This is the rate at which coal is loaded into the ship. It has to be lower than rated capacity at berth and varies by ship-class. However, ports should over time make all efforts to ensure that loading rates are matched to existing capacity.
- Non-working time for loading (hatch-changes, draught surveys & pre-/post- loading)

4.2.3 The gross productivity is then calculated as

$$\text{Productivity} = \text{Parcel size} / (\# \text{ of working hours} + \# \text{ of non working hours})$$

Where:

$$\# \text{ of working hours} = \text{Parcel size} / \text{Loading rate requested}$$

of non-working hours is defined as the sum of time spent in hatch changes, draught surveys and pre/post commencement delays. Detailed benchmarks for non-working time for coal is described in the Annexure 2.

4.2.4 Prescribed berth-day productivities for different ship-classes for mechanized coal loading are shown below. All major ports are required to use this approach to calculate performance norms for dry bulk loading.

Figure 2: Ship-wise berth day productivity for mechanized coal loading

Parameter	Unit	Panamax	Supramax	Handymax
Vessel Capacity	MT	70,000	60,000	50,000
Theoretical berth capacity	MT/Hr	4,000	4,000	4,000
Loading Rate	MT/Hr	3,250	2,750	2,500
Working time expected	Hrs	21.53	21.82	20
Non Working time expected	Hrs	8.13	7.00	6.50
Total time at berth	Hrs	29.66	28.82	26.50
Target Gross Productivity	MT/day	56,635	49,968	45,283

4.2.5 Productivity for mechanized loading of bulk can be improved substantially through dual loading. Dual loading of dry bulk cargo utilizes two loaders at a time on a single vessel thus increasing productivity for the vessel. Second berth can be used to de-ballast subsequent ship. Ports should incentivize vessels with a de-ballasting rate of 1500 MT/ hr or higher to employ dual loading. For dual loading vessels the performance norms are calculated following the same method as describe above.

Figure 3: Ship-wise berth day productivity for dual loading

Parameter	Unit	Dual loading capable vessel
Vessel Capacity	MT	70,000
Theoretical capacity through 1 loader	MT/Hr	4,000
# of loaders employed	#	2
Loading Rate	MT/Hr	5,000
Working time expected	Hrs	14
Non Working time expected	Hrs	3.5
Total time at berth	Hrs	17.5
Target Gross Productivity	MT/day	96,000

5. GUIDELINES FOR RERATING OF BERTH CAPACITY

5.1 All major ports are required to use the productivity norms derived from the abovementioned approach to recalculate or rerate the capacity of available infrastructure at berth, thereby rerating the capacity of the berth itself. Norms will be calculated for each commodity for each type of infrastructure available at berth. These norms will then be used to define the capacity of the infrastructure available at the berth.

5.2 Method of calculating berth capacity

- Method for calculating the capacity of different berths under different scenarios are given hereunder-

Scenario 1: If there is one type of commodity and equipment

*Norm for a commodity * no of cranes * (days * 80% occupancy)*

Scenario 2: If there is one type of commodity and multiple types of equipment

The following will be calculated for **each type** of equipment –

*(Norm for a commodity * no of cranes * (days * 80% occupancy) * Multiple equipment ratio*

Where, *Multiple equipment ratio* is the estimated % of usage for each type of equipment. Sum of capacity for all equipments will equal to the capacity of the berth.

Scenario 3: If there are multiple types of commodity and one type of equipment

*Norm for a commodity * no of cranes * (days * 80% occupancy) * Multiple volume ratio*

Where *Multiple volume ratio* is the estimated volume distribution for each commodity.

Sum of capacity for all commodities will equal to the capacity of the berth

Scenario 4: If there are multiple types of commodity and multiple types of equipment

In case of multipurpose berths, capacity calculation will be a combination of all of the above.

*Norm for a commodity * no of cranes * (days * 80% occupancy) **

*Multiple equipment ratio * Multiple volume ratio*

Sum of capacity for all equipments & all commodities will equal to the capacity of the berth.

The following table illustrates method of calculation of berth capacities for multiple commodity & multiple equipment berths.

Figure 4: Multiple commodities and multiple equipments

Particulars	100/120 MT Crane			60/80 MT Crane			Ship Crane		
	Coal	Fertilizer	Salt	Coal	Fertilizer	Salt	Coal	Fertilizer	Salt
a. Norm for lowest incentive range	11500	9000	11500	7500	5500	7500	3972	2886	4089
b. No of Cranes	1			1			4		
c. Days (365) * 80% occupancy:	292			292			292		
d. Multiple equipment ratio	50%			25%			25%		
e. Multiple volume ratio	50%	30%	20%	50%	30%	20%	50%	30%	20%
f. Capacity for crane-commodity (a *b*c *d *e)	839,500	394,200	335,800	273,750	120,450	109,500	579,912	252,814	238,798
g. Total Capacity at berth (MT) (Summation of f.)	3,144,723								

5.3. Multiple commodity ratio should be calculated as the ratio of volumes of commodity handled in the past three years. Following points may also be factored in the ratio in case there is an anticipation of change in ratio due known market conditions like:

- Ban on some commodity,
- Upcoming new plant/industry,
- Gain/loss of large customer,
- Increase/decrease in demand/supply of some commodity etc.
- Others

The ratio should be aligned for each berth may be revised annually basis average of the past 3 year data.

6. GUIDELINES FOR LEVYING ANCHORAGE CHARGES

6.1 Anchorage charges are to be levied across all major ports for the purpose of reducing pre-berthing delay and hence the overall turn-around time for vessels. This will help streamline vessel scheduling for customers and lead to efficient usage of port anchorage

6.2 Ports are to create multiple slab rates for anchorage charges based on the time of waiting of the vessel in the anchorage. The slabs and the respective anchorage charges applicable in those slabs will adhere to the following guidelines

- i. Ports are to provide a free waiting period for vessels during which no anchorage charges will be levied. The free waiting period should not exceed 48 hours of waiting in the anchorage.
- ii. Post the free waiting period, a normal anchorage charge ranging from 10% to 25% of the berth hire charges is to be levied on the vessel for a period of 48-96 hours post expiry of the free period. Berth hire charges as per SoR are to be considered for the same.
- iii. Post a waiting period of 96-144 hours, ports are to charge a high anchorage charge comparable to the daily charter rates of the vessel.
- iv. Anchorage charges should not be higher than 50% of the berth hire charges at any point of time.
- v. Anchorage charges will be higher for foreign vessels mirroring the berth hire charges for foreign vessels in the port

6.3 Port can exempt vessels from paying anchorage charges in exceptional circumstances including but not limited to lapses in port provided services (e.g. crane or equipment failure, unavailability of pilot etc.) causing waiting of vessels. Chairman of the Port Trust or an equivalent authority will require approving of any waivers in anchorage charges

7. GUIDELINES FOR ROLLING OUT PERFORMANCE NORMS

7.1 All major ports will have to use the approach detailed above adapting it based on their existing infrastructure to calculate performance norms for different dry bulk cargo commodities.

7.2 During the first year, ports are encouraged to roll out performance norms in a

phased manner to reach the target levels achievable for each commodity given infrastructure available at berths. To this end, performance norms for different commodities along with anchorage charges will have to be computed every quarter by all ports in the first year until target norms are reached. Subsequently, the norms can be calculated every year or upon upgradation of infrastructure at berth, whichever is earlier. It is expected that in the case of ideal norms, most of ships will be able to achieve the norms with some ships performing better than norms. As a guideline, if more than 70% of ships are achieving the set-norms then the port should increase the norms. Ports are required to share target norms (1 yr targets) with end customers & agents at the beginning of the first quarter to allow them time to incorporate them into charter parties.

- 7.3 Performance norms have to be calculated as per the approach detailed above. In the exception that more than 70% of ships cannot meet norms, the Chairman in consultation with Board can relax the performance norms.
- 7.4 Performance norms calculated above will have to be notified by ports to each of the stevedores & shore handling agents at the respective ports wherever such parties are engaged in loading/unloading operations. The stevedores & shore handling agents will, as part of the daily performance report, track adherence to the performance norms as per the guidelines set in the Stevedoring & Shore Handling Policy (2016).
- 7.6 Ports will update the customers with performance norms for different commodity-crane combination upon every revision of the norm
- 7.7 In cases where performance norms are not met, ports are to explore scope for sharing of berth facilities (pipelines, cranes, storage facilities etc.) owned by the port or private operators among multiple users to improve performance or utilization of facilities

8. LINKING INCENTIVES AND PENALTIES WITH NORMS

- 8.1 The performance norms calculated by each port will be used to create a productivity linked incentive/dis-incentive structure for end-customers. The objective of the performance linked incentive/ dis-incentive structure is to continuously drive productivity improvements across ports and reward the vessels/customers that are exceeding the norms, thus creating value for the port in addition to allowing customers and trade to bring down the cost of logistics.
- 8.2 The performance norm calculated for any particular commodity-infrastructure combination will be used as the base for the performance linked incentive/dis-incentive scheme. For each arrival ship, the actual berth stay is calculated based on the time between "end of inward pilotage" to sailing time. This berth stay is then compared to the stipulated berth stay for that ship-commodity combination (based on commodity specific productivity norm and parcel size of vessel).
 - i. If a ship stays within 5% (higher or lower) of the stipulated time for that commodity, then no penalty/incentive will be levied/paid.
 - ii. In cases where actual berth stay is more than 5% **higher** than the stipulated time, number of additional hours spent at berth will be penalized at 3X berth hire.
 - iii. In cases where actual berth stay is more than 5% **lower** than the stipulated time, number of additional hours saved will be incentivized at 1X berth hire.

As a guideline, ports should maintain penalty of at least 5% of the total cost per metric tonne to customer to ensure adherence to norms.

The process described above is to be used for calculation of the actual penalty/incentive as illustrated below:

Figure 5: Illustration of penalty calculation

Illustrative example for a Supramax vessel carrying steam coal	
Parcel size (MT)	55000
Productivity norm for steam coal (TPD)	25000
Stipulated berth time (hrs)	53
Scenario I:	
Actual berth stay (hrs) as measured for ship	60
% variation from stipulated berth stay	<u>13%</u>
Berth hire slab to be used	3X berth hire
Hours to be charged at 3 X berth hire	7
Scenario II:	
Actual berth stay (hrs) as measured for ship	45
% variation from stipulated berth stay	<u>-15%</u>
Berth hire slab to be used	1X berth hire
Hours to be refunded at 1 X berth hire	8

For vessels employing **dual loading**, the performance norms shall be calculated assuming two loaders are simultaneously loading a single vessel as described in Figure 3. The incentives/ penalties will be levied as below.

- i. If a ship stays within 5% (higher or lower) of the stipulated time for dual loading, then no penalty/incentive will be levied/paid.
- ii. In cases where actual berth stay is more than 5 % **higher** than the stipulated time, number of additional hours spent at berth will be penalized at 1X berth hire.
- iii. In cases where actual berth stay is more than 5% **lower** than the stipulated time, number of additional hours saved will be incentivized at 2X berth hire.

8.3 The Traffic manager of each major Port Trust will be responsible for setting up data recording and analysis mechanisms to identify adherence to norms and variations from norms. In addition, the Traffic department is responsible for co-coordinating collection of penalties and provision of incentives as per the policy designed at their respective ports.

8.4 In computing actual performance achieved by each ship for the purpose of calculating penalty/incentive, any stoppage of operations on account of port-related or weather- related issues will be discounted. Such exclusions will be limited to:

- Break-down/ non-availability of port provided equipment at berth
- Weather related stoppages
- Foreign material in manual shifting of cargo

- Shifting of ships between berths on account of port. Port is required to maintain a record of a historical data of the frequency of such cases.
- Any delays in sailing post vessel readiness to sail on account of port i.e. pilot/tug unavailability, tidal conditions
- Draft surveys within the prescribed norms for ships. As a guideline, maximum 30 mins per party for interim draft survey should be allowed. Any additional time incurred in draft surveys will be considered in berth stay. Ports should also make all attempts to ensure that in case of multi-party consignments, common surveyors are appointed so as to reduce time lost during interim draft surveys.

Any stoppages because of other reasons are not to be excluded for calculation of performance norms, unless specifically approved by Board of the Port.

- 8.5 Performance norms will be revised every quarter during the first year till target norms for commodity are reached. Subsequent revisions will be done yearly or upon upgradation of berth infrastructure. Ports are required to send a yearly update to IPA on status of performance norms & linked penalty/incentive structure in place including # of revisions to performance norms in year, % of ships paying penalties and total amount of penalties levied & collected.
- 8.6 All major ports are directed to roll-out a performance norms linked penalty/incentive structure as described above. However, in the exceptional case that the Chairman and Board of a major port trust feel that introduction of the penalty/incentive structure will adversely affect ability of the port to retain business, then the Port, can be given a temporary relaxation from the penalty/incentive structure. Ports are expected to create a clear argument of the rationale for norms relaxation covering the following points:
- Illustrating the potential impact of suggested incentive structure vis-à-vis the recommended structure on ₹/MT for end –customer
 - Demonstrating expected effect on competitiveness of the major port vis-à-vis private competitors for suggested penalty/incentive structure over recommended structure
 - Highlighting the specific steps to be taken by port to ensure roll-out of incentives/penalties within 6 months
- 8.7 Port Trusts are responsible for sharing with the Ministry, on a monthly basis, summary of the ships under-performing and over-performing the stipulated norms in addition to total amount of penalties and incentives

9. SCOPE OF BERTHING POLICY

- 9.1 As described, one of the primary purposes of the berthing policy paper is to improve productivity of dry bulk loading/ un-loading operations at ports. To that effect, performance norms calculated here for different commodities will be used to design a productivity linked penalty & incentive structure for each port.
- 9.2 In addition, performance norms calculated as per approach detailed in section 4 will also be used for other productivity improvement measures including priority berthing, forced de-berthing, berthing denial to repeat offenders etc. For instance, in the case of loading of dry bulk, priority berthing can be accorded to vessels promising a load rate that is closer to the best-available equipment productivity available at berth. Similarly, in case of unloading operations, vessels not meeting a particular productivity target can be de-berthed or denied permission for future

visits to ports as has been observed in other private ports in India and outside (refer Annexure 3)

- 9.3 Furthermore, ports are required to use performance norms calculated as per approach detailed in section 4 for calculating productivity norms for stevedoring & shore handling policy as detailed in Stevedoring & Shore Handling Policy (2016).
- 9.4 Ports are also asked to use the approach for performance norms detailed above for stipulating performance norms in future concession agreements for PPP/BOT projects.
- 9.5 Ports are to compute berth capacity for new BoT and PPP (captive) projects as per the performance norms. The capacity would also be considered for calculation of minimum guaranteed cargo for the BOT and PPP projects

Annexure-1: ASSUMPTIONS FOR DRY BULK UNLOADING PERFORMANCE NORMS

A1.1 Prescribed grab-size for different commodity-crane combinations is shown below. Ports may use the actual grab size available if it differs and plan for optimal grab procurement at a later stage in case available grab is lower than prescribed below.

Commodity	Density	Grab -size in cbm					
		100 MT HMC	60MT-80MT HMC	Ship-Cranes	25 MT ELL	16 MT ELL	12 MT ELL
Coal	0.85	35	22	12	18	11	9
Fertilizer (DAP+UREA)	0.8	35	22	12	18	12	9
Salt	1.2	28	18	10	14	9	7
Food Grains, Kaolin	0.6	35	22	12	22	14	10
Iron Ore, Mill Scale	2	20	12	8	10	6	5
Other Minerals	1.12	28	18	10	15	10	7
Dolomite	0.7	35	22	12	20	13	10

A1.2 Cycles per hour for full-load and partial load operations for HMC cranes & ship-cranes are provided. For ELL cranes, full load moves per hr. of 25 and partial load of 18 moves per hr. Ports are advised to measure actual performance of their ELL/ship-cranes and take steps to meet prescribed norms here

# of cycles per hour	HMC		Ship Crane	
	Full Load	Half Load	Full Load	Half Load
Coal	30.0	20.0	18.0	12.0
Fertilizer (DAP+UREA)	30.0	20.0	18.0	12.0
Salt	30.0	20.0	18.0	12.0
Food Grains, Kaolin	30.0	20.0	18.0	12.0
Iron Ore	30.0	20.0	18.0	12.0
Gypsum, Mill Scale, MOP	30.0	20.0	18.0	12.0
Dolomite	30.0	20.0	18.0	12.0

A1.3 Non working time for shift is assumed to be 0.5 hours per shift

A1.4 Commodity wise berth-day output per crane

Tonnes per day per crane	100MT HMC	60/80 MT HMC	Ship Crane
Coal	15000	9500	3000
Fertilizer (DAP+UREA)	11500	7500	2500
Salt	14000	9000	3000
Food Grains , Kaolin	8500	5500	2000
Iron Ore	17500	10500	4000
Gypsum, Mill Scale, MOP	13000	8500	3000
Dolomite	10500	6500	2000
# of cranes at berth	2.0		4.0

A1.5 Berth-day outputs for different crane-commodity combinations. Ports are directed to set **productivity norms at the best available berth infrastructure**

Berth-day output (TPD)	Crane combinations				
	2 100 MT HMCs	2 60/80T HMCs	1 100T HMC + 1 60T HMC	Ship-cranes	60 MT HMC + Ship-cranes
Coal	30000	19000	24500	12000	21500
Fertilizer (DAP+UREA)	23000	15000	19000	10000	17500
Salt	28000	18000	23000	12000	21000
Food Grains, Kaolin	17000	11000	14000	8000	13500
Iron Ore	35000	21000	28000	16000	26500
Gypsum, Mill Scale, MOP	26000	17000	21500	12000	20500
Dolomite	21000	13000	17000	8000	14500

A1.6 Pre-commencement and post-commencement non-working time are prescribed to be less than 1.5 hours each. This includes non-working time due to activities like waiting for pilot, draft check, documentation, hatch opening & closing, documentation & clearances, operations like gangway lowering.

Annexure-2: ASSUMPTIONS FOR DRY BULK LOADING PERFORMANCE NORMS

A2.1 Detailed assumptions for different contributors to non-working time at berth during coal loading are detailed below. Major ports can adopt same approach to calculate loading performance norms for different bulk commodities

A2.2 For hatch change times, a maximum of 2 hatch changes per hold plus 1 was used to calculate total number of hatch changes allowed. Average time per hatch change was assumed to be 15.

NWT due to hatch change	Unit	Panamax	Supramax	Handymax
No. of hatches	#	7	6	5
Normative hatch changes allowed	#	15	13	11
Time per hatch change	mins	15	15	15
Expected hatch change time	hrs	3.75	3.25	2.75

A2.3 A maximum of 2 draught surveys are allowed during loading

NWT due to draft check	Unit	Panamax	Supramax	Handymax
No of interim draft surveys	#	2	2	2
Time per draught survey	mins	30	30	30
Expected draught survey time	hrs	1.00	1.00	1.00

A2.5 Maximum of 1 hr is allowed for pre-commencement and post-loading activities

NWT before & after loading	Unit	Panamax	Supramax	Handymax
Target pre-commencement time	mins	1	1	1
Target post-commencement time	mins	1	1	1

A2.6 Maximum of 40 mins was allowed per ship call for stoppages related to stockpile changes