



Development of Dry Ports

**Support systems
for
Coordinated Development**

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Role of Government and Industry with regard to Policy, Institutional, Regulatory, Legal, and Infrastructural on DRY PORTS

THE ABOVE ISSUES ARE INTENDED TO BE ADDRESSED THROUGH THIS PRESENTATION WHOSE CORE CONTENT WOULD BE AS UNDER:

- 1.What exactly are Dry Ports?**
- 2.Why do we need Dry ports?**
- 3.Where are Dry Ports located?**
- 4.Who can set up Dry Ports?**
- 5.How can Dry Ports be set up?**
- 6.The DRY PORT at Birgunj (Nepal)**

1. WHAT ARE DRY PORTS

- *“Dry port is a yard used to place containers or conventional bulk cargo, usually connected to a seaport by rail or road”. - Wikipedia*
- *A dry port can be understood as an inland setting with cargo-handling facilities to allow several functions to carry out, for example, cargo consolidation and distribution, temporary storage of containers, custom clearance, connection between different transport modes, allowing agglomeration of institutions (both private and public) which facilitates the interactions between different stakeholders along the supply chain.*

Variants in the Indian context

- **INLAND CONTAINER DEPOTS (ICD)**

A common user facility, for handling and temporary storage of import/export, laden/empty containers, for clearance by Customs for home consumption, warehousing, onward transit, or export.

- **CONTAINER FREIGHT STATIONS (CFS)**

Generally on off-dock facility close to servicing port, helping decongest port by shifting cargo and customs-related activities outside the port.

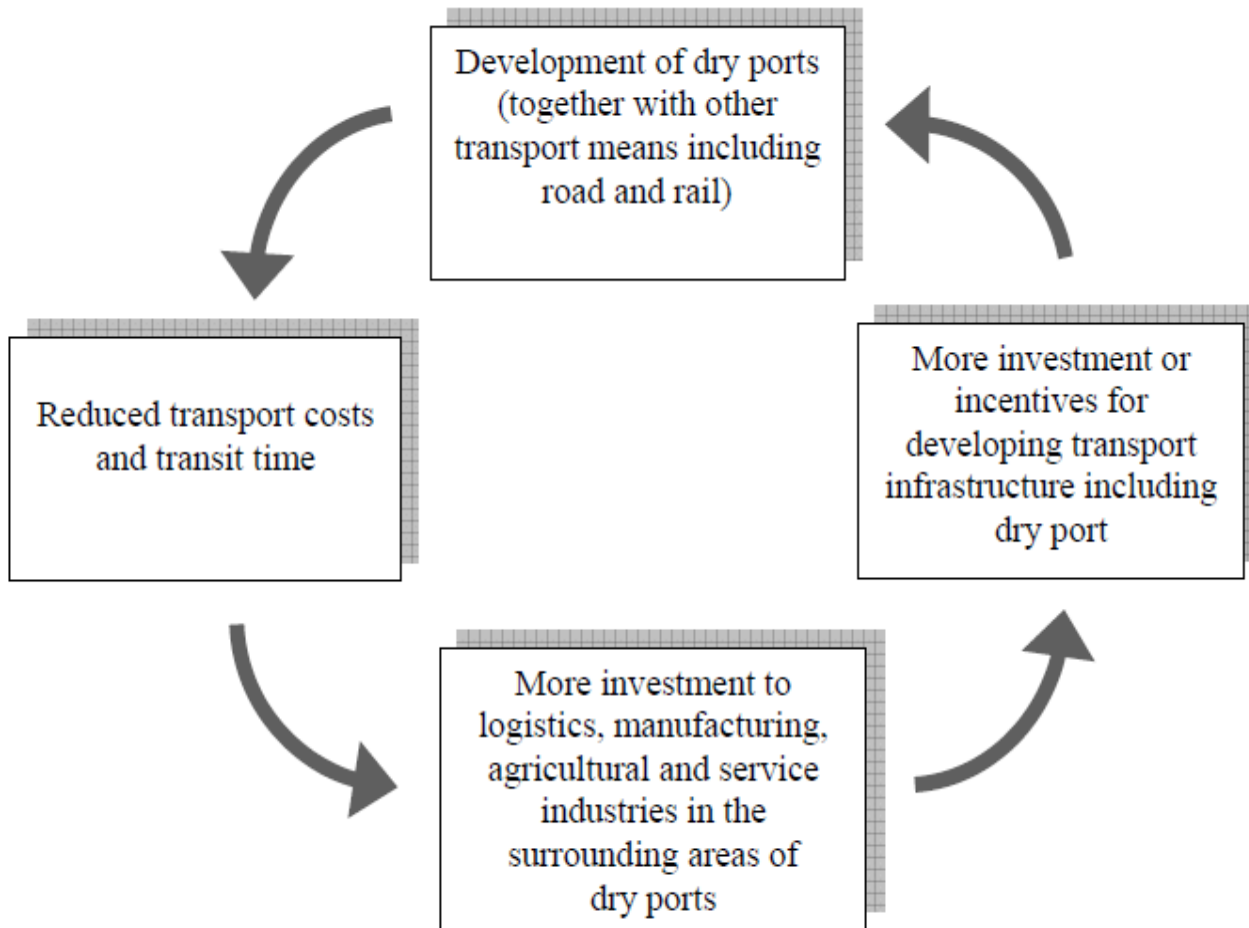
Also set up inland for linkage to a regional rail-linked ICD and to gateway port(s) by road.

2. WHY DO WE NEED DRY PORTS ?

In many ways, a dry port conducts many functions similar to a modern seaport, especially its role as the distributional nodal points along intermodal supply chain where it supports various needs like:

- (i) aggregation and unitization of cargoes;*
- (ii) in-transit storage;*
- (iii) custom clearance;*
- (iv) issuance of bill of lading in advance;*
- (v) relieving congestion in gateway seaports;*
- (vi) assistance in inventory management; and*
- (vii) deference of duty payment for imports stored in bonded warehouse*

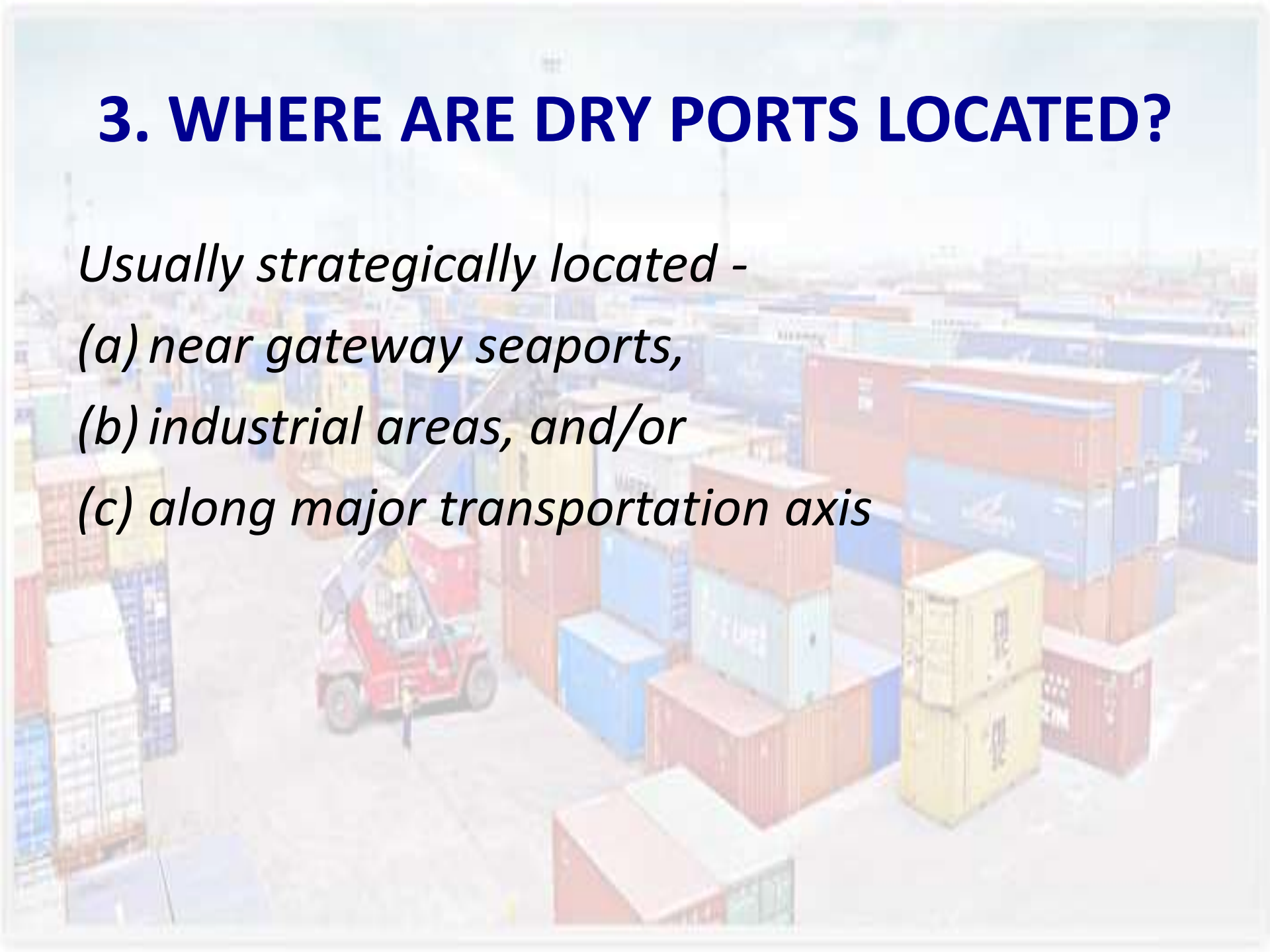
In India, many dry ports were established within the hinterland regions with the perception that they would subsequently become catalysts of economic growth for their surrounding regions.



3. WHERE ARE DRY PORTS LOCATED?

Usually strategically located -

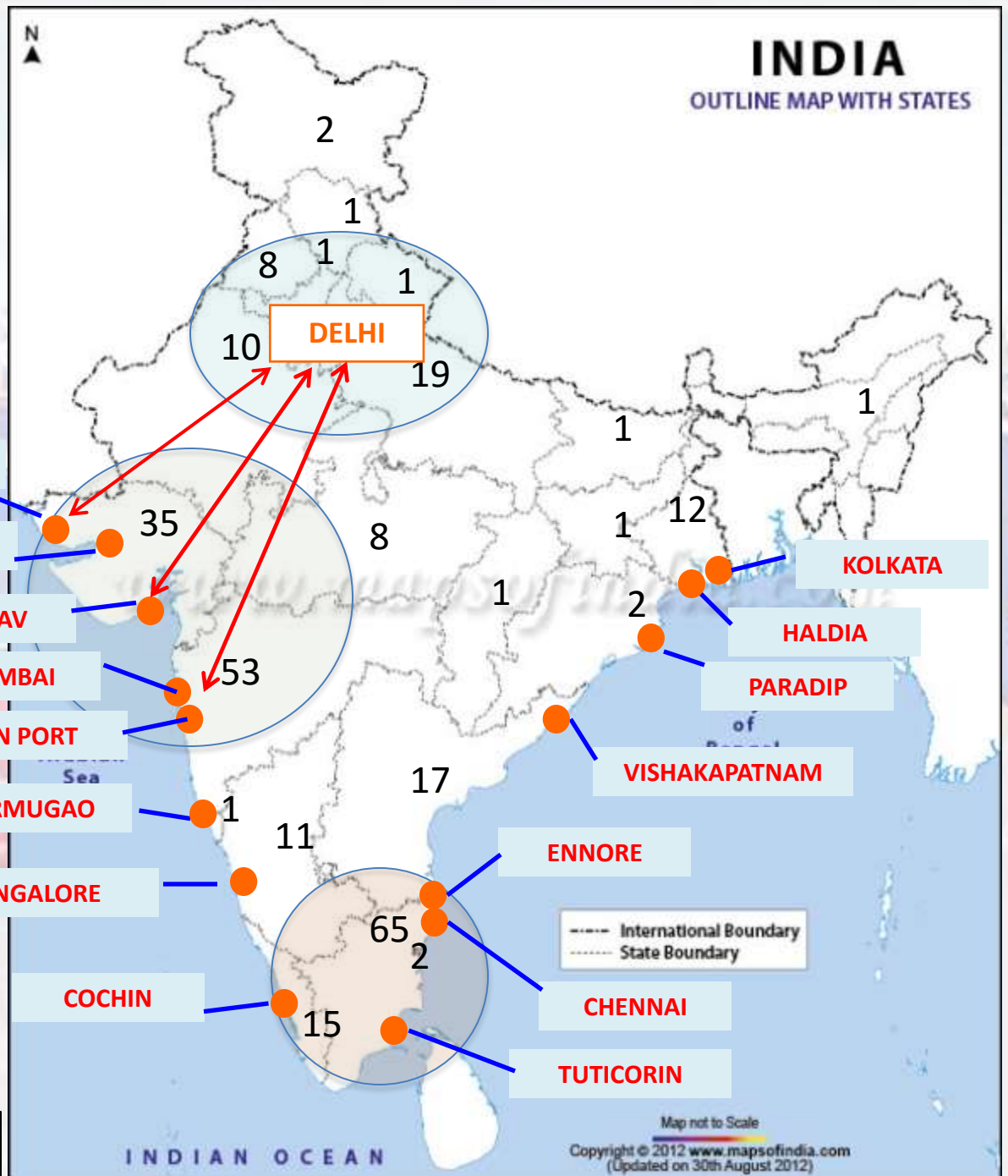
- (a) near gateway seaports,*
- (b) industrial areas, and/or*
- (c) along major transportation axis*



3.1 Dry Port Locations

1. Large number of CFS in and around Ports in Western India and Southern India
2. Concentration of ICDs in North, particularly in the National Capital Region
3. In the Eastern part, except for the state of West Bengal, the population of ICDs/CFS is very sparse

● — PORTS



3.2 STATE WISE DISTRIBUTION OF ICDs/CFSS

STATE	No. of ICD/CFSS	No. of ICD/CFSS Functioning	No. under implementation	Locations
Andhra Pradesh	17	8	9	Vishakhapatnam 6, Hyderabad 3, Others 8
Assam	1	1	-	Amingaon 1
Bihar	1	1	-	Fatuha 1
Chandigarh	1	1	-	DearraBassi 1
Chattisgarh	1	1	-	Raipur 1
Goa	1	1	-	Verna 1
Gujarat	35	26	9	Kandla 5, Mundhra 12, Surat 1, Pipavah 6, vadodara 3, Ahmedabad 2, Others 6
Haryana	14	7	7	All in the close vicinity of Delhi (within 100 Kms)

3.2 STATE WISE DISTRIBUTION OF ICDs/CFSS

STATE	No. of ICD/CFSS	No. of ICD/CFSS Functioning	No. under implementation	Locations
Himachal Pradesh	1	-	1	Baddi 1
Jharkhand	1	1	-	Jamshedpur 1
Jammu & Kashmir	2	1	1	Jammu 1, Rangreth 1
Karnataka	11	5	6	Bangalore 6, Mangalore 2, Karwar 2, Others 1
Kerala	15	8	7	Cochin 7, Vallarpadam 2, Others 8
Maharashtra	53	34	19	Mumbai area 34, Nagpur 4, Nasik 2, Pune 2, Others 11
Madhya Pradesh	8	5	3	Indore 3, Ratlam 2, Bhopal 1, Gwalior 1, Others 1
Odisha	2	1	1	Balasore 1, Kalinganagar 1

3.2 STATE WISE DISTRIBUTION OF ICDs/CFSS

STATE	No. of ICD/CFSS	No. of ICD/CFSS Functioning	No. under implementation	Locations
Pondicherry	2	2	-	Pondicherry
Punjab	8	6	2	Ludhiana 3, Amritsar 2, Others 3
Rajasthan	10	8	2	Jodhpur 3, others 7
Tamil Nadu	65	49	16	Tuticorin 15, Chennai 36, Others 14
Uttar Pradesh	19	15	4	Dadri 6, Kanpur 3, Others 10
West Bengal	12	8	4	Kolkata 5, Haldia 5, Others 2

Total : 283 of which 184 are private and rest 99 are with State and Central Govt.PSU's

3.3 SALIENT DEVELOPMENTS

- **Starting from 1989 there are now 283 dry ports in India. As many as 136 of these are close to seaports; remaining 147 are inland.**
- Proliferation of CFS near gateway ports of JNPT (Mumbai) and Chennai.
- Western India Ports handling EXIM Container Traffic (JNPT, Mundhra, Pipavah) linked to dry ports established in and around major Export/Import centers predominantly in North India through elaborate network of Road and Rail.
- Rail Transport being economical over longer leads (>500 Kms), is the preferred mode of transport and this has resulted in development of major rail corridors linking the Dry Ports in the hinterland (predominantly in North India) and necessitated creation of Western DFC (Dedicated Freight Corridor)
- Emergence of Hub & Spoke operations with large ICDs in hinterland serving as hubs served by satellite CFS/ICDs.

4. WHO CAN DEVELOP DRY PORTS?

- **Shipping Lines** (Maersk, ULA, etc..etc..)
- **Central / State Public Sector Undertakings** (CONCOR, CWC, State Warehousing Corporations, AP Trade Promotion Corp, J&K State Industrial Development Corp, Rajasthan Small Industries Corp)
- **Private Companies registered in India**
- **Port Authorities** (Cochin Port Trust, Chennai Port Trust, Mundhra Port)
- **Container Train Operators** (15)

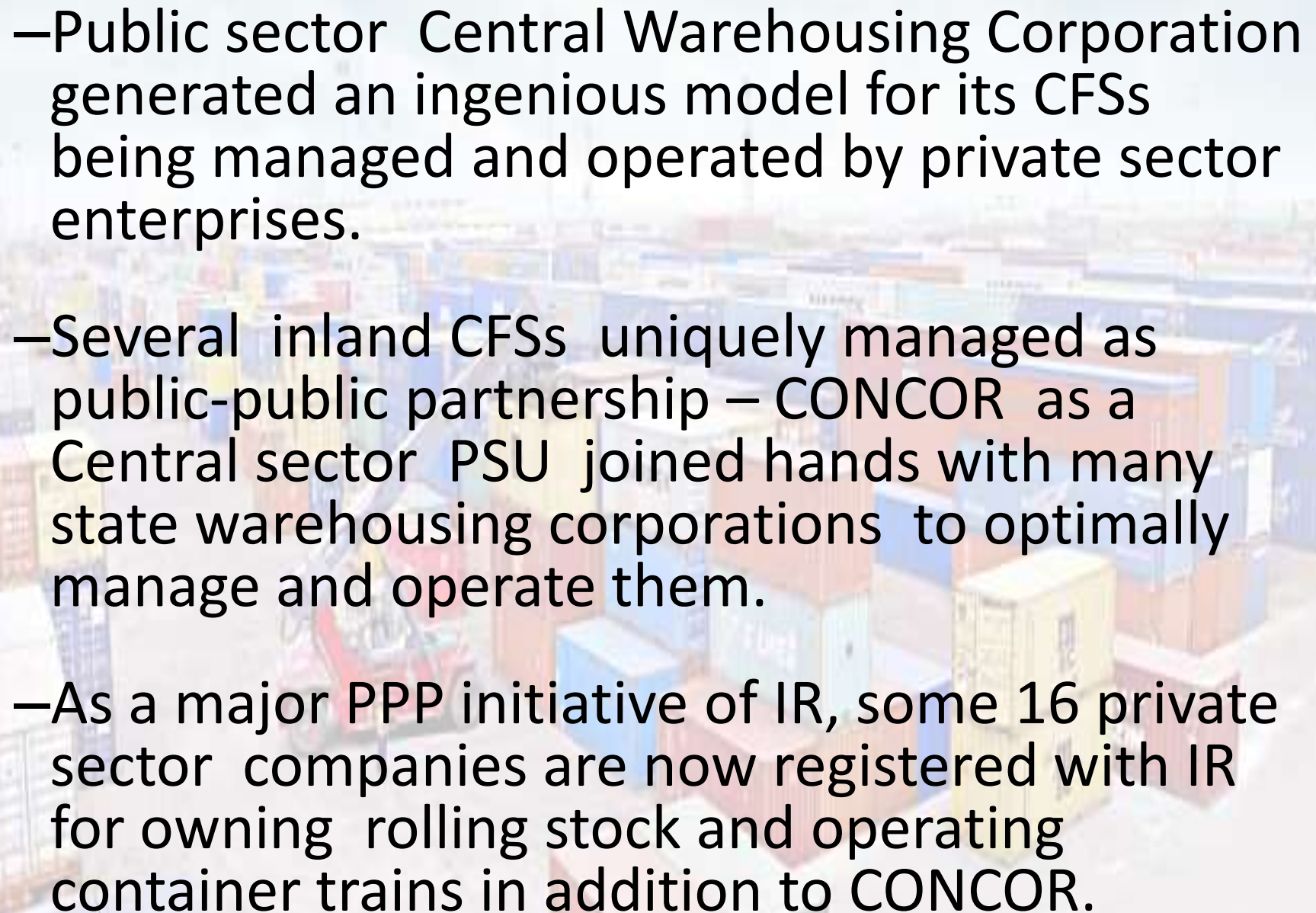
Individually or through the JV route



Dry port development in India itself a good blend of
Private sector and State sector

99 of them set up by different public sector
corporations,

184 others by private companies.

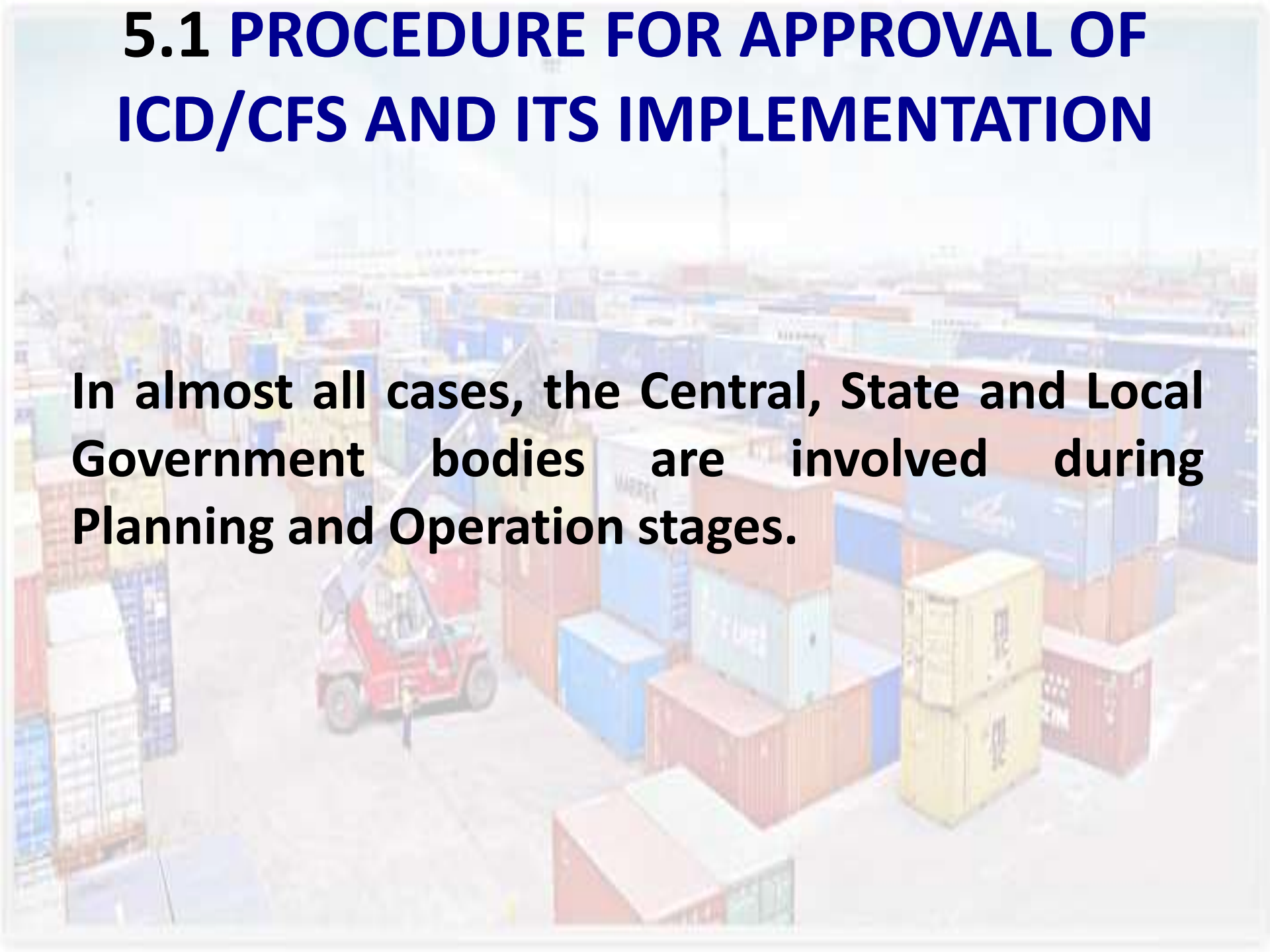
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- Public sector Central Warehousing Corporation generated an ingenious model for its CFSs being managed and operated by private sector enterprises.
 - Several inland CFSs uniquely managed as public-public partnership – CONCOR as a Central sector PSU joined hands with many state warehousing corporations to optimally manage and operate them.
 - As a major PPP initiative of IR, some 16 private sector companies are now registered with IR for owning rolling stock and operating container trains in addition to CONCOR.

5. HOW ARE DRY PORTS SET UP?



5.1 PROCEDURE FOR APPROVAL OF ICD/CFS AND ITS IMPLEMENTATION

In almost all cases, the Central, State and Local Government bodies are involved during Planning and Operation stages.



5.2 AGENCIES INVOLVED



5.2 Agencies Involved

- **Ministry of Commerce**
 - Land issues and feasibility study conducted by Applicant
 - Overall monitoring of development of ICD/CFS.
 - Other Trade Facilitations.
- **Central Board of Excise & Customs**
 - Availability of traffic for creation of establishment.
 - Availability of customs official to run the establishment .
 - Notification of Bonded Area (i.e.) notification under section 45 and section 8.
- **Ministry of Highways & Road Transport**
 - Availability of Major Road Infrastructure.
 - Implementation of Motor Vehicles Act.

5.2 Agencies Involved

- **Ministry of Railways**
 - Feasibility of rail connectivity.
 - Availability of rail traffic.
 - Development of rail infrastructure required for handling and maintenance of wagons.
- **Ministry of Shipping**
 - Free flow of traffic from Port.
 - Congestion in port area due to road movements.
 - Implementation of Multimodal Transport Act.
- **Banking Institutions**
 - Providing fund for Development of ICD/CFS.
 - Other Banking Activities for day to day transaction like collection of Government charges, customs duty etc.

5.2 Agencies Involved

- **State Government Concerned**
 - Registration of land and ensuring proper use of land.
 - Electricity supply to the facility.
 - Law and Order, Labour issues etc.
- **Municipal Body Concerned**
 - Road connectivity to ICD/CFS from Arterial roads.
 - Water and Drainage facility.
 - Collection of land tax etc.
- **Financing Institution**
 - Providing fund for Development of ICD/CFS.
- **Other Private Parties**
 - Canteen Facilities.
 - Road Transport facilities.
 - Trade / Business Entities (Users of the facilities)

5.3 INTER MINISTERIAL COMMITTEE

- Proposals for setting up ICD/CFS are considered and cleared, on merits, by an Inter Ministerial Committee (IMC) for ICDs/CFSs
- Application (with 10 copies feasibility report) are required to be submitted to the Infrastructure Division in the Ministry of Commerce, UdyogBhavan, New Delhi.

Details available in Ministry of Commerce website
http://commerce.nic.in/trade/national_tpa.asp

5.4 Inter-Ministerial Committee - Composition

- Special Secretary (Infrastructure)/Additional Secretary (Infrastructure), D/o Commerce – Chairman
- Jt. Secretary (Infrastructure), D/o Commerce
- Executive Director (Traffic Transportation), Railway Board
- Jt. Secretary (Customs), D/o Revenue
- Jt. Secretary (Ports), M/o Shipping
- Director (Infrastructure), D/o Commerce – Member - Secretary

5.5 Need for IMC

- Co-ordination among different Government Department / Ministries and Private Sector.
- Harmonization of relevant policies and regulations.
- Institutional and Regulatory frameworks



5.6 Terms of Reference of IMC

- To consider all applications for grant of approval for setting up, operation and management of ICD/CFS.
- To act as coordinating Body between various operational segments and agencies for ensuring smooth interface.

5.6 Terms of Reference

Contd...

- To spell out the parameters and guidelines for the approval of all new ICDs/CFSs and ancillary services and for the establishment of credentials / financial strength of the entrepreneurs in erecting, operating and managing the ICDs on an efficient basis.
- To review periodically the progress in creation of ICDs / CFSs and take corrective measures on time bound basis.

5.7 Functions of IMC

- To consider and approve or refuse to grant an approval for setting up of ICDs / CFSs.
- To attach to the approval such conditions as the Committee may consider necessary.
- To suspend or revoke the aforesaid approval
 - (a) on breach of any conditions attached thereto;
 - (b) If it is satisfied that the continuance of the ICD/CFS would be prejudicial to public interest; or
 - (c) If the ICD/CFS enterprise is convicted of an offence under the provisions of any Act, in force.

5.8 Basic Requirements

- A prior survey / feasibility study must precede the setting up of ICD/CFS for sound economic justification.
 - a copy of the study accompanies each application.
 - a minimum critical mass a necessity (indicative norms):
 - for ICD: 6000TEU/year (Two Way)
 - for CFS: 1000 TEU/year (Two way)
- One hectare land for CFS and Four Hectare for ICD.(However, a proposal could also be considered having less area on consideration of technological up-gradation and other peculiar features justifying such a deviation)

5.8 Basic Requirements

contd...

- An attested / certified /notarized copy of sale deed or lease deed, duly registered in the concerned Sub Registrar's Office in respect of the proposed land in the name of company intending to set up ICD/CFS.
- Change of Land Use Certificate (CLU) from the concerned authority for non-agricultural use of land, in case the land is meant for agriculture purpose.
- An undertaking by the developer to Department of Commerce that the land is free from land acquisition proceedings as on the date of application.

5.9 Basic Requirements

contd...

- A separate work sheet indicating details of land measurement, including survey Nos etc. Survey numbers indicated in the undertaking regarding non-acquisition certificate and CLU certificate should match with the survey numbers mentioned in Tehsildar's certificate and sale/lease deed.
- Undertaking by the developer to Department of Commerce about the land being clear from all encumbrances etc.

5.10 Basic Requirements

contd...

- The facility should be economically viable and attractive to users.
- Availability of full train movement for rail.
- Minimum amount of traffic to transport operators, seaports, shipping lines, freight forwarders etc.
- Point of view of trade and users must be fully reflected in the study report.
- Tariff structure and costing should be worked out along with the feasibility study and should be provided along with the application.

5.11 Basic Requirements

contd...

- Operations should as far as possible be controlled through electronic mode on real time basis.
- A copy of Memorandum of Association and details of Directors in Form-32.7.



5.12 Basic Requirements

contd...

- For rail linked ICDs/CFSs, a separate application as per Railways policy for setting up of rail siding should be submitted to concerned Zonal Railway.
 - **Container Terminal** by licensed Container Train Operators governed by Model Concession Agreement (MCA).
 - **Private Freight Terminal (PFT)** by other Private companies under PFT policy.

6. Legal and liability framework:

– **Customs Act, 1962**

- Sec 7(aa) – appointment of ICD
- Sec 8(a) – Area under customs regulation
- Sec 45(3) – Appointment of custodian
- Posting of Customs officers on cost recovery basis
- Conditions to be fulfilled by an applicant for custody and handling of EX-IM goods in a customs area.

– **Multimodal Transportation of Goods Act, 1993**

- Registration a must for commencing business in multimodal transport (shipping or freight forwarding in India or Abroad- with certain minimum turn over)
- Must have offices or agents or representatives in not less than two other countries.
- MTO responsible for loss or damage of consignment, claims time-barred after 9 months of delivery of goods
- Single document of carriage – for inland transportation with clear liability and quick claim settlement terms.
- Issuance of through bill of lading by shipping lines, assuming full liability of shipments.

– **Motor Vehicles Act**

7. IDEAL INFRASTRUCTURE AT ICD/CFS

MUST HAVE THE FOLLOWING FACILITIES -

- Office building for ICD, Customs office, user agencies (shipping lines/ agents)
- Container stacking area
- Standard pavement for heavy duty equipment
- Warehouse – separate for Exports and Imports and long term storage of bonded cargo
- Gate complex with separate entry and exit and deployment of security personnel.
- Adequate parking space for vehicles awaiting entry to the terminal
- Boundary wall as per Customs specs
- Internal roads for service and circulating areas.
- Electronic weighbridge
- Amenities- Telephone/ Fax/ Computer/ Canteen/ Wash rooms/ Drinking water/ Drainage/ Sewerage
- Computerized processing of documents with capability of being linked to EDI
- Modern handling equipment for loading/unloading of containers onto/from rail flats and trailers and for stuffing and destuffing of containers.
 - lift truck, front end loader, side loader or reachstacker, straddle carrier, rail mounted yard gantry crane, Rubber tyred yard gantry crane, fork lifts etc.

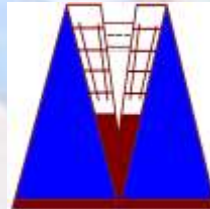
7. IDEAL INFRASTRUCTURE AT ICD/CFS

- Transit operations by rail/road to and from servicing ports – fleet of trucks/ trailers for intra and inter carting.
- Consolidation and disaggregation of LCL cargo.
- Reworking of containers.
- Maintenance, survey and repair of container units (fumigation)
- Rail track, rolling stock as per extant Railway rules applicable to private sidings (cost of railway staff to be borne)
- Upto date inventory control and tracking system to locate containers and cargo
- Flood light/ high mast towers for security
- Fire fighting equipment
- Reefer plug points
- Provision for EDI system

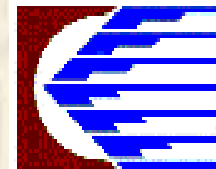
INDO-NEPAL TRADE THROUGH THE BIRGUNJ DRY PORT



INDIAN RAILWAYS



HTPL



कॉनकोर
CONCOR

INDO NEPAL TRADE RELATED AGREEMENTS

TREATY OF TRANSIT

- *Nepal as a land-locked country needs freedom of transit, including permanent access to and from the sea, to promote its international trade. Recognizing the need to facilitate the traffic -in-transit through their territories, India and Nepal have this treaty in place.*
- *Traffic -in-transit shall be exempt from customs duties and from all transit duties or other charges, except reasonable charges for transportation and such other charges*
- *Warehouse facilities for storage of traffic in transit awaiting customs clearance*
- *Identified routes for movement.*

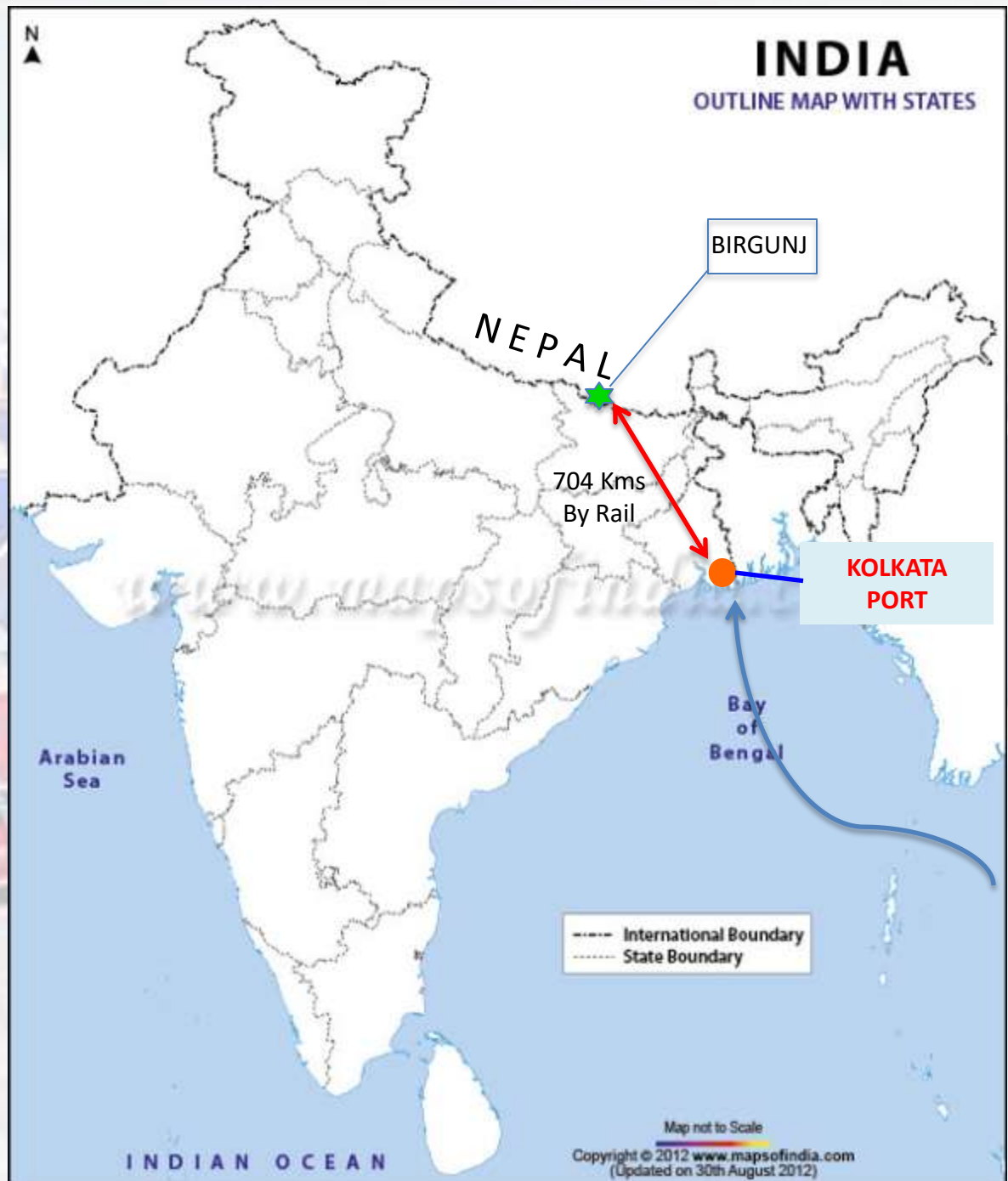
TREATY OF TRADE

- *Facilitate cross-border flow of trade through simplification, standardization and harmonization of customs, transport and other trade related procedures and development of border infrastructure; undertake measures to reduce or eliminate nontariff and other barriers that impede promotion of **bilateral trade**.*

✓ RAIL SERVICES AGREEMENT

- *Agreement for operating and managing the rail services between Calcutta/Haldia Ports in India and Birgunj in Nepal via Raxaul in India for transit traffic and between stations on Indian Railways and Birgunj via Raxaul for bilateral traffic*

- NEPAL – a land locked country
- CONTAINER IMPORTS – arrive mostly from the Far East and China into Kolkata Port
- On landing at Kolkata Port, CHAs deal with all Customs clearances on behalf of importers in Nepal
- Container rail flat rakes are placed by CONCOR for loading of customs cleared containers in the NS Docks against Transshipment Permits issued by Customs.
- Since these are 3rd country transit containers, the rail movement from Kolkata to the Birgunj Dry Port is through a transit bond/BG executed by CONCOR with customs.



HIMALAYAN TERMINALS PRIVATE LTD.

- Only one broad gauge rail link between Raxaul (India) and Birgunj (Nepal) is operational between India and Nepal
- **RAIL SERVICES AGREEMENT** between **MoCS**, Govt. of Nepal and **MoR**, Govt. of India.
- The ICD at Birgunj will be operated and managed by a **Terminal Management Company (TMC)** which would either be a Nepalese company or an Indian company or an Indo-Nepal Joint Venture Company to be selected through competitive bidding.
- In case an Indian company is selected, it will be required to select a Nepalese Joint Venture partner and register in accordance with Nepalese laws before signing of the lease Agreement.
- **Himalayan Terminals Private Limited (HTPL)** was formed as a Joint-Venture company in **July 2004** as the TMC by the following companies as a Public Private Partnership venture.
- **Container Corporation of India Limited** (60% shareholding) – Indian Govt. PSU
- **Interstate Multimodal Transport Private Limited** (20% shareholding) – Nepalese Pvt. Ltd. Company
- **Nepal Transit and Warehousing Company** (20% shareholding) – Nepalese Govt. Company
- **Transworld India Limited** (20% Shareholding) – Indian Company
- The TMC will work in accordance with the provisions of the RSA

HTPL has been operating and managing the Dry Port efficiently right since its inception.

AERIAL VIEW OF THE DRY PORT, BIRGUNJ (NEPAL)



Adm Building

Rail line for handling container trains (L-1)

Rail line for handling bagged cargo (L-5)

Custom bonded warehouse (CFS)

Container Handling Yard
5 line rail yard
Break bulk warehouse

Crane repair shed

Rail line for handling bulk cargo (L-6)

Rail line to Raxaul (India)

Spread over 38 hectares

STREAMS OF TRAFFIC

- Transit traffic originating at countries other than India and passing through Calcutta/Haldia port in India and destined to Birgunj;
- Transit traffic originating at Birgunj and destined to countries other than India passing through the route connecting Calcutta/Haldia and Raxaul;
- Bilateral traffic originating at stations on Indian Railways and destined to Birgunj;
- Bilateral traffic originating at Birgunj and destined to stations on Indian Railways.

CONTAINER TRAFFIC HANDLED AT THE DRY PORT

Year	Nos. of trains handled	Imports (in TEUs)	Exports (in TEUs)
2004-05	85	5651	81
2005-06	140	9699	64
2006-07	162	12109	247
2007-08	160	13783	482
2008-09	191	16076	852
2009-10	200	17090	555
2010-11	224	19816	617
2011-12	225	20102	641
2012-13	218	19644	748

Utilization of train capacity at this dry port in terms of container slots filled in rail flats has varied from 74% at the beginning in 2004-2005 to 100% in 2012-13

BREAK BULK/BULK TRAFFIC EXPORT –

	IMPORTS		EXPORTS	
Year	No. of trains	Weight (MT)	Nos. of trains	Weight (MT)
2004-05	0	0	1	2300
2005-06	15	31399	0	0
2006-07	20	46225	61	142550
2007-08	7	16318	64	158872
2008-09	14	35846	78	201257
2009-10	88	212650	0	0
2010-11	139	354040	0	0
2011-12	146	362276	0	0

Benefits from ICD-BGJ

- Reduction in transportation cost vis a vis Road.
- Nil pilferage/ theft in container movement.
- Facility for part delivery of consignment.
- Round the clock services for container handling.
- Reduction in detention and hence reduced demurrage charge payment to Shipping lines .
- One stop shop for distribution thus eliminating double handling of cargo.
- Bi lateral traffic movement from/to from any Indian Railway station in train loads.

SNAPSHOTS



Holding Capacity 1568 TEUS Ground slot



CFS Bonded Warehouse 203 X 38.5 Mtrs



Customs checking inside warehouse

SNAPSHOTS



WAREHOUSE FOR BREAK BULK CARGO

10733 sq.mt (405 X 26.5) covered shed for break bulk bagged consignment



← Inside view

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TRUCK PARKING AREA



250 trucks/trailers can be parked at a time

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ICD BIRGUNJ CUSTOM OFFICE/BANK/VISITORS AREA



Customs Office



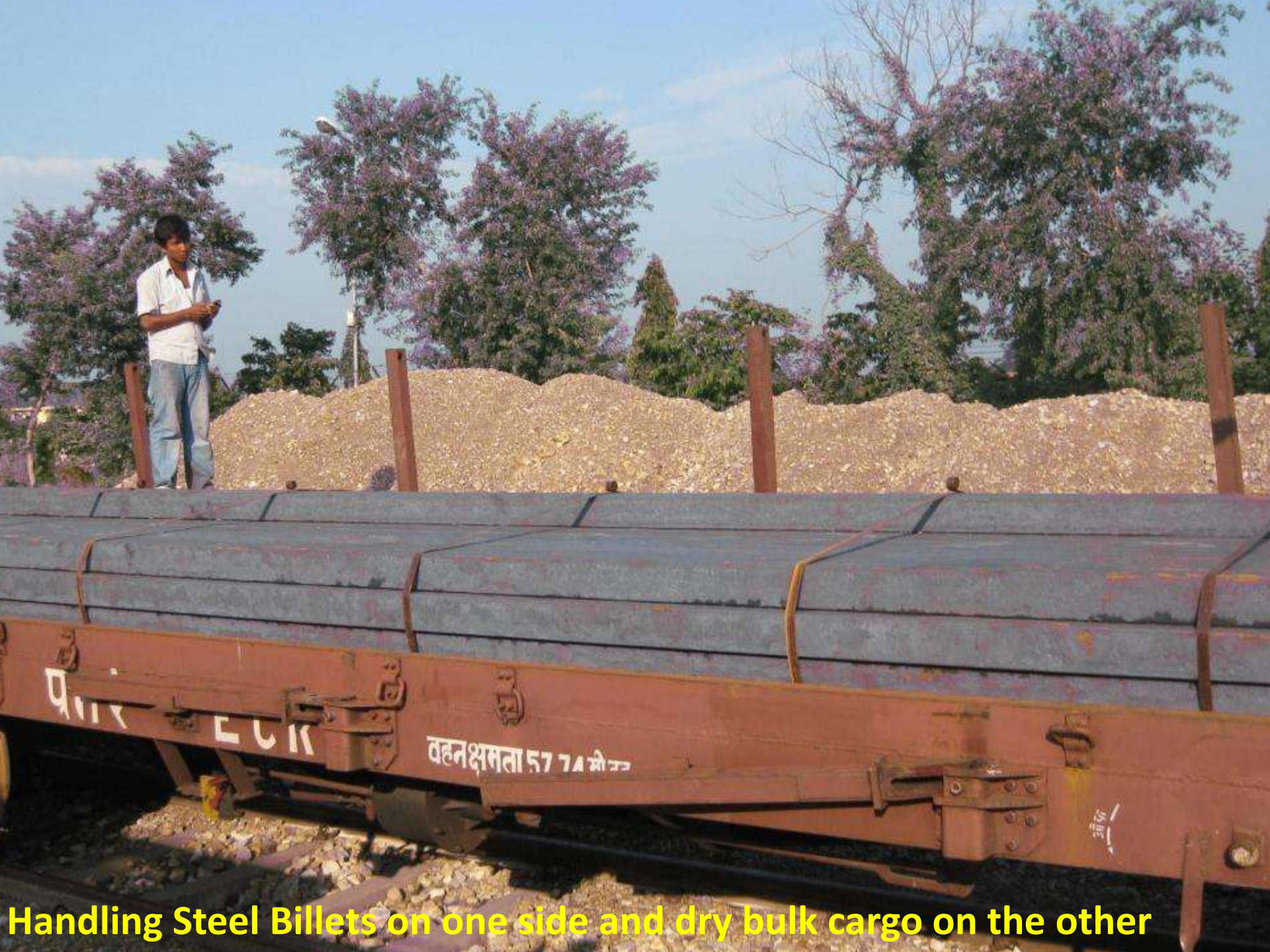
Visitors Area



BANK



L. No.6



Handling Steel Billets on one side and dry bulk cargo on the other





100 t electronic weigh bridge

A GREEN Dry Port





THANK YOU