

## FOREWORD

Inland Water Transport (IWT) is an economic, fuel-efficient and environment friendly mode of transport. India has an extensive network of rivers, lakes and canals which, if developed for shipping and navigation, can provide an efficient network of inland transportation. An optimal mix of road, rail and inland water transport will provide an efficient transport infrastructure with mobility, flexibility and cost effectiveness. While the thrust so far has been in developing road and rail sectors, Government recognizes the need to actively promote the IWT sector for it to take a reasonable share in the inter-modal mix of inland transport.

The Inland Waterways Authority of India Act, 1985 empowers the Government to declare waterways with potential for development of shipping and navigation as National Waterways and develop such waterways for efficient shipping and navigation. So far, waterways namely, the Ganga, the Brahmaputra and the West Coast Canal have been declared as National Waterways and are being developed for shipping and navigation by the Central Government.

The revival plan of Inland Water Transport would include increasing the coverage of National Waterways and provision of necessary infrastructure for shipping and navigation and in augmenting the IWT fleet. While there would be a need for budgetary support for the development of the IWT sector, equally important would be a large-scale private sector participation both for creation of infrastructure and for fleet operations.

The IWT strategy aims at generating a more pro-active role by various agencies for the development of this sector. It has now been decided to enlarge the scope of the role of the Government as a provider, facilitator and regulator and, at the same time, offer various concessions to the private sector for their effective participation by way of investment for creation of enhanced IWT infrastructure and fleet operations.

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ARUN JAITLEY

MINISTER

LAW, JUSTICE & COMPANY

AFFAIRS AND SHIPPING

GOVERNMENT OF INDIA

## **Introduction**

1. *Inland water transport (IWT) is an energy efficient and cheaper mode of transport for bulk commodities, especially those originating and terminating on the water fronts. It is environment friendly and has high employment potential. However, at present it forms a very small part of the total transport network. In terms of tonne kilometres of total inland cargo, its share is less than 1 per cent. Cargo transportation in an organised manner takes place now mostly on the three National Waterways(NW) and in the States of Assam, Goa, Kerala and West Bengal. The annual cargo moved by IWT is about 16 to 18 million tonnes corresponding to about 1.5 billion tonne kms. of the total inland cargo of about 900 to 1000 billion tonne kms, the balance being served by road and rail.*
2. *India has navigable waterways aggregating to about 14,500 kms. of which about 5,200 kms. of major rivers and 485 kms. of canals are suitable for operation of mechanized crafts. Most of the waterways suffer from navigational hazards like shallow waters and narrow width of the channel during dry weather, siltation, bank erosion, absence of infrastructure facilities like terminals and inadequacy of navigational aids. The existing availability of vessels for IWT in the public and private sectors put together is less than 400 vessels including tankers, bulk carriers, dumb barges and other vessels of average capacity of 600 tonnes.*
3. *The thrust of efforts by the government is to develop waterways for navigation with the necessary infrastructure such as fairway, terminals, navigational aids and fleet so that the IWT mode becomes competitive and can attract cargo dictated by market forces.*

## *Ninth Plan Thrust Areas and Strategy*

4. *The Ninth Five Year Plan document states as follows:-*

- *The potential of cargo movement by the declared National Waterways and other waterways is estimated to be 50 billion tonne kms., compared to the current level of less than one billion tonne kms. Considering the potential role and significance of IWT, it was recognised that a substantial step-up in the traffic is necessary in the Ninth Plan, so that the IWT sector will be able to launch itself as a future alternative mode of environment-friendly transport system in the sectors identified for its growth. It is estimated that a shift of one billion tonne kms to IWT will reduce the fuel cost by about Rs. 25 crore and the cost of transportation by about Rs. 45 crore.*
  
- *Keeping in view the constraints facing IWT and recognising its potential for growth, the thrust will be to make IWT as an acceptable mode of transportation. The basic requirements identified are: reduction in cost and time of transportation and enhancement of safety and reliability of the cargo. To achieve this, fairway, fleet, terminals and navigational aids are pre-requisites and unless these facilities are provided, IWT will not be able to offer its inherent advantages in terms of cost of transportation and fuel saving.*
  
- *To achieve a substantial step-up in traffic in the Ninth Plan the thrust should be on the creation of infrastructure in the form of fairways with adequate depth and width besides the setting up of terminals and navigational aids. At the same time, there is a need to augment the IWT fleet by suitable type of vessels and ensure adequate cargo support. The objective of developing IWT as an important mode of transport cannot be achieved only through the provision of budgetary support to the State enterprises. The private sector has to play a crucial role in the development of the sector. The private sector may be involved not only with ownership and operation of vessels for cargo and passengers but also with the construction and operation of terminals and river ports, the provision and operation of mechanized cargo handling system, fairway development including dredging, provision and maintenance of navigational facilities and provision of pilotage services. In order to*

attract the private sector for development of this mode, suitable fiscal incentives as well as measures aimed at providing cargo support need to be considered. The Inland Waterways Authority of India (IWAI) is the nodal agency for the development of the navigational infrastructure in the National Waterways.

- Considering the huge requirements of investible funds, there is also a need for taking suitable policy initiatives to channelise the funds for identified user agencies. It was accepted in the Ninth Plan that efforts will be made for pooling the resources through captive users such as public sector undertakings dealing with oil, coal, fertilisers and cement. These agencies will be encouraged to make liberal investment in IWT sector either as soft loan or as capital investment which would be recoverable either directly or indirectly over a period of time.
- Another important avenue to be explored as a source of funding for the IWT projects would be the external resources. Investment in potential waterways as turn-key package with external assistance may be explored as part of privatisation.
- Efforts will be made to strengthen the activities of Central Inland Water Transport Corporation Ltd (CIWTC) through its fleet acquisition programme to facilitate movement of cargo through mechanised cargo-vessels. Its performance specially in terms of fleet capacity utilisation needs urgent improvement.
- Modernisation of waterways needs to be planned to facilitate 24-hour navigation in the inland waterways. To meet this goal, a number of lighted buoys are to be provided along the entire water route. Possibilities will be explored for private participation in the provision of turn key project for the supply, installation and maintenance of lighted buoys.
- Special emphasis would be laid on the development of inland water transport facilities in the North-Eastern region. The main bulk commodities, which can be considered suitable for inland water transport movement are coal, POL, foodgrains, limestone and dolomite, etc. The development of inland water transport facilities in the North-Eastern region would ensure cost effective transportation of the above mentioned commodities.

- In the past, there have been delays in the formulation and execution of the schemes/projects on account of organizational constraints. Accordingly, human resource development is also essential if the Plan objectives are to be achieved. With the objective of making IWT economically viable and self-sustaining, a massive increase in its outlay has been suggested.
- Interlinking waterways and ports with coastal shipping holds good prospects in respect of several river systems in India. For instance, Ganga-Brahmaputra-Sunderbans river system has the potential to be integrated with Haldia-Kolkata ports, the Brahmani-Mahanadi river system with Paradip port, Krishna-Godavari-Buckingham Canal with Chennai Port, West Coast Canal with Cochin Port and the Mandovi-Zuari-Cumberjua Waterways with Mormugao Port. The development and connectivity of these waterways with the ports will not only ensure development of the entire hinterland but will also help in relieving the pressure on the other already congested modes of transportation.
- Due to the nascent stage of development of the IWT sector, Research & Development has to play a crucial role in the development on this sector. Design of low-cost and shallow-draft vessel and introduction of navigational aids are important factors for improving the economics of IWT. In view of this, during the Ninth Plan, an R&D Cell will be set up in IWAI to act as a nodal agency to coordinate the R&D activities required to be carried out in this sector.
- Being labour-intensive in nature, the IWT sector has the potential for creating employment generation to many categories of personnel for river conservancy and river-development activities, operation and maintenance of terminals and in particular, for manning the inland vessels.
- The requirement of trained manpower in the IWT sector can be classified into two groups. The first category would consist of professionals in various fields, like hydrography, navigation, civil engineering, mechanical engineering, naval architecture and transport economics for the development and management of the waterways and operation of various supporting infrastructural facilities. The second category of

personnel would be required for operational purposes to man the inland vessels.

- For building up trained and skilled manpower for IWT operations, the augmentation of Human development programme will be accorded priority and the setting up of a National Inland Navigation Institute, Regional Navigational Institutes and Regional Crew Training Centres will be considered during the Ninth Plan.
- The safety record of inland water transport is not very encouraging. The various factors such as navigation aids, etc. suggested earlier for the development of inland water transport would help in improving the safety of inland water transport operations.

#### **Measures taken so far to develop IWT.**

5. The problems of Inland Water Transport were studied in the past by several Committees. These Committees considered the difficulties and problems of river transport and made various suggestions and recommendations for improvement of the declining IWT system. As a follow-up action, Inland Waterways Authority of India (IWAI) was set up in 1986 under the IWAI Act, 1985 for the regulation and development of Inland Waterways in the country. The Authority has been given financial powers to sanction schemes involving capital expenditure up to Rs.15 crores.
6. Three important Waterways have been declared as National Waterways, viz, Ganga-Bhagirathi-Hooghly River System from Allahabad to Haldia (1620 kms. - in UP, Bihar, Jharkhand and West Bengal) as National Waterway No.1; River Brahmaputra from Dhubri to Sadiya (891 kms. in Assam) as National Waterway No.2 and the West Coast Canal from Kottapuram to Kollam along with Champakara and Udyogmandal Canals (205 kms - in Kerala) as National Waterway No.3.
7. Various developmental activities as a part of continuing efforts to improve inland water transport system are being carried out on these National Waterways.

- o In National Waterway No.1, navigable depth of 2 metres is maintained throughout the year on the stretch from Haldia to Farakka ( 560 kms.) and from Farakka to Patna (460 kms) for about 330 days in a year.
- Permanent terminal facilities exist at Kolkata, Pakur and Farakka.
- Floating terminal facilities are available at Haldia, Kolkata, Karagola, Bhagalpur, Munger, Patna, Ballia and Allahabad.
- Night navigation facilities being provided in the Kolkata- Farakka stretch
  - o In National Waterway No.2, depth of 2 metres is maintained between Dhubri and Pandu (260 kms.) for about 330 days a year.
- The Waterway route from Calcutta to Guwahati (Pandu) covering about 1500 kms. is navigable round the year with 1.8 metre draft vessels.
- Provision of night navigational facilities between Dhubri and Guwahati is under implementation.
- Floating terminal facilities have been provided at Dhubri, Jogighopa, Pandu, Tezpur and Neamati.
- Warehousing facility is available at Pandu Terminal.
  - o In National Waterway No.3, capital dredging is in progress after completion of which depth can be maintained by nominal maintenance dredging

- *Terminals exist at Kochi, Edapallikotta, Ambalamugal and Udyogamandal which are owned and operated by bulk cargo owners.*
- *11 terminals at various locations are to be constructed by IWAI through CPWD.*
- *Inland Water Transport has been accorded the status of infrastructure under Section 80 IA of Income Tax Act so as to enable it to avail itself of concessions applicable to other infrastructure sector.*
- *For ensuring planned development of IWT sector, an outlay of Rs.408 crores has been provided for the 9th Plan Period.*
- *The Central Inland Water Transport Corporation, Kolkata, a public sector undertaking set up in 1967 is the principal inland water operator, undertaking the following activities:*
- *Transportation by inland waterways from Kolkata to Bangladesh and to Assam and lighterage operations in the river Hooghly.*
- *Transportation from Calcutta to Allahabad.*
- *Construction and repair of small and medium sized vessels.*
- *Repairs of ocean-going vessels.*

- o A Loan Interest Subsidy Scheme for acquisition of new inland vessels at a subsidized interest rate of 5.5% from commercial banks and financial institutions was in operation from 1983 till the beginning of 2001.
- o Recognising the role of state governments in developing waterways to meet requirements of transportation, various projects are assisted on a 50:50 basis under a Centrally Sponsored Scheme.
- o The Indo-Bangladesh Protocol on IWT renewed for the period up to 3rd October 2001 provides for inter country and intra country cargo movement along the transit route. The transit routes under the Protocol are Kolkata - Pandu - Kolkata, Kolkata - Karimganj - Calcutta, Karimganj - Pandu - Karimganj and Rajshahi - Dhulian - Rajshahi. The four ports of call in each country for inter country trade are; Kolkata, Haldia, Karimganj and Pandu in India and Narayanganj, Khulna, Mongla and Sirajganj in Bangladesh.
- o Work on setting up a National Inland Water Institute in Patna for training manpower is in progress.
- o Details of other waterways under consideration to be developed as national waterways are:
  - The Sunderbans (West Bengal) - 191 kms.
  - The Kakinada - Mercauram canals system integrated with Godavari & Krishna rivers - 1121 kms.
  - East Coast Canal system integrated with Brahmani river system - 623 kms.

- DVC Canal - 136 kms
- Barak river - 140 kms
- Extension of National Waterway No.3 - 459 kms

*Hydrographic surveys and techno economic feasibility studies for establishing the potential and viability of these Waterways have been carried out.*

### ***Further Policy support for accelerated IWT growth***

#### **I. IWA to raise bonds**

*Inland Waterways Authority of India (IWA) is being authorized to raise bonds to enable IWA to borrow from the market and mobilize funds, as provided for in other infrastructure sectors. The exact nature of the bonds is to be decided in consultation with the concerned Ministries on annual basis.*

#### **II. Joint Venture by IWA**

*It has been decided to enlarge the role of IWA to enter into commercial/joint ventures to encourage investment in this sector, subject to financial exposure of the Government being limited to equity participation. Additional concessions in the form of grants, subsidies and other expenditure for development of infrastructure will not be within the scope of the joint venture projects.*

#### **III. Equity participation by Govt. in BOT Projects**

*In-principle approval has been given to the policy guidelines for private sector participation subject to the equity participation of Government/IWA Limited to ceiling of 40% for BOT project being worked out on case-to-case basis, subject to details of plan scheme for the purpose being finalized in consultation with Planning Commission. Such participation will be for areas like fairway development and maintenance, construction and operation of terminals, provision and operation of mechanized cargo handling systems, storage facilities, provision of navigational aids, pilotage projects and setting*

up and running of IWT training institutions. Guidelines for private investment in IWT Sector are given at Annexure-I.

**IV. Tax exemption similar to National Highways**

Grant of 100% tax exemption to investors in this sector for five years and further 30% tax exemption permissible under the Income Tax Act to be availed of in the next five years within a period of 15 years as in the case of National Highways so as to enable this sector to develop.

**V. Enhancement in depreciation rate for inland vessels**

The rate of depreciation for all vessels ordinarily operating on Inland Waterways will be fixed on a par with the rate of depreciation applicable to ocean going vessels, from time to time.

**VI. Vessel Building Subsidy of 30%**

With a view to encouraging IWT fleet expansion, a scheme will be operationalised providing for vessel building subsidy of 30% for ship owners for inland vessels built in Indian shipyards. For the purpose of vessel building subsidy scheme, ♦ inland vessel♦ means, a vessel registered under Inland Vessels Act, 1917. The present Loan Interest Subsidy Scheme has been discontinued with effect from 9th January 2001. Ministry of Shipping will formulate a comprehensive vessel building subsidy scheme in consultation with the Ministry of Finance.

**VII. Customs Duty concessions.**

In-principle approval has been given for levying minimum customs duty on imported equipment and machinery for the development of inland waterways to be identified by IWAI. A list of such equipment/machinery items will be submitted by the Ministry of Shipping to the Ministry of Finance in advance so as to facilitate levying of minimum custom duty.

ANNEXURE-I

**GUIDELINES FOR PRIVATE INVESTMENT IN  
IWT SECTOR**

1. India has a highly developed railways and roads network of considerable size and capacity for transportation of goods & passengers. However, in spite of a strong case for development of inland water transport, this sector has remained neglected. Inland Water Transport is operationally cheaper, high in

*fuel efficiency and environment friendly. It has a vast potential to act as an alternate and supplementary mode of transportation in certain conditions.*

2. *The development of infrastructure and services in the IWT sector needs mobilisation of substantial resources to improve the efficiency and quality of services. The IWT sector has been thrown open to private sector participation in consonance with the general policy of liberalization of economy of India. It is expected that private sector participation in the development of infrastructure and services in the IWT sector would result in reducing gestation period for setting up of the new facilities and services and bring the latest technology and improved management techniques.*

### **3. AREAS OF PRIVATE PARTICIPATION**

*The areas of private sector participation identified by Government are listed below:-*

- a. *Ownership and operation of vessels for cargo and passengers*
- b. *Fairway development and maintenance*
- c. *Construction and operation of river terminals or river ports*
- d. *Provision and operation of mechanised cargo-handling systems*
- e. *Putting up and maintenance of navigational aids*
- f. *Provision of pilotage services*
- g. *Setting up and running of IWT training institutions.*

### **4. DEMAND SCENARIO**

*Three major waterways have been declared National Waterways; the Ganga from Haldia to Allahabad (1620 kms), the Brahmaputra from Dhubri to Sadiya (891 kms) and the West Coast Canal from Kottapuram to Kollam (205 kms). Techno-Economic studies have been conducted on many new waterways such as the Godavari, Krishna, Buckingham Canal System from Kakinada to Marcanum, the Sunderbans, Goa rivers, Brahmani & East Coast Canal from Talcher to Paradip & Haldia, the DVC Canal, Barak river etc. which have potential for immediate development. The 9th Plan provision for the IWT sector is Rs. 408 Cr. which would be used for creation of necessary IWT infrastructure in the National Waterways. The goal set for the 9th Plan is a growth of IWT to capture 20 billion tonne-kms of the cargo which would be about 2% of the total inland cargo, a modest target compared to the status of IWT in other countries like USA, Europe, China where the private participation in IWT has resulted in substantial share of cargo by IWT varying*

from 8-20 percent. The inland waterways in India also offer ample scope for development and with the anticipated growth in Industry and the demand for transport infrastructure a shift in mode to IWT dictated by market forces has become inevitable. The identified cargo projections in various waterways by 2005 are given below:

Sl.No.	Waterways	Average Lead (Km)	Cargo in Mn. Tonne(in Bn. Tonne Km.)		
			1996-97	1999-2000	2004-2005
1.	National Waterways No. 1	900	9.2(8.28)	13.6(12.24)	16(14.40)
2.	National Waterways No. 2	1535	2.3(3.53)	3.2(4.912)	4.4(6.754)
3.	National Waterways No. 3	103	2.5(0.257)	3.4(0.35)	4.2(0.432)
4.	Sunderbans & Barak	1400	1.3(1.82)	1.8(2.52)	2(2.80)
5.	Goa Water Ways	75	15(1.125)	15(1.125)	15(1.125)
6.	Godavari & DCS	150	0.4(0.06)	0.53(0.08)	0.9(0.135)
7.	Kakinada-Chennai Canal	200	1.27(0.254)	1.58(0.136)	2(0.4)
8.	Krishna River	100	0.44(0.044)	0.45(0.045)	0.45(0.045)
9.	East Coast Canal with Brahmani river	300	15.87(4.761)	26.1(7.83)	33.62(10.086)
10.	Mumbai IWT	200	14(2.80)	16(3.20)	18(3.60)
11.	Narmada & Tapti rivers	400	16(6.40)	21.6(8.64)	25(10.00)
12.	Damodar Valley Corpn. Canal(DCV Canal)	80	2.6(0.21)	3.2(0.26)	4(0.32)
	Total Million Tonne (Billion-Tonne-Km)		80.88(29.541)	106.46(41.338)	125.57(50.097)

NOTE: The figures mentioned are rough estimates only.

5. *A target of 20 billion tonne-kms would require about 2000 inland cargo vessels, about 30,000 trained crew, a number of terminals with intermodal linkages and warehouse/mechanical loading facilities and above all a well developed/maintained fairway. For this there is a need for small, medium and large companies and individuals to invest in various fields of IWT.*

## **6. LEGAL FRAMEWORK**

### ***I.V Act 1917***

- *I.V. Act 1917 provides for the State Governments to frame Rules regarding the survey and registration of Inland Mechanically propelled vessels. Any Indian National can own and operate the vessel anywhere in the country if registered under the I.V. Act.*
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## **7. IWAI Act 1985**

- *Section 12 of the IWAI Act 1985 empowers the Inland Waterways Authority to enter into and perform any contract necessary for the discharge of its functions under the Act.*
- *Section 14 of the IWAI Act empowers the Authority to provide or permit setting up of infrastructure facilities for national waterways.*
- *Section 17 of the IWAI Act provides for the Authority, with the previous approval of the Central Govt. to levy fees and charges at such rates as may be laid down by regulations made in this behalf for services or benefits rendered in relation to the use of the National Waterways for the purposes of shipping, navigation infrastructural facilities including facilities relating to the berthing of vessels, loading of cargo and storage of cargo. The fees and charges levied shall be collected in such manner as may be determined by regulation. ("Regulations" means regulations made by the Authority under the IWAI Act, 1985).*
- *Section 19 (1) (c) provides for crediting to the "IWAI Fund" all sums received by the Authority from such other sources as may be decided upon by the Central Govt.*

## **8. POLICY MAKING BODY**

*All Policy matters relating to National Waterways are decided by the Ministry of Shipping under the advice of the IWAI. Reference to Government in these guidelines shall generally mean the Ministry of Shipping.*

## **9. IDENTIFICATION OF PROJECTS**

The following principles will generally be observed in identification of IWT projects for being taken up with private investment either under a joint venture with IWAI or any of its subsidiary organisations or under permission from IWAI without its participation:

- I. The project shows a positive financial and economic internal rate of return (FIRR/EIRR)
- II. Projects of national importance which may have a low FIRR but high EIRR may also be considered.
- III. Priority would be given to projects satisfying any of the following criteria:-
  - Inter-state waterways
  - Port- hinterland connection
  - Strategically important
  - Connecting places not adequately served by other modes
  - Waterway based recreation activity projects
  -

#### **10. GOVERNMENT SUPPORT**

- I. The Government / IWAI will carry out a pre-feasibility study of the project identified for private investment and results of such studies would be provided to the prospective investors at a nominal cost and such details would be published in the National Newspapers for wide publicity.
- II. A Detailed Project Report (DPR) will also be prepared by the IWAI which will form part of the tender document. Cost of the DPR study will be recovered from the successful bidder.
- III. IWAI will also acquire the land wherever required for creation of facilities and hand over to the party on lease.
- IV. IWAI will assist the enterprise in obtaining environment clearance of the project.
- V. Option for IWAI to have equity participation upto 40% of the project cost on case to case basis.
- VI. Govt. support for facilitating long term cargo assurance.
- VII. In order to reduce capital cost of the vessel a vessel building subsidy up to 30% would be provided to the prospective ship owners.

#### **11. TAX / FISCAL CONCESSIONS**

- I. Concession under Section-33 and 33 AC of the IT Act 1986 to be applicable to the inland vessels as applicable to the sea going ships.

- II. Rate of depreciation of 25% applicable for inland vessels at par with sea going ships.
- III. Concessions under Section 80 IA-12(CA) of the IT Act 1996 would be available for investment in IWT infrastructure.
- IV. Govt. would permit duty free import of plants, equipment and machinery for development of inland waterways. (Certification to be provided by IWAI).

## **12. FOREIGN INVESTMENT**

Government has decided to permit automatically Foreign Direct Investment upto 100% equity for infrastructure sector. This would be applicable to IWT infrastructure.

## **13. CONCESSION PERIOD**

The concession period comprises of (i) the construction period which will be project specific and (ii) the period during which the enterprise is permitted to levy fee and is liable for maintaining the facility which will be determined on competitive bidding basis and may be upto 30 years. The concession period may be extended suitably, to cover any default of the Government in fulfilling its obligations.

## **14. PROJECT CONSTRUCTION**

In projects involving construction, the enterprise is to complete the project within the period specified for construction, conforming to the standards and specifications prescribed in the permission given under IWAI Act or the agreement. Any delay in completion of the project will be to the account of the enterprise, unless such delay can be directly attributed to the Government and / or Implementation Agency's. Delays occurring on account of Government / Implementing Agency would entitle the Enterprise to an appropriate extension in the construction period, and / or to such other compensation as the bidding conditions may specify.

## **15. HANDING OVER LAND TO ENTERPRISE**

The land meant for construction of facilities will be given to the enterprise on lease for the concession period. Any expenditure on stamp duty etc. incurred on documentation for lease of the land will be borne by the enterprise. The lease for the land will be suitably extended in the event the concession period is extended for any reason. The enterprise will not be permitted to sub-lease the land to any one.

## **16. BID SECURITY**

- a) *Bids for the projects will be accompanied by a bid security bond which will be of an amount equal to 1% of the project cost as determined in the feasibility study.*
- b) *In cases where leasing of Government or IWAI's land or property is involved, the successful enterprise will be required to furnish an additional security of an amount equal to 3% of the cost of project as indicated in the feasibility study. Such Bond would be discharged after 50% of the works have been completed.*

## **17. REVOCATION OF PERMISSION**

*The IWAI may revoke the permission for setting up an infrastructure facility by an enterprise in the following events:*

- a) *Failure to complete construction work in time without proper justification.*
- b) *Indulging in activities which may be detrimental to the waterway or hazardous to the life and property of the users of the waterway.*
- c) *Indulging in any undesirable or illegal activity by using the facility.*

## **18. PROJECT COMPONENTS**

- I. *Joint venture partnership for IWT Shipping companies.*
- II. *Joint venture for setting up of IWT training facilities.*
- III. *Construction & operation of IWT terminals.*
- IV. *Construction & operation of warehousing facilities.*
- V. *Physical development of waterway and fairway maintenance.*
- VI. *Provision of navigational aids and pilotage.*

## **19. PROCEDURAL STAGES**

- I. *Feasibility study by IWAI*
- II. *Preparation of DPR by IWAI, cost to be recovered later from successful bidder.*
- III. *Finalisation of Bidding Documents by IWAI*
- IV. *Invitation of Bids*
- V. *Pre-bid conference*
- VI. *Evaluation of Bids*
- VII. *Award of Project*
- VIII. *Signing of the Agreement where applicable or issue of permission under IWAI Act.*

## **20. BIDDING DOCUMENTS**

- a) *The bidding Documents will, inter-alia, include the terms and conditions of the permission to be granted under the IWA Act.*
- b) *In the case where agreement is to be entered into it shall include rights and responsibilities of the parties, remedies, scope of project and its desc., standards and specifications, implementation schedule, operation and maintenance standards, issues relating to transfer of the project after the expiry of concession period, or after expiry of the extended period, as the case may be. The consequences of fore closure of the project by the enterprise, or termination of the agreement by Government will be brought out in the bidding documents. The preparation of bidding documents shall address to various risks of the project appropriately, by properly allocating them between the parties. The documents shall be got prepared by the Implementing Agency and given to the interested bidders at least one month before the closing date for submission of the bids, after due approval of the documents by the Government.*

## **21. INVITATION OF BIDS**

*Bids will be received in two covers; one cover containing the technical proposal and the other containing the financial bid. The financial bid of only those bidders which meet the minimum technical standards (to be made known in advance) will be considered for further evaluation. The evaluation criteria will be stated clearly in the Bid documents.*

22. *The proposal for the projects will be evaluated keeping in view; inter-alia;*
  - a) *Experience of the enterprise in the field*
  - b) *Experience of the contractors / consultants*
  - c) *Capacity of the enterprise to raise funds from the market*
  - d) *Financial strength of the enterprise*
  - e) *Quality and adequacy of the organisational and institutional support proposed for implementation.*
23. *The Technical proposal for short-listing of the bidders will be evaluated and finalised by a Committee constituted by the IWA. Such evaluation will be based on the criteria indicated to the bidders while inviting their offers.*
24. *The period of validity of the bid will be as laid down in the bidding documents for specific project.*

25. The advertisements for inviting the bids for projects will be issued in at least two national English daily newspapers, two national Hindi newspapers, and at least one paper in regional language.

*In addition, the advertisement will also be issued in India Abroad.*

*The bids will be invited from domestic as well as international bidders.*

## **26. EVALUATION OF FINANCIAL BIDS**

*Evaluation of financial bids will be carried out in the principle of least cost to the user.*

## **27. AWARD OF THE CONCESSION**

*After evaluation of bids and approval of the award by the Government, a letter of acceptance of the bid will be issued by the IWAI in favour of the successful bidder. The letter of acceptance will inter-alia, specify the formalities to be completed by the successful bidder for signing of necessary documents.*

## **28. SIGNING OF AGREEMENT**

*The draft of the terms of permission granted under IWAI Act or agreement where applicable would be provided to the bidders prior to the bidding, which shall, inter-alia include the form of agreement. The agreement, where applicable shall be signed by the successful bidder and the IWAI on behalf of the Central Government. The document granting permission shall be signed by an authorised officer of the IWAI.*

## **29. EXCEPTIONAL CIRCUMSTANCES AND FORCE MAJEURE**

*In case of BOT projects, the financial liability of the Government would be limited, except in cases where the continued collection of fees / charges by the developer is frustrated by a change in policy of the Govt. or force majeure such as a law and order situation. Details of the force majeure clauses, that would be incorporated in the concession agreement would be finalised in consultation with Ministry of Finance, and with the help of experts / consultants. In principle, such clauses would be based on a few and balanced allocation of risks among the participants, reflecting the proposition that risks would be allocated to the entities that are best placed to manage them. It would also be necessary to strike a balance between the need to minimise*

Government's contingent liability on the one hand and providing acceptable levels of security and comfort to investors and tenderers on the other hand.

### **30. MANAGEMENT OF THE NATIONAL WATERWAYS STRETCH**

For the purpose of proper management of the National Waterway stretch built through private investment, the enterprise will have powers to regulate and control the traffic on the waterway stretch forming part of the agreement between the IWAI and the enterprise to the extent as determined by the IWAI

### **31. REGULATORY FRAMEWORK**

The IWAI will carry out the Regulatory functions. The upper limit of the user fee applicable for the initial years will be stipulated in the agreement together with the fee revision formula applicable for the subsequent years and appropriate upper limit of fees shall be notified by the Government from time to time. The enterprise will be free to charge less than such notified fee. The Implementation Agency will ensure that the waterway facility is available to all the users on equal terms and no user is charged more than the notified fee, or harassed in any manner or subject to any unfair or restrictive practices. The Implementation Agency will also ensure that the waterway facility is maintained to the proper standards. The Implementation Agency may carry out surprise and periodic checks, and for any default of the enterprise, suitable penalties on the defaulting enterprise may be imposed by the Implementation Agency, in accordance with the terms of the permission granted under the IWAI Act or the Concession Agreement as the case may be.

### **32. PROJECTION OF NATIONAL INTEREST**

The enterprises will be obliged to protect the national interests like national security whenever necessary and required. They will abide by various statutory requirements relating to protection of environment, safety etc. and also abide by the directives issued by the Government / Implementation Agency in this regard from time to time, in accordance with the provisions of the Concession Agreement or the laws in force.

#### **Contact Points**

For Policy related issues

For implementation

For vessel operation related

related issues and for  
assistance

matters in NW 1 and NW 2

Joint Secretary (Shipping  
and IWT) Ministry of  
Shipping 1, Transport  
Bhawan NEW DELHI-110  
001. Tel.No. 3710189, Fax  
3722855,  
email : [jss@hub.nic.in](mailto:jss@hub.nic.in)

Member (Technical) Inland  
Waterways Authority  
of India A-13, Sector-01  
Noida- 201 301 UTTAR  
PRADESH Tel.No.  
4543931, Fax 4544041,  
email :  
[iwainoi@hub.nic.in](mailto:iwainoi@hub.nic.in)

Chairman-cum-Managing  
Director Central Inland  
Water Transport  
Corporation 4, Fairlie  
Palace Kolkata -700 001.  
Tel.No. 033-2435718,  
Fax 033-2436164