

Revised Draft.

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Draft Policy Document

Policy Title: Allotment of Land Inside the Customs Bound Area as **Pure Storage** for Coal/Coke Handled at Berth No. 16.

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Background:

- i. Post-November 2019, Berth No.16 has been functional under a Public-Private Partnership (PPP) arrangement for handling coal, coke, and other cargo. The terminal operator, JSW Mangalore Coal Terminal, manages operations at this berth. Despite the terminal's capacity to handle 6.2 MMT of cargo, throughput has been restrained due to storage limitations caused by higher dwell times for cargo.
- ii. Statistics show that although 25 days was envisaged as the average storage duration for import cargo, most customers are evacuating their imports well beyond the planned period, extending up to 60 days and beyond. Given these conditions, and considering a maximum storage capacity of 5 LMT, the terminal can only handle 4 MMT with 8 rotations, taking an average dwell time of 45 days.
- iii. As an alternative to overcome the above challenge, the facility of extending land (allotment by Civil Department) to the terminal operator directly under Clause No. 9.3 (Utility or Services) of Article 9 of the Concession Agreement (CA) has been in place, including land allotment to the terminal operator for non-OOC (Out of Charge) cargo.
- iv. Several coal importers and the terminal operator have requested the Port to intervene and establish a policy to facilitate trade by extending "**Pure Storage**" – storage provided directly to the importer post-handling of the cargo in the terminal until evacuation to the hinterland. Terminal handling includes discharge, storage until obtaining Out-of-charge (OOC) from customs, and delivery of the cargo to the importer or their agent in full.
- v. It is also informed that the charges collected by the Terminal include 25 days of free days for storage. The trade is requested to avail the same as deemed necessary.
- vi. As per Resolution No. 151/2013-14 of the meeting of the Board of Trustees held on 21-02-2014, which was modified in the meeting of the Board of Trustees held on 28-05-2014, Traffic Manager is authorized to allot land inside the customs bonded area for a maximum period of 4 months (cumulative) at prevailing NMPA SOR approved rates on monthly rental basis with the approval of the Chairman subject to ratification by the Board, under exceptional provisions covered under Clauses 15.1(a) and 16.1 of Land Policy guidelines for Major Ports -2014 for short term licence. Further, the Chairman has delegated his powers to Traffic Manager for approval of allotment of land on short short-term license basis on a vessel-to-vessel basis.
- vii. The above policy mandates linking of a Vessel to the allotment of either import/inbound or import/outbound vessel to the storage, which in the case of Pure storage is not applicable.
- viii. The challenge was also brought in as an agenda by the Terminal operator before the Chairman, NMPA and it was directed to examine, and prepare a detailed policy to place it before the competent authority for decision on the subject proposal in the overall interest of Port productivity, if it is not in violation of Concessional Agreement.
- ix. In the absence of a clear policy for pure storage allotment (allotment without an import/inbound or import/outbound vessel cycle) in the current allotment policy envisaged under LPG and further delegated by the Board, the requirement of policy intervention has been felt for the overall interest of the Port operations, purely as a commercial decision.
- x. It is pertinent to mention here that prior to the operationalization of the dedicated container terminal, Port used to store empty containers post-completion of import cycle as "**Pure Storage**" till the box is linked to the import cycle by the liners with collection of applicable charges.
- xi. Given the expected growth in the coal/coke segment, planned capacity augmentation of the PPP terminal to 9MMT+ and the issues related to rake availability, the policy as a commercial decision, presents a strategic advantage to Port to handle more Coal/coke, which is a stable throughput for the port linking with manufacturing growth in the state of KARNATAKA, and is in the overall interest of the Port

Policy Objective:

In view of the facts enumerated above, the following policy which aims to augment the handling and storage of coal and coke at Berth No. 16, ensuring efficient utilization of terminal capacity and facilitating smooth trade operations in the overall interest of the Port is framed, which will be referred to as the "Allotment of Land Inside the Customs Bound Area as Pure Storage for Coal/Coke Handled at Berth No. 16", is formulated with the following Terms of Reference (TOR) This policy aims to optimize the handling and storage of coal and coke at Berth No. 16, ensuring efficient utilization of terminal capacity and facilitating smooth trade operations.

Terms of Reference (TOR):

Policy for Short Term License allotment (Up to 4 months) inside the Port for stacking of coal & other OOC issued cargoes on pure storage concept

1. The Policy will cover Short Term License allotment up to 4 months inside the Port for stacking of cargo on pure storage concept to be allotted to the Importer/C&F agent/ Stevedore.
2. The request for land allotment will be processed by Traffic Department. Allotment of land shall be done by Traffic Manager.
3. Land allotment will be done on application of the party on First come first serve basis on compliance of all applicable formalities.
4. Land plots will be allotted on vessel-to-vessel basis to Coal Importers directly to the importer post-handling of the cargo in the terminal until evacuation to the hinterland. Terminal handling includes discharge, storage until obtaining Out-of-charge (OOC) from customs, and delivery of the cargo to the importer or their agent in full. The period of allotment will be for 2 months extendable up to a maximum period of 4 months only.
5. At the end of the license period, the plot is required to be handed over to Port in vacant condition.
6. The license fee shall be paid in advance before the allotment of the land which will also be reckoned as the date of commencement of the license period.
7. The Licensee has to pay the total license fee towards the initially granted license period, in advance. In addition, one month's License fee (plus all taxes) is to be deposited as Security Deposit.
8. Any Modifications in the Policy may be affected and implemented with the approval of the Board of the Port immediately followed by later publication in the State Gazette.

Terms and Conditions of Allotment

1. Subletting/underletting/parting/transfer/assignment of the license space shall not be allowed under any circumstances. The licensee shall be required to utilize the allotted land for the purpose of storage of cargo only. No change in purpose of utilization that is storage will be allowed.
2. The cargo is permitted for stacking in the assigned plot which shall be entirely in the custody, risk and cost of respective importer/C & F Agent on behalf of the importer.
3. The Importer or the C&F Agent (on behalf of the importer) submit a copy of Customs Out of Charge along with an Indemnity Bond of the Importer indemnifying N.M.P.A. from all or any dispute arising out of the said consignment and including the consequences of the proceedings passed by Civil or Criminal courts in respect of the cargo prior to or after its discharge and stacking/delivery. Importers should also declare that the cargo is free from all encumbrances including attachments / injunction / decree/ orders passed by any Civil or Criminal courts or statutory authorities restraining the import of the said cargo including Legal and Financial obligations also covering claims arising out of accidents and third party property damage. The indemnity Bond has to be furnished on non judicial stamp paper of value not less than Rs.200 before the allotment.

4. The Importer/C&F agent has to demarcate the allotted area displaying Importer name, cargo details and submit a copy to Traffic. The cargo stacked in plot remains at parties risk and responsibility and Port is not liable for any theft or shortage of cargo.
5. The license fee will be charged from the date of allotment of the yard. License fee for the same shall be paid before occupation date of land / due date of the license; failing which penal interest @ SBI MCLR + 2% will be levied till the payment is received. In any case the payment should not be delayed beyond 15 days from the occupation date / due date.
6. The license is terminable on 7 days' written notice on either side. Neither party shall have any right of any claim on the other on account of such termination.
7. In addition to payment of license fee as per SOR, licensee shall pay all applicable taxes.
8. If it is observed at any stage that a licensee has indulged in corrupt/fraudulent /collusive/coercive practice or has produced forged/misrepresented documents, the license of such agency shall be terminated with immediate effect and its Security Deposit shall be forfeited and such agency shall be banned for future business in the Port.
9. Encroachment or unauthorized occupation of land by licensee even after giving notice by the Port will involve a liability to pay a penalty at the rate of three times the scheduled license fee, in addition to the cost of rectification of damages caused to Port properties.
10. If the licensee fails to remove cargo from the encroached area in spite of notice to do so or automatically on expiry of allotment period also if not extended by Port in writings or for any recovery of any dues/outstanding to Port, the license will be terminated, and the cargo will be auctioned as per MPA Act 2021 and proceed accordingly.
11. Licensee has to bear the license fee if SOR is revised.
12. The licensee shall not cause any damage to Port Properties. If any damage is caused, the licensee shall be liable to make good the damages at his own cost and arrangement to the satisfaction of the Port.
13. The licensee shall agree to comply with all rules and directions issued by Port from time to time. Importers/C&F Agents should strictly adhere to Standard Operating Procedures on Safe handling as per Dock Safety Regulations.
14. The Importers/C&F Agents have to ensure that the Workers /labourers deployed by them use the toilets and follow proper method for waste disposal in the wharf. Strict action will be taken if the workers/labourers are found indulging in open defecation.
15. The Importers/C&F Agents have to ensure that the vehicles and equipment used for transportation and handling are having valid Fitness Certificate and are manned by the driver and cleaner/helper at all times during the stay at the Port. It must be ensured that the trucks/vehicle transporting cargo should not be overloaded beyond the stipulated load limited.
16. Cargo stored under license shall be at the entire risk and responsibility of licensee. Placards should be placed in the plot displaying the name of the occupant and the area of the plot. Infringement of the cargo of any other licensee will lead to termination of the license.
17. The licensee shall have to comply with all stipulations and requisitions which may from time to time may be made by Govt. or any other statutory authority. The licensee shall obtain all statutory clearances required during the license period. Port would not take any responsibility in the matter.
18. The licensee shall not construct any building, erection or convenience on the allotted land.
19. The licensee shall follow safety norms as may be prescribed by competent authority and take all necessary measures for ensuring safety of men, materials and machines.
20. The Licensee has to take all necessary measures to cover/secure the cargo during handling and follow anti-pollution, anti-spillage and environmentally friendly measures. Failure to observe the environmental and safety norms can lead to penalties including cancellation of license. Licensee to make proper approach road to the plot and shall make arrangements to clean the road and drains falling in their jurisdiction regularly.
21. Cargo must be kept covered with tarpaulin and garland of bags in 3 layers must be placed around to prevent slippages of cargo to drain. It has to be ensured that seepage from the stack must be channeled to the settling Pond. The stack should be away from the drainage

- at least 2 meters and approach of plot is free from blockage of water. The height of the stack shall not be more than 4 meters failing which allotment will be cancelled.
22. Given the self-combustible nature of the cargo, the Licensee shall have all precautions to avoid fire in the cargo and have and have arrangements for containing, segregating and evacuating the cargo, if it catches fire.
 23. Licensee should not create any inconvenience to the Port Operations, in any form.
 24. Request for waiver of above said terms concerning license fee or extension will not be accepted.
 25. The cargo evacuation from the plot for last-mile movement will be an internal process between the importer & its C&F agent. However, the C&F agent has to give the declaration of date-wise evacuation of cargo duly authorized by the Importers to Port and CISF for record purposes.
 26. **Pure Storage Charges** equivalent to one month's license fee + applicable GST per month will be levied for the entire period of occupation along with pollution Mitigation, Safety, Supervision and Infrastructure Charges @ Rs 16 per Ton will be levied on the cargo aggregated. The charges shall be paid upfront on the declared Quantity to be deposited with Port before allotment which will be reconciled as per the actual cargo aggregated on completion of the license period.
 27. **The importer and the terminal operator must indemnify the Port for any issues arising from their stored cargo respectively**, including but not limited to Cargo pilferage, Cargo claims due to short delivery and any legal claims or disputes arising from the handling and storage of the cargo.
 28. The importer must maintain accurate records and provide regular reports on cargo handling and storage activities to the Port Authority including detailed documentation of cargo received, stored, and dispatched, and compliance with all relevant laws, regulations, and Port policies.
 29. The importer must obtain and maintain comprehensive insurance coverage for the cargo stored within the Port premises. This insurance should cover Loss or damage to the cargo, Third-party liability for any claims arising from the cargo storage and any other risks identified by the Port Authority.
 30. The allottees must implement and maintain robust security measures to prevent cargo pilferage and ensure the safe handling of multiple owners' cargo.
 31. In case of any dispute with regard to the interpretation of any of the clauses in this policy, the licensee shall bring it to the notice of the Traffic Manager and the decision of the Port shall be final and binding on the licensee.

Checklist of Mandatory Documents to be submitted under the Policy

a. At the Time of Land Allotment

1. Application for Land Allotment from the Importer/C&F agent/ Stevedore.
2. Self Attested OOC Copies.
3. Receipt of payment of License fees with Security Deposit, Pure Storage Charges and Pollution Mitigation, Safety and Supervision Charges.
4. If the importer is not registered with Port, copy of self-attested IEC code, Aadhaar, PAN, GSTIN.
5. Indemnity Bond executed on Non-Judicial Stamp paper of value of not less than Rs.200 from Importer in the prescribed format (Annexure-A)

b. At the Time of evacuation from the plot;

1. Indemnity Bond executed on Non Judicial Stamp paper of value of not less than Rs.200 from Importer in the prescribed format (Annexure-B)
2. C&F agent has to give the declaration of date-wise evacuation of cargo duly authorized by the Importers.

Annexure-A
INDEMNITY BOND

(to be executed in Non Judicial Stamp paper of not less than Rs. 200 at the time of land allotment)

This deed of indemnity is executed by (Firm Name) Represented by its (Designation) Sri Duly authorized under(board reso./ Partnership Deed dtd:..... / PoA dtd:..... having its office at....., herein after referred to as 'Indemnifier' which expression shall unless repugnant to the context or meaning thereof, include its successors, Administrator, representatives and permitted assignees in favour of New Mangalore Port Authority, Panambur, Mangalore 575010, herein after referred to as 'Indemnified' which expression shall unless repugnant to the context or meaning thereof include its representatives and assignees etc.

Whereas the indemnified herein has allotted to the indemnifier herein vacant plot/ land measuring in NMPA Yard on terms and conditions set out interalia in the allotment letter dtd.....for a period from..... toissued as per the Policy for Short/Medium Term License allotment inside the Port for Pure Storage .

AND Whereas, the clauses in the terms and conditions of the above mentioned allotment letter provides for indemnifying the indemnified by the indemnifier for any loss, damage, claim or action arising out of the acts of Indemnifier during the period of allotment.

AND Whereas, the Indemnifier hereby irrevocably agrees to indemnify the indemnified and keep harmless from and against all or any claims, demands, proceedings, costs, charges and expenses whatsoever in respect thereof or in relation thereto and the indemnified shall be at liberty to deduct or adjust the said loss or costs as the case may be from the security deposit amount or any other amount/s of the indemnifier by the indemnified for an amount that the indemnified may be called upon to pay towards claims, demands, proceedings, costs, charges and expenses whatsoever in respect of or in relation to the allotment referred to above without any reference to the indemnifier.

The Indemnifier agrees to comply with all rules and directions issued by Port and brought into force by Central, State, Govt & local bodies etc. from time to time and strictly adhere to Standard Operating Procedures on Safe handling as per Dock Safety Regulations. The Indemnifier agrees to ensure that the Workers /labourers deployed by them use the toilets and follow proper method for waste disposal in the wharf.

The Indemnifier agrees to ensure that the vehicles and equipment used for transportation and handling have valid Fitness Certificate and are manned by the driver and cleaner/helper at all times during the stay at the Port and the trucks/vehicle transporting cargo should not be overloaded beyond the stipulated load limited.

The Indemnifier shall comply with all or any other applicable legislation or other statutory Rules and Regulations whatsoever in force if these are applicable. Any obligations finding or otherwise missed under any statutory enactments rules & regulations there under shall be the responsibility of the Indemnifier and the Indemnified will have no responsibility for the same.

In addition to complying of the above, the Indemnifier hereby undertakes to indemnify the indemnified against all dispute arising out of import of the said consignment and including the consequences of the proceedings passed by Civil or Criminal courts in respect of the cargo prior to or after it shipment. The Indemnifier hereby undertakes that the cargo is free from all encumbrances including attachments/injunction/decrees/orders passed by any Civil or Criminal courts or statutory authorities restraining the import of the said cargo including Legal and Financial obligations also covering claims arising out of accidents, overloading of the vehicles and third party property damage for which the indemnified and its officers / representation are in no way responsible.

For.....

INDEMNIFIER

(Signature with Name and Designation)

Company Seal

Station:

Date:

Witness:

1.....

Signature with Name, Designation & Address

2.....

Signature with Name, Designation & Address

Annexure-B
INDEMNITY BOND

(to be executed in Non Judicial Stamp paper of not less than Rs. 200 before start of evacuation)

This deed of indemnity is executed by (Firm Name) Represented by its (Designation) Sri Duly authorized under(board reso./ Partnership Deed dtd:..... / PoA dtd:..... having its office at....., herein after referred to as 'Indemnifier' which expression shall unless repugnant to the context or meaning thereof, include its successors, Administrator, representatives and permitted assignees in favour of New Mangalore Port Authority, Panambur, Mangalore 575010, herein after referred to as 'Indemnified' which expression shall unless repugnant to the context or meaning thereof include its representatives and assignees etc.

Whereas the indemnified herein has allotted to the indemnifier herein vacant plot/ land measuring in NMPA Yard on terms and conditions set out interalia in the allotment letter dtd.....for a period from..... toissued as per the Policy for Short/Medium Term License allotment inside the Port for Pure Storage .

AND Whereas, the clauses in the terms and conditions of the above mentioned allotment letter provides for indemnifying the indemnified by the indemnifier for any loss, damage, claim or action arising out of the acts of Indemnifier during the period of allotment and subsequent evacuation of the stored cargo and handling over the plot to Port in vacant condition.

AND Whereas, the Indemnifier hereby irrevocably agrees to indemnify the indemnified and keep harmless from and against all or any claims, demands, proceedings, costs, charges and expenses whatsoever in respect thereof or in relation thereto and the indemnified shall be at liberty to deduct or adjust the said loss or costs as the case may be from the security deposit amount or any other amount/s of the indemnifier by the indemnified for an amount that the indemnified may be called upon to pay towards claims, demands, proceedings, costs, charges and expenses whatsoever in respect of or in relation to the allotment referred to above without any reference to the indemnifier.

The Indemnifier agrees to comply with all rules and directions issued by Port and brought into force by Central, State, Govt & local bodies etc. from time to time and strictly adhere to Standard Operating Procedures on Safe handling as per Dock Safety Regulations. The Indemnifier agrees to ensure that the Workers /labourers deployed by them use the toilets and follow proper method for waste disposal in the wharf.

The Indemnifier agrees to ensure that the vehicles and equipment used for transportation and handling have valid Fitness Certificate and are manned by the driver and cleaner/helper at all times during the stay at the Port and the trucks/vehicle transporting cargo should not be overloaded beyond the stipulated load limited.

The Indemnifier shall comply with all or any other applicable legislation or other statutory Rules and Regulations whatsoever in force if these are applicable. Any obligations finding or otherwise missed under any statutory enactments rules & regulations there under shall be the responsibility of the Indemnifier and the Indemnified will have no responsibility for the same.

In addition to complying of the above, the Indemnifier hereby undertakes to indemnify the indemnified against all dispute arising out of import of the said consignment and including the consequences of the proceedings passed by Civil or Criminal courts in respect of the cargo prior to or after it shipment. The Indemnifier hereby undertakes that the cargo is free from all encumbrances including attachments/injunction/decrees/orders passed by any Civil or Criminal courts or statutory authorities restraining the import of the said cargo including Legal and Financial obligations also covering claims arising out of accidents, overloading of the vehicles and third party property damage for which the indemnified and its officers / representation are in no way responsible.

For.....

INDEMNIFIER

(Signature with Name and Designation)

Company Seal

Station:

Date:

Witness:

1.....

Signature with Name, Designation & Address

2.....

Signature with Name, Designation & Address