



**PORT MANAGEMENT BOARD
ANDAMAN & NICOBAR ISLANDS**

Document No:

**Expression of Interest Document
for**

**“Establishment of Transshipment Port & Free Trade Warehousing Zone in Andaman
& Nicobar Islands”**

1. Project:

The Port Management Board, Andaman & Nicobar Islands, intend to develop a Container Transshipment Terminal (CTT) with Free Trade Warehousing Zone (FTWZ) in Andaman & Nicobar Islands on Public Private Partnership (PPP) mode and as part of considerations to start a process to grant a concession agreement through competitive bidding for the same, PMB is looking to obtain expressions of interest from all possible operators.

The EOI is expected to inter alia evaluate commercial viability and identify private developer with abilities to meet specific project requirements, check the willingness of the developers to invest in the proposed CTT project.

2. Background:

World over containers are being handled by a system of transshipment i.e. large container carriers are unloading the containers in a particular port (Transshipment Port) from where the containers are further shipped to the final destination ports by feeder vessels. Large container carriers (mother ships) with deep draft are unable to call on smaller ports and therefore, take equatorial shipping lines (East to West or vice versa) and call on such transshipment ports and leave the containers to be picked up by feeder vessels to the smaller ports.

Indian container terminals at JNP, Chennai, Kolkata and Cochin do not handle transshipment containers and handle containers with local O-D. Accordingly, they handle the country's requirements. The containers to Indian Sub Continent ports are therefore presently transhipped from Dubai, Colombo and Singapore. At present 65% of the 17,20,000 containers received at Singapore port are further transhipped to the ports in the Asian Region including Indian Ports.

The advantage of Colombo and Singapore for container traffic is their geographic locations adjacent to the equatorial shipping line stretching from Gulf/Red Sea to the South - East China Sea.

A look at the shipping routes for Asia-pacific & Atlantic Rim underlines the unique locational advantage that the Great Nicobar Islands possess. It is at nearest location embracing international sea route (East West Corridor) i.e.



Malacca Straits and onwards which links Japan, South Korea, Hong-Kong, Malaysia, Singapore on one side giving access to Australia, New Zealand on one side and outer routes towards Middle East.

This sea route passing through South Bay Great Nicobar Island is one of the busiest routes with about 50000 ships per annum passing through Indian Ocean & Pacific Ocean via Malacca Strait. For developing countries like India, Indonesia and China, the Malacca Strait is thus the gate way for Maritime Trade. The Strait carries around one fifth to one quarter of the world sea trade.

Most of the major ships carrying cargo between US-East Asia-Africa-Europe pass through Indian territorial waters. Most of these ships terminate at Colombo, Singapore, Hong Kong. As such South Bay location has the potential to positively intervene as midway transshipment terminal. If India institutes a transshipment terminal at this location world shipping companies would take advantage by cutting short their travel distance to south bay and other countries will pick-up/dispatch their containers to South Bay.

A Techno economic feasibility study for development of Free Port in A&N Island was conducted by Trade Development authority during 1970. They submitted the report in two volumes during February 1975, and concluded that South bay in Great Nicobar Island as the most promising location for development of free port in A&N Islands. Keeping in view of the opportunity available Techno economic feasibility for creating CTT at South Bay, Great Nicobar island, was studied by M/s WAPCOS, New Delhi. The entire studies / investigations were carried out during 2009 & 2010 and final report was submitted on 9th November' 2010.

3. Scope:

Although hinterland is limited to the land boundary of Andaman & Nicobar Islands, the proposed CTT is intended to be a common user container transshipment terminal with FTWZ, which will distribute cargo to the region, including the East Coast of India and other neighboring countries, as well as providing services for the repositioning of empty containers and handling local cargo; and to operate as logistics hub. The Container Transshipment Terminal will serve competitively, non-exclusively and efficiently, all interested carriers and all routes, particularly vessels carrying cargo from littoral countries of India Ocean, West Coast, Europe, US etc and shall be capable to handle New Panmax vessels carrying 14000 TEUs.

The development of CTT is planned to be granted through an award of a 30-year concession agreement to develop, design, finance, construct, operate and maintain the container terminal, with an option to extend it for an additional 30 year period, at the discretion of the Port Management Board, A & N Islands.

In order to get benefit of the geographical location of the A&N Islands a CTT with FTWZ is proposed to be developed at Great Nicobar Islands (Annexure B)



CTT with FTWZ at South Bay in Great Nicobar Islands

The South Bay proposed for creation of transshipment port facilities is located in the Great Nicobar Island of Andaman & Nicobar Islands (A & N Islands) of India at latitude 6047' N and longitude 93051' E. The project site is strategically located equidistant from Colombo, Port Klang and Singapore and is also very close to the East – West international shipping corridor. The proposed site has potential for more than 20m depth for handling 18 m draft ships with 16000-18500 TEU Carrying capacity.

The proposed site is endowed with natural depth of 20 m as close as one Nautical Mile from the sea coast. As may be appreciated, due to natural depth availability, the site needs minimal capital dredging requirements and thus low costs (as compared to the any other port in India within a reasonable distance from the East-West Shipping axis). The proposed site has minimal Littoral drift and as such would hardly require any maintenance dredging during the years of operation. This will result in low O&M Costs. The proposed site is away from mainland / urban / city limits, and thus can be master planned and shaped by the professional and experienced developers as per their own efficient designs and needs.

This site can be developed in two (2) phases, where the first phase will include a breakwater and berth able to accommodate up to Two (2) New Panmax container ships simultaneously, a container yard to match the capacity, buildings and operational facilities, and any other operational infrastructure, container handling cranes, services, utilities, lighting, signalling, appurtenances, shops, together with such equipment and systems as are required for the efficient and safe operation of the berth and container yard.

The second phase to include an additional berth to accommodate up to two (2) additional New Panmax and two Post Panmax ships simultaneously, a container yard, gates, buildings and operational facilities, and any other operational infrastructure, services, utilities, lighting, signalling, appurtenances, shops, together with such equipment and systems required for the efficient and safe operation of the berth and container yard.

Upon completion of the second phase, the CTT with FTWZ shall be able to handle Four (4) additional ULCC container ships simultaneously.

Ample backup land for CTT with FTWZ is available in form of forest land without any rehabilitation & relief issues. The diversion of required forest land for the project shall be processed by the A&N Administration and all clearances shall be obtained before proceeding to signing of concession agreement.

The Galathia river, a natural fresh water source, flowing to the South Bay can be tapped to meet fresh water requirement of the project. The nearest airstrip is about 10 nautical mile from the project site.



The techno-economic output of the study conducted by M/s WAPCOS is summarized below:

Economic Viability

The study recommends establishing CTT, considering various factors of economic development, growing container traffic in E-W corridor, growing size of container vessels, present and projected container handling possibilities, port developmental possibilities and competitions prevailing in the region. The project Internal Rate of Return (IRR) was worked out to be 12.39% with projected annual earning of Rs. 614 cr. during 1st year, Rs. 1205 cr. in 5th year, Rs. 2936 cr. during 10th year of operation.

Technical Viability

Different layouts were worked out to accommodate maximum number of vessels keeping minimum capital cost, operational ease, low maintenance dredging, better harbor tranquility etc. The layout with following technical details was selected for further project analysis and costing.

- a. Basin area – 3.5 sq. km.
- b. Length of eastern breakwater- 3500 m
- c. Length of western breakwater- 400 m
- d. Approach channel width – 300m
- e. Turning circle diameter – 800m
- f. Dredged depth - -20m
- g. Berth Length – 6800m
- h. Storage Area – 280 ha
- i. Maximum Ship Size (for Jetty design) - 18000 TEU
- j. Design Ship Size (Operation) - 9000 TEU

4. Brief Scope of Works of Private Developer:

These works may be taken up on BOT/DBOT/BOOT or any other concession or viability gap funding patterns and the bidder is expected to do all project utility and arrange investment for the entire project excluding cost of land, water etc. which will be arranged by Govt. as an equity or otherwise to the project or business. The private investor shall be arranging capital for all components excluding the items listed at point no. 5, which will be provided by Govt.

5. Government Support, if any

Commercial joint venture can be made by Government / Government sector SPV for this project to equity shares (% to be decided). However, cost of Breakwater, Basic infrastructure for township (such as road, sewerage, public utilities, extension of Air Strip etc. can be borne by Govt or can be considered to be part of project and equity share by the Govt.

6. Important general notes.

- 6.1 This invitation is issued only to elicit an Expression of Interest from Parties interested in the Project and does not constitute any binding commitment from Port Management Board, ANI to proceed with the Project or to invite any or all the Parties in the subsequent bidding process.



- 6.2 Port Management Board, ANI makes no guarantees about and takes no responsibility for the accuracy and completeness of this request for EOI and disclaims any liability for any interested party's use of the information.
- 6.3 This request for EOI is not intended to serve as the basis for an investment decision. Each recipient is expected to make an independent investigation and to obtain the necessary independent advice for submitting an EOI.
- 6.4 Port Management Board, ANI may change or replace any information contained in this request for EOI at any time, without giving any prior notice or providing any reason.
- 6.5 The details furnished in the Expression of Interest will not have any bearing on the tender evaluation and its finalization.
- 6.6 All statutory clearances such as Environment clearance, Security clearance, Customs clearance from the concerned authorities and the clearances under the SEZ Act, 2005 and SEZ Rules, 2006 from Ministry of Commerce & Industry (Department of Commerce) for development of CTT & FTWZ shall be obtained by the Government/Port Management Board.

7. The purpose and limits of the EOI process

- 7.1 Port Management Board, ANI is currently investigating the feasibility of a PPP opportunity for Establishment of Transshipment Port & Free Trade Warehousing Zone in Andaman & Nicobar Islands with all associated infrastructure.
- 7.2 As part of establishing the feasibility of this PPP opportunity, particularly what scale and type of market interest there is in it, Port Management Board, ANI invites prospective investors to submit EOI following the format in paragraph 9 below.
- 7.3 Port Management Board, ANI will assess the EOI and will use the information to complete its feasibility study. If the PPP opportunity is feasible, Port Management Board, ANI will use the EOI information it received to compile bid documentation, and a competitive bid will follow.
- 7.4 Port Management Board, ANI reserves the right to ask any investor that submits an EOI questions for clarity.
- 7.5 Submitting an EOI does not constitute a bid. No investor will be bound by anything contained in their EOI submission. The information in the EOI will be used solely for Port Management Board, ANI to complete its feasibility study and to prepare bid documentation if it decides to proceed with a PPP.
- 7.6 Port Management Board, ANI will acknowledge receipt of all EOI received, but reserves the right not to proceed any further with the proposed PPP.
- 7.7 If a PPP bid process follows for the opportunity at Port Blair Port, all interested parties that submitted EOI will be invited to bid.
- 7.8 The private party will be granted rights to finance, design, build, maintain and operate a Transshipment Port & Free Trade Warehousing Zone in Andaman & Nicobar Islands with all associated infrastructure for a period likely to provide a fair return on investment. In return, the private party will meet agreed environmental, development, operating and other obligations required for the project, and pay a PPP fee to Port Management board, ANI. At the end of the agreement term, the facility reverts to the institution.



8. Public Tender process:

The concession for the CTT Project is planned to be granted through a two-stage bidding process. The first stage will include the prequalification of interested parties. The requisites for this prequalification will be issued through a Request for Qualification document. Requisites will cover technical, financial and environmental criteria. The second stage involves issuance of the Request for Proposals for prequalified bidders only, in order to grant the concession according to the terms and conditions of the RFP and the Port Regulations.

9. Participation

- 9.1 Investors interested in this PPP opportunity should submit information under the headings below. They are welcome to provide additional information.
- 9.2 Interested parties in participating in an international public tender process for the CTT Project should deliver their expressions of interest, by submitting a formal written letter to Chief Port Administrator, Port Management Board, A & N Islands, according to the letter format enclosed as Annexure A, by not later than 3:00 p.m. (local time) on, 2018.
- 9.3 The expression of interest shall contain following details:
 - a. Their financial capability
 - b. Business presence in the field of Port or similar operations
 - c. Technical expertise in undertaking projects in Port Sector.
 - d. List of similar Port project completed during previous years
 - e. Pre feasibility report of such completed projects for the Transshipment Terminal.
 - f. What level of capital investment would you be prepared to consider?
 - g. What period of PPP agreement would you deem viable?
 - h. What will be the land requirement?
 - i. Details of Sea Area required?
 - j. What specific conditions would encourage you to bid?
 - k. What specific conditions would discourage you from bidding?

Proposal including above details may be sent via email, Post or courier to:
Chief Port Administrator,
Port Management Board, Andaman & Nicobar Islands
Port Blair-744101, INDIA
Phone: 91-3192-233679, 232773
Fax : 91-3192-233675
e-mail: cpapmb2015@gmail.com

Once the PMB, A & N Islands decide to start the Public Tender Process to grant the concession, the PMB, A & N Islands will publish the corresponding tender documents to the public in general. In addition, the PMB, A & N Islands will contact directly those interested parties that have submitted their expressions of interests as described herein.

**Sd /-
Chief Port Administrator**



Annexure - A

[COMPANY LOGO]

[Date signed]

To,
Chief Port Administrator,
Port Management Board,
Andaman & Nicobar Islands
Port Blair-744101, INDIA

Sub: Submission of EOI for CTT in A & N Islands-reg.

Dear,

The undersigned submits this expression of interest in response and according to the request issued by the Port Management Board, A & N Islands to participate in the international public tender process for the concession of developing a Container Transshipment Terminal (CTT) with Free Trade Warehousing Zone (FTWZ) in Andaman & Nicobar Islands on Public Private Partnership (PPP) mode

We authorize the PMB, A&N Islands to disclose freely this expression of interest.

Name of the Company

_____ [Signature of authorized representative]

[Name of interested Party's Authorized Representative]

[Title of Authorized Representative]

[Address]



Annexure - B

Location map:

