

ENGAGEMENT OF BUSINESS ASSOCIATES FOR PROMOTION OF DOMESTIC CARGO LOGISTICS

1. **INTRODUCTION:**
 - 1.1 CONCOR has a network of 43 Domestic Terminals spread through out the country, in addition CONCOR is also providing services from CRTs and Private Sidings. 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 up to 28 MT and 27.5 MT respectively. These containers are transported in a trainload with carrying capacity of 70–90 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 a 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 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, turnover, 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:

‘A’ Class	‘B’ Class	‘C’ Class
Chennai (TNPM)	Majerhaat } Kolkata SHM }	Koodal Nagar
DCT/Okhla	Vizag	Cochin
Sabarmati	Nagpur	Phillaur (Ludhiana)
	Desur	Gandhidham
	Bangalore	Ankleshwar
	Turbhe	Salem Market
	Raipur	Balasore
	Sanathnagar	Jaipur
		Milavittan
		Amingaon

Any terminal not mentioned in the above list will be treated in category “C”. Loading from a Container Rail Terminal (CRT) 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) 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 on any working day in the office of

Director, Domestic Division, CONCOR BHAWAN, C-3, Mathura Road, New Delhi – 110 076. Applications not accompanied with Earnest Money, will not be considered.

CONCOR reserves the right to reject the application / cancel the registration of any Business Associate in view of overall business interests of CONCOR.

5. ELIGIBILITY CRITERIA:

5.1 **Experience:** Persons having experience of Freight Forwarding or transportation are eligible for registering as **‘Business Associates’** if their annual turn over from the business of **freight forwarding and/or transportation is ₹ 2 crores and above OR they have booked 1250 TEUs and above per annum during the last two years with CONCOR.**

5.2 **Earnest Money:** Freight forwarders/transporters desirous of getting themselves registered as **‘Business Associates’** will be required to submit Earnest Money of ₹ 2 lakh for category ‘A’ and ‘B’; and ₹ 1 Lakh for Category ‘C’ 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:** The successful parties registering for Category ‘A’ and Category ‘B’ will be required to deposit a composite sum of ₹ 5 Lakhs as Security Deposit. The Security Deposit is to be given in the form of Bank Guarantee/ Cheque / Demand Draft, which will be valid on all India basis and will not be terminal specific.

For new Business Associates registering in Category ‘C’, the Security Deposit will be ₹ 2.5 Lakhs.

There will be no change in the Security Deposit for existing Business Associates registered in Category ‘C’ and desiring to continue operations at Category ‘C’ terminals only.

However, existing Business Associates registered in Category 'C' and desiring to upgrade their category to operate at terminals listed in Category 'A' and 'B', will be required to deposit the differential amount of ₹ 2.5 Lakhs as Security Deposit.

- 5.4 A '**Business Associate**' will be allowed to operate from all the terminals listed in Clause 3 and will be given volume linked incentives as per targets stipulated in Clause 6.1 for Category A / B / C terminals.

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:

S.No.	Terminal Type	Minimum Outward Loaded (Originating Traffic)
01	A Class	200 TEUs Per Terminal
02	B Class	100 TEUs Per terminal
03	C Class	60 TEUs Per terminal

The performance of minimum volumes is to be evaluated on the basis of offering over a period of three months.

- 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 70+ TEUs is offered from any terminal.
- 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:

No. of TEUs per month	Volume Discount
Up to 29 TEUs	Nil
From 30 to 60 TEUs	₹ 150/- per TEU
Above 60 TEUs	₹ 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 ₹ 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 ₹ 50/- and ₹ 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 ₹ 30 lakhs i.e., including the amount towards Security deposit as mentioned vide Para 5.3 of this document. The total credit limit shall be ₹ 50 lakhs for a period of 30 days. The Business Associate availing such credit facility will have to deposit Post – Dated cheques of 30 days towards payment of CONCOR dues. Once the limit of ₹ 50 Lakhs is reached, the Business Associate will be obliged to deposit amount in his PDA to clear the outstanding dues in excess of ₹ 50 Lakhs.
- 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 in which it is registered. If Business Associate continues to fail to achieve 50% of the total yearly target of ‘C’ category terminal they may lose the status of **Business Associate**.
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 @ ₹ 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, 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. 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 applicable from time to time at the respective terminal. The penal charges will be recovered from the security deposit of the **'Business Associate'**.
- 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 groups likes Nestle, IOCL, 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 the Arbitrator, to be nominated by **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**'. Registration of Business Associates will be permitted throughout the year with applications being considered in the month of April, July, October and January every year.

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

- 1) Mr. Shahnawaz Ali, Director/Domestic /Phone: 41673006.
- 2) Mr.M.M. Batra, Group General Manager/Domestic & Comml./
Phone: 41673136.