

## ENGAGEMENT OF BUSINESS ASSOCIATES FOR PROMOTION OF DOMESTIC CARGO LOGISTICS

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### 1. INTRODUCTION:

- 1.1 CONCOR has a network of 37 Domestic Terminals spread through out the country, in addition to more than 15 ad hoc loading points. CONCOR is also offering tailor-made logistics to meet specific needs of the customer.
- 1.2 The domestic cargo is carried in containers measuring 20'/22' x 8' x 8'6"/9'6" that have a carrying capacity of upto 28 tonnes s. These containers are transported in a trainload with carrying capacity of 60-90 TEUs per train. The containers are transported up to CONCOR's Terminals and delivered to the customer's premises / de-stuffed at the Terminals. CONCOR also provides Door-to-door services. CONCOR is placing rakes at Container Rail Terminals (CRTs) and private sidings of the customers.
- 1.3 Over the past few years the **Container Corporation of India Limited (CONCOR)** has been offering freight forwarders in India an opportunity to safely and speedily transport their cargo between major centers of production and consumption. Now CONCOR offers growth opportunity, in the form of '**Business Associates**', to reputed freight forwarders / transport companies, with National/Regional network to integrate their services with CONCOR to be more competitive in globalized economy.

2. **BUSINESS ASSOCIATES:** CONCOR intends to engage reputed freight forwarders/transporters as **'Business Associates'** to integrate rail and road services for providing complete logistics to the customers. This will give an opportunity to road haulers to be more competitive by improving utilization of their rolling stock with lesser transit time in short distance. CONCOR will confine itself to longer rail distance, besides offering terminal services. The **'Business Associates'** will be engaged for a particular class of terminals but will have the right to operate (i.e. book outward consignments) throughout CONCOR network. In addition they will also be expected to offer road services to their as well as CONCOR's customers at both ends i.e. at originating as well as destination terminals all over CONCOR network.

**'Business Associates'** will be chosen on the basis of their experience, their national network and business association with CONCOR. The **'Business Associates'** so appointed will be entitled for concessional services and sharing of business opportunities from CONCOR.

3. **Classifications of Terminals:** CONCOR's Terminals are classified in three categories as under:

| <b>'A' Class</b>  | <b>'B' Class</b>              | <b>'C' Class</b>       |
|-------------------|-------------------------------|------------------------|
| Chennai<br>(TNPM) | Majerhaat } Kolkatta<br>SHM } | Koodal Nagar           |
| DCT/Okhla         | Vizag                         | Cochin                 |
| Khodiyar          | Nagpur                        | Phillaur<br>(Ludhiana) |

|  |             |              |
|--|-------------|--------------|
|  | Desur       | Gandhidham   |
|  | Bangalore   | Ankleshwar   |
|  | Turbhe      | Salem Market |
|  |             | Balasore     |
|  | Raipur      | Jaipur       |
|  |             | Milavittan   |
|  | Sanathnagar | Amingaon     |

- Any terminal not mentioned in the above list will be treated in category "C". Loading from a Container Rail Terminals (CRTs) of Indian Railways / Private siding not owned by CONCOR shall be deemed a C class terminal for the purpose of this policy.

4. **PROCESS OF SELECTION:** The 'Business Associates' will be selected on the basis of the following criteria:

- (a) Details of their present business.
- (b) Proof of having required turnover/experience, as asked for in **clause 5.1 below**. The turnover details can be submitted in the form of copies of Audited Balance Sheets of last two years.
- (c) Details of Category of Terminals under which they wish to register.
- (d) Earnest Money in the form of Bank Draft or Pay Order as per **clause 5.2 below**.

The application for registration is to be submitted in a sealed cover superscribed **request for "Registering as Business Associate"**. The application can be submitted by 10<sup>TH</sup> November 2009 in the office of **Group General Manager, Domestic Division, CONCOR BHAWAN, C-3, Mathura Road,**

**New Delhi - 76.** Applications not accompanied by Earnest Money, will be rejected.

CONCOR reserves the right to reject any or all applications without assigning any reason, whatsoever.

**5. ELEGIBILITY CRITERIA:**

5.1 **Experience:** Persons having experience of Freight Forwarding or transportation are eligible for registering as '**Business Associates**' for '**A**' class Terminals, if their annual turn over from the business of freight forwarding and/or transportation is more than Rs.10 crores or they have booked 5000 TEUs p.a. during the last two years with CONCOR, Rs.5 crores or they have booked 2500 TEUs p.a. during the last two years for '**B**' class Terminals and Rs.2 crores or they have booked 1250 TEUs p.a. during the last two years for '**C**' class Terminals.

5.2 **Earnest Money:** Freight forwarders/transporters desirous of getting themselves registered as '**Business Associates**' will be required to submit Earnest Money of Rs. 5 lakh for '**A**' Class Terminals; Rs. 3 lakhs for '**B**' class; and 1 lakh for '**C**' class Terminal, along with their application. The Earnest Money is to be deposited in the form of a Bank Draft or Pay order drawn in favour of "**Container Corporation of India Ltd.**" and payable at New Delhi. The Earnest Money of the successful parties will be adjusted against Security Deposit. For others, it will be refunded.

However, the Earnest Money will be forfeited, in case, the parties declared successful by CONCOR refuse to work as **'Business Associates'** and fail to sign the agreement.

5.3 **Security Deposit Amount:** The successful parties will be required to deposit a composite sum of Rs. 10 lakhs for **'A'** Class terminals; Rs. 8 lakhs for **'B'** Class terminals; and Rs. 2.5 lakhs for **'C'** Class terminals as Security Deposit. The Security Deposit is to be given in the form of Bank Guarantee, which will be valid on all India basis and will not be terminal specific.

5.4 A **'Business Associate'** can register for any particular category but will be allowed to operate from all the terminals listed under that category as well as from all the terminals listed under category lower than that. For example, if the **'Business Associate'** registers under **'A'** category, he will be entitled to operate from all the terminals listed under all the three categories i.e. **"A", "B" and "C"**. However, if he registers under **"B"** category, he will be entitled to operate from all the terminals under categories **"B" & "C"**, but not from terminals listed under category **"A"**.

## 6. **MINIMUM BUSINESS OFFER and OTHER OBLIGATIONS:**

6.1 The **'Business Associates'** will be required to offer minimum monthly outward business in terms of TEUs as mentioned below:

| <u>Sl.No.</u> | <u>Terminal</u> | <u>Minimum</u>               | <u>Outward</u> |
|---------------|-----------------|------------------------------|----------------|
|               | <u>Type</u>     | <u>Loaded</u>                |                |
|               |                 | <u>(Originating Traffic)</u> |                |
| 01            | A Class         | 200 TEUs Per Terminal        |                |
| 02            | B Class         | 100 TEUs Per terminal        |                |
| 03            | C Class         | 60 TEUs Per terminal         |                |

6.2. The '**Business Associate**' will be entitled to book containers for all the streams for which CONCOR is offering services. Nevertheless, new services can be started if train load of 60+ TEUs is offered from any terminal or clubbing from small terminal (Spokes) through rail services or road bridging, to be undertaken by the '**Business Associates**' if possible, to hub terminal from where clearance can be organized for final destinations.

6.3 The '**Business Associate**' shall make proper canvassing at his own costs for marketing of CONCOR Services in the catchment area of the terminal for which he is engaged.

6.4 CONCOR will work in synergy with its '**Business Associates**', while opting to serve directly those corporate customers who wish to have contractual relation with CONCOR.

6.5 In case Business Associate is unable to achieve minimum loading for the registered Category, as stipulated in Clause 6.1 of the Policy, they will get discount as given below:

| <b>No. of TEUs per month</b> | <b>Volume Discount</b> |
|------------------------------|------------------------|
| Up to 29 TEUs                | Nil                    |
| From 30 to 60                | Rs.150/- per TEU       |
| Above 60 TEUs                | Rs.200/- per TEU       |

**Note:** A customer may be allowed to book containers through CONCOR at sole discretion of CONCOR.

## **7. BENEFITS TO BUSINESS ASSOCIATES:**

The following benefits will accrue to the **'Business Associates'**:

- 7.1 **'Business Associates'** will be offered a concession of 1% discount on the per TEU Chassis to Chassis freight (Public Tariff) subject to achieving minimum monthly target, as mentioned in clause 6.1 above. The discount will be 1.5% on entire volume in case target is exceeded by 25%, 2% on entire volume in case target is exceeded by 50% and 2.5% on entire volume in case target is exceeded by 100%.
- 7.2 Priority in booking and clearance up to 70% of train capacity subject to priority within **'Business Associates'**.
- 7.3 Rs.50/- per TEU as incentive for local advertisement and sales promotion except on booking from a private siding. This will be given only on achieving the monthly targets.

- 7.4 Loyalty bonus of Rs.50/- and Rs.100/- per TEU respectively, from second year onwards, to be paid at the end of each year, if the total volume offered by them during the year exceeds the previous years volume by 5% or 10%, as the case may be.
- 7.5 Entitled for making use of their own vehicles for road bridging at either or both ends.
- 7.6 Entitled for transporting CONCOR containers/cargo for road bridging.
- 7.7 The Business Associates shall be entitled to participate in limited tenders floated by CONCOR for providing various logistics services. In such case, however, the Business Associate will have to comply with all terms and conditions of the respective tender.
- 7.8 The Business Associate shall be entitled to avail credit facility for payment of CONCOR dues. For this, the Business Associate will have to submit Bank Guarantee of total amount of Rs.30 lacs i.e., including the amount towards Security deposit as mentioned vide Para 5.3 of this document. The total credit limit shall be Rs.50 lacs for a period of 30 days. The Business Associate availing such credit facility will have to deposit Post – Dated cheque of 30 days towards payment of CONCOR dues. Once the limit of Rs.50 Lacs is reached, the Business Associate will

be obliged to deposit amount in his PDA to clear the outstanding dues in excess of Rs.50 Lacs.

7.9 In order to procure business for providing logistics services to various corporate houses in India, CONCOR has appointed Joint Marketing Associates (JMAs) in all its regions. CONCOR is committed to provide terminal infrastructure and rail connectivity support to the JMAs in this regard. The Business Associate shall be eligible to apply for becoming Joint Marketing Associate of CONCOR.

**8. COMMITMENT FROM BUSINESS ASSOCIATES:** 'Business Associates' will be obliged to offer minimum volumes as mentioned in aforesaid para 6.1 for at least one of the terminals falling in class in which it is registered. The performance of minimum volumes is to be evaluated on the basis of offering over a period of three months. If Business Associate continue to fail to achieve 50% of the total yearly target of the class of terminal for which they are registered they may loose the status of **Business Associates**.

9. '**Business Associates**' will be obliged to pay service charge to CONCOR for road bridging @ Rs. 400/- per TEU for the services to be rendered by them to their customers. '**Business Associate**' will also render transport services to CONCOR customers wherever required by CONCOR, at mutually agreed rates to be fixed by CONCOR in consultation with '**Business Associate**'. They will also be required to pay @ Rs.400/- per TEU as royalty to CONCOR for all such containers. If there are more than one '**Business**

**Associates'** willing to transport containers at same rate at any particular terminal, the transport work will be apportioned among them on the basis of monthly volume offered by them.

**10. TERMS OF ENGAGEMENT:**

**10.1 PERIOD OF CONTRACT:** The '**Business Associate**' will be appointed initially for a period of (03) three years from the date of signing of the agreement. The tenure can be extended, if mutually agreed upon to, for a further period of (03) three more years at the sole discretion of CONCOR.

**10.2 TARIFFS & SERVICES:** CONCOR will be free to quote freight rates/public tariff and other charges and may also revise the same from time to time on 10 days notice for any increase in the rates. Similarly, the destinations to be served may also increase or decrease as per operational/business requirements at the sole discretion of CONCOR. No claims or compensation whatsoever would be entertained by CONCOR in this regard for any disruptions or discontinuation of existing services/streams or introduction of a new stream or revision of freight and other charges.

**10.3. ADVANCE PAYMENT:** '**Business Associates**' will collect all dues from the customer. The '**Business Associates**' will have '**Advance Payment Account**' with the concerned CONCOR Terminals for making payments to clear all CONCOR dues in regard to the services to be utilized by the Business Associates.

**10.4 FREE TIME FOR STUFFING/DESTUFFING:** The time taken in excess of free time for stuffing/destuffing will attract levy of ground rent charges as per the scale of rates applicable from time to time at the respective terminal. The penal charges will be recovered from the security deposit of the **'Business Associates'**.

**10.5 COMMERCIAL ACTIVITIES:** Booking and transportation of containers by CONCOR is governed by the provisions of Indian Railways Act 1989. Besides, CONCOR has its own commercial and operational policies related to penalties on overloading, detention of rakes, misdeclaration, storage and movement of hazardous commodities etc. that would be applicable and the **'Business Associate'** is expected to get himself apprised of the same. Ignorance in this regard will not be taken as a valid reason to waive penalties, if any, imposed on the **'Business Associates'** under any of the above policies.

The **'Business Associates'** will not be entitled to cover the traffic of corporate group likes Nestle, IOC, TATA etc. with whom CONCOR has direct contractual relations for transport of goods.

**10.6 CLAIMS:** The **'Business Associates'** will be under obligation to settle the claim raised by the customer for any deficiency in services rendered by **'Business Associates'**. However, CONCOR will be responsible for claims arising out of the services rendered by it. Claim settlement will be undertaken by the **'Business Associates'**. However,

CONCOR may reimburse '**Business Associate**' to the extent it is liable as a carrier / terminal operator, as per extant CONCOR rules.

**10.7 INDEMNITY:** The '**Business Associates**' will indemnify CONCOR for any losses, whatsoever, directly or indirectly resulting from the services offered by them to CONCOR's customer.

**10.8 LEGAL OBLIGATIONS:** '**Business Associates**' will be obliged to observe all laws relating to transport / logistics services and will indemnify CONCOR if it is found responsible for any breaches / violation committed by them.

**10.9. USE OF GOODWILL:** The '**Business Associates**' will not make any un-authorized use of CONCOR's goodwill / logo during the currency of the agreement or otherwise, unless prior written approval of CONCOR has been taken.

**10.10. EXIT CLAUSE:** '**Business Associates**' and CONCOR will be free to exit from the responsibilities of this agreement by serving a three months notice. However, '**Business Associates**' will continue to be responsible for any liability, whatsoever, attributable to their conduct for the business done during the period before termination of the agreement. The termination would not invite any financial liability on CONCOR.

**10.11. ARBITRATION:**

- 10.11.1 This policy shall be construed and governed according to the Laws of the Union of India and the Courts of India alone shall have exclusive jurisdiction of any dispute arising concerning the execution and interpretation thereof and any action arising there from in Courts at Delhi only.
- 10.11.2 Any dispute between the **'Business Associate'** and CONCOR is to be resolved amicably by mutual consultations or through the good offices of the **Director Domestic/CONCOR**. However, if such resolution is not possible, then, the unresolved disputes or differences shall be referred to arbitrator, to be nominated by the **Director Domestic/CONCOR**. The Arbitration and Conciliation Act 1996 shall be applicable to the arbitration under this clause. The award of arbitrator shall be binding upon both parties to the dispute.
- 10.11.3 The services under this Contract shall be continued during the Conciliation/arbitration proceedings, unless it is proved that the services cannot possibly be continued during the arbitration proceedings.
11. **NUMBER OF BUSINESS ASSOCIATES:** Any number of **'Business Associates'** can be engaged for any terminal subject to fulfillment of stipulated conditions. There will be no upper limit for appointing of **'Business Associates'**.

**Note:** For any queries the following officers can be contacted:

1) Group General Manager/Domestic

Phone: 41673128

2) Mr.M.M. Batra

Senior General Manager/Domestic

Phone: 41673102