No. 1-6/2014-Shipping II
Government of India
Ministry of Chemicals & Fertilizers
Department of Fertilizers

Room No.417, 'B' Wing,
Shastri Bhawan, New Delhi.
Dated: 6th April 2015

To
IFFCO, KRIBHCO, GSFC, ZIL, SPIC, FACT, TCL, SFCL, RCF, IPL, NFCL, GNFC PPL, CIL, CFCL, KFCL, MCFL, NFL, BVFCL, Indo Gulf DFPCL, Agri Gold, Greenstar, HINDALCO, MFL, Sunfert, TAIPL, Mosaic and HPM

Subject: Marketing of imported bulk urea during 2015-16 to 2017-18 - bids for handling at Indian ports– distribution thereof in states.

Government of India, Ministry of Chemicals & Fertilizers, Department of Fertilizers (DOF), invites tenders for handling of vessels at the port, bagging, standardisation and distribution of imported urea in various States/U.T Governments and Administration within the country during the year 2015-16 to 2017-18. The bids are invited in two separate envelopes containing eligibility criteria in one envelop and lump sum rate in another envelop. The Fertiliser Marketing Entities (FMEs) are required to furnish requisite details and supporting documents as per the eligibility criteria given in Annexure 'A". The rates are required to be quoted by FMEs in Annexure 'B'.

2. The envelopes containing eligibility criteria will be opened first to decide the eligible FMEs. The decision of DOF to decide eligible FMEs will be final and binding on all. The price bid envelopes of eligible FMEs only will be opened to decide L1 at each port.

2. The ports, where imported urea is likely to be handled during the year 2015-16 and onwards and the discharge rate at each port are indicated in the Annexure B. The ports will be awarded to the successful bidders for three years. This may further be extended for a period of two years at the sole discretion of DOF. The FME will be required to create mechanized bagging and loading facilities commensurate to discharge at the ports for fast evacuation of material.

3. Lump sum rate may be quoted by including all items of expenditure connected with the marketing of urea excluding custom duty, port dues & inland freight charges. The lump sum rate quoted by the FMEs for all the activities except custom duty, port dues & inland freight will be final, and no compensation will be entertained by the Government on any account during the currency of the contract. However, any Statutory Charge levied or increased/ decreased from the present level by the Government of India subsequently will be examined and considered by the DOF on merits. DOF's decision in this regard will be final and binding on the FMEs. The lump sum rate quoted for ports will be accepted for 2015-16 with a linkage of annual increase in Wholesale Price Index (All Commodities) for calculating the lump sum rates for the subsequent years.

4. The freight charges for movement of fertilizers from the ports to various states will be paid as per provisions of Uniform Freight Policy (UFP) announced by the

Department separately. The rail freight for transportation of fertilizers will be paid as per the actual expenditure based on RR.

4.1 The road freight for transportation of imported urea from nearest railway rake point to district/block, or from ports directly by road to district/block will be paid as per the provisions of Uniform Freight Policy issued by DOF from time to time.

4.2 Normally covered wagons will be provided by railways for transportation of urea from ports to various destinations. However, in case urea is transported in open rakes provided by Indian Railways the FMEs will be entitled to get lump sum reimbursement of Rs.68000 per rake separately.

5. The port dues (wharfage charges only) specifically payable to the port authorities plus applicable taxes will be paid at actual at the rates as per the notification issued by the said port authorities. The quotation may indicate these rates and support them by the latest notification issued by the port authorities. Any further revision in the port dues shall be considered and suitably revised by Government.

6. The Custom Duty and Countervailing Duty etc. levied by Custom Authorities along with applicable taxes will be reimbursed separately at actual after deducting the amount allowed to be passed on to the farmers in MRP.

7. As per the existing procedure, the ownership of the material will be transferred to the FME on high seas. It is expected that the FMEs would liaise with the port authorities for timely berthing of the vessels. The DOF will not entertain any preberthing demurrages on account of delay in berthing of vessels for any reason whatsoever thereof.

8. A copy of the General Terms and Conditions governing the marketing of urea is enclosed at Annexure-B.

9. The FMEs may quote for any number of ports but quotations shall be distinct for each of the port. However, one FME will be appointed on maximum two ports. In case any FME emerges L1 in more than two ports, the two ports amongst the lowest lump sum rates are quoted will be considered and awarded to the FME. The remaining port (s) will be allotted to L2 FME at L1 rates failing which to L-3 and so on. In case no FME accept the L1 rate quoted by a FME already awarded two ports, DOF can consider and award such port(s) to the FME quoted L1 rate in addition to the two or more ports already awarded. However, the decision of DOF for awarding the port to any FME will be final & binding.

10. Movement Order/ECA allocation will be issued by the Department for this imported Urea. The FMEs shall move the material to the States strictly as per the movement order issued by DOF. The FMEs shall give first preference to sale imported urea through State Governments, Institutional Agencies, Cooperatives and the State Agro Industries Corporations. The FMEs will be eligible to claim higher distribution margin on the sales of urea made by them to these agencies.

11. The Department of Fertilizers reserves the right to nominate vessel(s) during the succeeding two months from the date/ of expiry of the contract.

12. Quotations stipulating any other conditions/stipulations on any account shall not be considered.

13. The quotations may be sent in a double cover sealed separately in two envelopes super-scribed "Eligibility Criteria for marketing imported urea" and "Price Quotations for marketing imported Urea" and addressed to Mr. Tapan Dutta, Deputy Commissioner (POP), Room No. 417, B Wing, Shastri Bhawan, New Delhi latest by 12.00 noon of 20th May 2015.

14. The envelope containing eligibility criteria documents shall be opened at 1530 hrs. on the same day (i.e. 20th May 2015) and the FMEs may be present through their Chief Executive or any person duly authorized by them. The venue for the opening of the eligibility criteria bids shall be Room No.220 A Wing Shastri Bhawan, New Delhi. The date, time and venue of opening of price bids will be communicated to all eligible FMEs separately.

15. After opening, the price bids, quotations would be examined and decision would be taken regarding appointment of FMEs. The decision of the Government will be final.

16. Successful tenderers, on intimation of the acceptance of their tenders, will be required to furnish a Bank Guarantee from a Scheduled Bank (preferably from the Indian Scheduled Bank) for RS.50.00 lakhs (Rupees Fifty lakhs only) for each port, subject to a maximum of RS.1 crore (Rupees one crore only) for handling imported Urea at the ports in favour of the President of India.

Yours faithfully,

(TAPAN DUTTA)
Deputy Commissioner (POP)
Tel: 23063324

ANNEXURE – A

ELIGIBILE CRITERIA OF FERTILISER MARKETING ENTITIES (FMEs) FOR HANDLING AND MARKETING OF UREA IMPORTED ON GOVERNMENT ACCOUNT

1 FMEs intending to participate in handling and marketing of imported urea work should have the following eligibility criteria:

i) Experience of handling at least one lakh tones of any imported bulk cargo in any of the Indian ports during any of the preceding five calendar years;

ii) Experience of transporting and marketing mass consumption articles of value of at least Rs.100 crore (rupees one hundred crore) in a calendar year;

iii) Sound financial background including the capacity to organise credit facilities of at least Rs.50 crore (fifty crore) with any of the Scheduled Indian Banks;

iv) Possession of a marketing network, actual availing of credit facility of not less than Rs.50 crore (rupees fifty crore) during the last 3 years would be considered an additional qualification.

2. The Pre-Qualified Entities (PQEs) should furnish the following documents along with their applications;

i) Documentary evidence of the bulk cargo handled and the organization on whose behalf it was handled during the last five years along with the copies of relevant contracts;

ii) Documentary evidence of marketing mass consumption goods;

iii) Documentary evidence of cash credit limits extended to them by Scheduled Indian Banks;

iv) Banks solvency certificate from any of the nationalized banks for a minimum amount of Rs.50 crore (rupees fifty crore).

v) Income tax assessment orders for the last three years and a valid Income tax clearance certificate;

vi) Copies of sales tax assessment orders and audited accounts for the last three years;

vii) Reference list of clients from whom authenticity of bidders claims could be crosschecked.

3. Interested PQEs may submit the required information/documents indicated above in a sealed cover duly superscripted "**Eligibility Criteria for marketing of imported urea**" along with the price bid in separate sealed cover.

4. Indigenous nitrogenous fertilizer manufacturers with an installed capacity of not less than one lakh metric tons per annum are eligible to participate in the tender enquiry. Interested PQEs falling under this category may furnish data concerning (i) installed capacity; and (ii) experience of handling at least one lakh tones of imported

bulk cargo at any of the Indian port(s) during the preceding five calendar years in a sealed cover duly superscripted "**Eligibility Criteria for marketing of imported urea**" along with the price bid in separate sealed cover.

5. The decision of the Department of Fertilizers regarding eligibility or otherwise of any PQEs shall be final and binding on all.

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ANNEXURE – B

LIST OF PORTS WHERE VESSELS CARRYING IMPORTED BULK UREA ARE TO BE HANDLED DURING THE YEAR 2015-16 AND ONWARDS

S. No.	Ports	Discharge Rates Per MT per day	Lump Sum Rates Rupees per MT	Port Dues Rupees per MT
1	Kandla	10000		
2	Pipavav	10000		
3	New Mangalore	8000		
4	Tuticorin	8000		
5	Kakinada Deep Water	10000		
6	Vizag	10000		
7	Paradip	6000		
8	Mundra	10000		
9	Rozy	7500		
10	Chennai	7000		
11	Krishnapatnam	10000		
12	Gangavaram	10000		
13	Cochin	4000		
14	Karaikal	10000		
15	Haldia	3000		
16	Gopalpur	3000		
17	Jaigarh	10000		
18	Hazira (Adani Port)	10000		
19	Hazira (Anchorage)	5000		
20	Adani Tuna Bulk Terminal	10000		
21	Mormugao	7000		
22	Mumbai	4000		

Discharge rate for shipment of small parcel i.e. = or < 25000 MT +/- 10% shall be 50% of the normal prescribed discharge rate except for Cochin, Haldia, Gopalpur Hazira Anchorage and Mumbai ports.

Gearless Panamax vessels will be accepted at Pipavav, Kakinada Deep Water, Mundra, Rozy, Krishnapatnam, Gangavaram, Karaikal, Jaigarh, Hazira (Adani Port) and Adani Tuna Bulk Terminal ports.

Note: Please quote a round figure for Lump sum rates & avoid fraction of a Rupee.

Signature of Authorised Officer of the Company with Rubber Stamp

ANNEXURE - C

GENERAL TERMS AND CONDITIONS GOVERNING CONTRACT FOR MARKETING OF IMPORTED UREA TO BE IMPORTED BY DEPARTMENT OF FERTILISERS, MINISTRY OF CHEMICALS & FERTILISERS, GOVERNMENT OF INDIA (DOF)

1. The Fertiliser Marketing Entity (FME) will discharge the functions of unloading, storing in covered godown, bagging, transportation of bags, distribution, marketing and other allied functions connected with marketing of imported urea from vessels allotted to it for this purpose. These functions will be discharged with due care and diligence.

2. The FME shall handle imported urea on the basis of ownership of the material. The ownership will be transferred while the vessel is on the high seas. The contract entered between DOF and successful FME will also work a High Sea Sales Agreement for all vessels nominated by DOF during the currency of the contract. FME shall, however, work under the overall guidance of DOF.

3. The DOF shall nominate vessels carrying urea to be taken over by the FME at the designated port of discharge. The FME would be provided intimation of schedule of shipment periodically fairly in advance. However, the FME would be required to take over the urea in the vessel nominated by the DOF even at a short notice.

4. The FME shall make all arrangements for unloading, safe storing, bagging and movement of urea from the port. The FME would be required to make all the arrangements mechanical/manual for attaining the prescribed rate of discharge. No extra claim for whatsoever reasons including special berth or specialised facilities etc. would be entertained by the DOF.

5. (a) When the vessel is on the high seas and before the expected date of arrival of the vessel at the designated Indian port, the FME will establish an irrevocable Letter of Credit (LC). This shall be established through a branch of a scheduled bank (licensed by RBI) at Delhi in favour of DOF encashable at the State Bank of Patiala, Shastri Bhawan, New Delhi. The LC shall be opened for the quantity of cargo as shown in the relevant Bill of Lading. The FME shall deduct the lump sum charges, port dues, ad-hoc inland freight at present Rs.1100 per MT or at a rate notified by the DOF subsequently and 95% of the custom duty/countervailing duty (worked out based on the C&F price minus the amount of CVD passed on in the MRP of urea) from the total amount worked out on the cargo carried by the vessel as per the Bill of Lading computed at the pool issue price of urea prevalent on that date.

(b) The LC shall remain valid for a period of three complete months following the date of its establishment. The letter of credit will be encashed on the 45th day from the date of completion of discharge of the vessel with reference to the quantity received as per clause 8 and 9 below

(c) The LC shall be opened within three working days counted from the date of issue of nomination massage by the Shipping Wing of DOF or arrival of vessel whichever is earlier. Failure to comply with the above time limit for opening LC and consequent discharging of urea from the vessel without furnishing an irrevocable LC shall be deemed to be a serious financial irregularity and DOF shall levy a penalty of Rs.25, 000 (rupees twenty five thousand only) per day as Liquidated Damages (LD) for any delay in the opening of the LC from the date of commencement of discharge till the date of actual opening of LC.

6. The Director of Accounts, DOF would endorse the Bill of Lading in favour of relevant FME after satisfying it about the validity of LC and its amount, to allow the FME to take delivery of the cargo at the port.

7. The Government would encash LC on 45th day of completion of discharge from the vessel.

8. In respect of the bulk cargo, the quantity unloaded and received by the FME shall be the quantity indicated in the Bill of Lading except where the Joint Draft Survey Report (JDSR) indicates a difference of more than 0.25% (plus/minus) over the quantity shown in the Bill of Lading. In case, the difference is more than 0.25%, the quantity shown in the JDSR shall be treated as the quantity unloaded and received. In case the receipt is less, LC shall be encashed only for the quantity indicated in the JDSR. Where the JDSR indicates receipt in excess by more than 0.25% of the quantity shown in the Bill of Lading, the FME shall furnish to the Director of Accounts, DOF, a cheque/Demand Draft in favour of the Pay & Accounts Officer, DOF payable at New Delhi, for the value of the quantity so received in excess calculated at the Pool Issue Price less various charges accepted by the DOF. The JDSR shall be signed by any two of the concerned parties namely Surveyors appointed by the owner of the vessel, FME and the State Trading Enterprise/supplier. In case of bagged cargo, Port Out-Turn Report (POTR)/Custom Out-Turn Report (COTR) shall serve the purpose of Draft Survey Report. In case of a dispute regarding the joint Draft survey quantity as determined by the Surveyors, the matter would be referred to an Umpire Surveyor (from the panel drawn by DOF) whose decision shall be binding on the parties. The cost of the Umpire Surveyor shall be equally borne by the parties to the dispute.

9. JDSR/POTR/COTR as the case may be, shall be submitted invariably in respect of every vessel handled, to the Deputy Commissioner (POP), DOF with a copy to the Director of Accounts, DOF within a period of 30 days of completion of discharge. In case the JDSR/POTR/COTR, as the case may be, is not received within the period so specified, the LC will be encashed for the quantity shown in the Bill of Lading. In addition, the full landed cost as calculated by this Department will be recovered on the short landed quantity, if any, from the FME in case the JDSR is not received in the office of Director of Accounts within the stipulated period of 30 days of completion of discharge.

10. If the vessel is handled at two ports by different FMEs for the purpose of opening/encashment of LC, the quantity discharged at the first port will be determined by Joint Draft Survey. For the second port, the difference between the quantity shown in the Bill of Lading and that of the JDSR at the first port of discharge will be the basis. However, the FME of the second port is permitted to participate in the joint Draft survey at the first port to ascertain the quantity carried for the second port. Any short/excess quantity discharged with reference to the Bill of Lading quantity will have to be shared proportionately by both the FMEs concerned in the ratio of the quantities discharged at each port. FME will ensure trimming of cargo after discharge at the first port, at their cost & expense or at owner's expense as the

case may be, but invariably under supervision of the master of the vessel.

11. In the case of damaged cargo received out of any shipment, the same shall be segregated expeditiously from sound cargo so as to determine the exact quantity, the claim of which shall be preferred on ship owners/suppliers. The amount received from the ship-owner/supplier as compensation, the same shall be passed on to the FME after deducting Government share of expenses. In case of cargo disputes, all expenses on Arbitration/ Court Cases resorted to, shall be borne by the FME.

12. The imported fertilizers will be transported by the FME expeditiously to the States. The permissible handling and standardization loss for operations like handling, storing, bagging and movement of urea from port would be kept at maximum of 0.15% of the quantity received. The cost of the urea will be recovered in full for the handling and standardization losses over and above 0.15%. In case more than one vessel is handed at a port, the handling loss will be worked out at 0.15% of the total quantity handled by the FME at a port during each Financial Year.

13. The FME shall be responsible not only for the efficient and quick discharge of urea from the vessels, but shall also ensure that urea does not suffer damage on account of mixing of cargo during unloading operations. Besides performing the entire responsibilities attendant to the selling operations, the FME shall also be responsible for the following: -

<u>Quantity:</u> Preliminary joint survey on arrival of the vessel to ascertain the condition of the cargo; Joint Draft Survey of the quantity delivered by the vessel after completion of the discharge.

<u>Quality</u>: Drawal of samples by Central Fertiliser Quality Control and Training Institute (CFQC&TI) as per the sampling procedures defined in FCO; reporting the deviation, if any, from the standard specifications to DOF/State Trading Enterprise/suppliers immediately.

<u>Efficiency of Operation</u>: Speedy discharge of cargo from the vessel; expeditious evacuation from the port area/warehouse; security of the cargo during operations at the port/anchorage and warehouse; protection of the cargo in the event of any unforeseen occurrence including natural phenomena (rain, flooding etc.) either at the anchorage/jetty or warehouse.

<u>Reporting</u>: Report to DOF daily discharge, bagging, despatch and stock position at the port/warehouse.

14. The FME shall intimate by Fax/E-mail to the Director (M)/DC (POP) and Director of Accounts, Department of Fertilizers, the date and time of berthing and date of completion of discharge of the vessel within 24 hours of the event. The FME shall also submit the time sheet and statement of facts to the DC (POP) about each vessel handled by it within 30 days after completion of discharge of the vessel.

15. PROCEDURE FOR CALCULATION OF LAYTIME AND SETTLEMENT OF DEMURRAGE/DESPATCH:

(a) (i) The Charter Party's Agreement rate of discharge at different ports shall be as indicated below:

S. No.	Name of the Port	Discharge Rate MT per day	Minimum Bagging rate MT per day
1	Kandla, Gujarat	10000	7500
2	Pipavav, Gujarat	10000	5000
3	New Mangalore, Karnataka	8000	5000
4	Tuticorin, Tamilnadu	8000	5000
5	Kakinada Deep Water, Andhra Pradesh	10000	7500
6	Vizag, Andhra Pradesh	10000	7500
7	Paradip, Odisha	6000	3000
8	Mundra, Gujarat	10000	10000
9	Rozy, Gujarat	7500	4000
10	Chennai, Tamil Nadu	7000	4000
11	Krishnapatnam, Andhra Pradesh	10000	7500
12	Gangavaram, Andhra Pradesh	10000	7500
13	Cochin, Kerala	4000	3000
14	Karaikal, Puducherry	10000	7500
15	Haldia, West Bengal	3000	2500
16	Gopalpur, Odisha	3000	3000
17	Jaigarh, Maharashtra	10000	5000
18	Hazira (Adani Port) Gujarat	10000	7500
19	Hazira (Anchorage), Gujarat	5000	5000
20	Adani Tuna Bulk Terminal, Gujarat	10000	7500
21	Mormugao, Goa	7000	4000
22	Mumbai, Maharashtra	4000	4000

(ii) Discharge rate for shipment of small parcel i.e. = or < 25000 MT +/- 10% shall be 50% of the normal prescribed discharge rate except for Cochin, Haldia, Gopalpur Hazira Anchorage and Mumbai ports.

(iii) The FMEs are expected to create facilities at ports to achieve Minimum bagging rates indicated above.

(b) Discharge port lay time to commence and count on account of FME in term of Charter Party of the vessel, "Whether in Berth or Not" (WIBON).

(c) In case of Force Majeure situation, beyond the control of the Charterers/receivers to discharge cargo at any port, disrupting the normal process of discharge at the port the remedies available under the Force Majeure clause of the Charter Party in respect of FOB shipments and the remedies stipulated in the Suppliers Contract including the suitability conditions of the vessels approved by the Department of Fertilizers in case of C&F shipments would be applicable to the FMEs. However, the Department of Fertilizers reserves the right to modify the relevant contractual provisions relating to pre-berthing /post berthing demurrage, rate of discharge to be achieved by the FMEs and other connected matters in consultation with the port authorities, the FMEs etc. In all such cases, the decision of the Department would be final and binding.

(d) The discharge port calculations at different port as per daily discharge rate specified in the NIT shall be in terms, conditions & exceptions of the Governing Charter Party and as per the remarks recorded in Statement of Facts (SOF) in case of FOB shipments. The discharge port calculations in respect of C&F shipments would be in terms, conditions & exceptions of the supplier's contract including the suitability conditions of the vessels approved by the DOF based on the remarks recorded in the SOF. The lay time calculations recommended by the TRANSCHART would be compared with the recommended lay time calculation by the FME for finalization by DOF after examining the contractual and statutory conditions of the governing Charter Party in respect of FOB shipments. As regard C&F vessels, the discharge port lay time calculation would be finalized by DOF based on recommended time sheet received from the suppliers through the STE's and the FME. In all cases, lay time calculation finalized by DOF shall be final and binding on the parties.

(e) The DOF will settle the demurrage / despatch with the vessel owner (s) on receipt of Ministry of Shipping's recommendations on the lay time calculations. The demurrage / despatch settlement with the FME shall be based on the principal adopted for settlement with the vessel owner by the TRANSCHART/ DOF on application of the procedure specified in Clause 15 (a) to (c) and shall be final & binding on the FME. In case of disport lay time dispute with the ship owner (s), the FME will be responsible and liable for all costs as to consequences including legal expenses. Similarly, in case of cargo shortage/damage dispute with the ship owner(s), the FMEs will be responsible and liable for all cost as to be consequences, including legal expenses and they would defend the common interest of the charterers/consignee viz. DOF as well as theirs' in Arbitration / Court on behalf of the Charterers (DOF), both in case of lay time and cargo dispute under the relevant Arbitration clause of the Governing Charter Party or the Supply Contract for FOB or C&F shipment, as the case may be.

(f) FME shall submit time sheet, statement of facts and JDSR about each vessel handled within 30 days of completion of discharge of the vessel to the DC (POP) and Director of Accounts, DOF. In addition, FME shall keep the Shipping Wing of DOF informed of the day to day occurrences at the ports assigned to him in the contract which will have a bearing on the nomination of vessel to that port e.g. inclement weather condition, dock labour problems, transport bottlenecks etc. Failure to submit the time sheet within the schedule prescribed time would lead to final settlement of demurrage/ despatch on the basis adopted by DOF and DOF's lay time calculations would be final & binding on the FME.

16. No FME is permitted to sublet marketing operations awarded to him through this process of tender. Violation of this condition shall not only result in termination of existing contract but also shall render him disqualified for future bidding during subsequent 2 years besides penalties as provided in clause 23 of this GTC. The FME will keep separate accounts vessel-wise with regard to handling, distribution, transportation, inventory etc. The FME will submit such reports and returns as may be prescribed by the DOF from time to time. The FME will also provide facilities and assistance for any inspection of operation and accounts of the FME or it agents or

dealers by the representatives of the Government of India.

17. (a) The present Pool Issue Price (PIP) of urea is Rs.5110. per MT for State Governments, Institutional Agencies, Cooperatives & State Agro Industries Corporations and Rs.5130 per MT for others. The FMEs (other than these agencies) shall be eligible to claim differential amount on the sales of urea made by them to the State Governments, Institutional Agencies, Cooperatives & State Agro Industries Corporations.

(b) For every change in pool issue price effected by the Government, the FME shall debit or credit to the Government, as the case may be, the price differential on stocks held by the FME at the ports, ship holds, in transit to warehouses and various godowns on their account as at the closing of the day prior to the date on which revision of price became effective as per the instructions contained in the notification fixing Maximum Retail Price and/or Pool Issue Price.

18. PAYMENT PROCEDURE AND OTHER CONDITIONS IN THE EVENT OF DECONTROL OF UREA

(a) In the event of decontrol of urea, the FME shall remain responsible for completion of discharge of the cargo, not only from the vessels already berthed at the ports assigned to him but also from the vessels nominated to such ports by the DOF and expected to arrive after the date of decontrol, provided the cargo contained in such vessels is covered by the contracts already entered into by the STE on or before the date of decontrol. In respect of the vessels under discharge; the FME shall enhance the value of the LC to the full landed cost, as calculated by the DOF. The value of the LC shall cover the full quantity as per the Bill of Lading. In respect of the vessels expected to call at the Indian ports subsequent to decontrol, FMEs shall be bound to open LC at the full landed cost of the cargo, as calculated by the DOF.

(b) The FME shall bear the expenditure on port handling and internal distribution of urea in respect of the vessels under discharge on the date of decontrol and those to be berthed on or after the date of decontrol, and shall have no claim against the DOF whatsoever for any payment or reimbursement of expenditure to be incurred by him for the port handling and distribution of urea and on any other item.

(c) The LC shall remain valid for a period of three completed months following the date of its establishment and will be encashed on the 45^{th} day counted from the date of completion of discharge of the vessel(s).

(d) In respect of the vessel(s) handled on or after the date of decontrol also, the despatch earned or demurrage accrued shall be on the account of the FME at all the ports. Settlement of despatch and demurrage shall be based on the corresponding settlement to be effected by the DOF with the vessel owners as 12authorized by Transchart, Ministry of Shipping, Government of India.

(e) FME shall also pay to the DOF the difference between the full landed cost as determined by the DOF and the net cost for which the LC had already been opened on the closing stock of urea held on his account on the specified day of orders notifying decontrol of urea.

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19. The marketing contract shall be deemed to have been concluded once the offer against this tender enquiry has been accepted by DOF. Once the contract has been so concluded, FME will be responsible to make good the extra expenditure, if any, incurred by DOF consequent to it refusal/failure to handle any ship at the port/ports specified in the said contract or due to cancellation of contract arising out of non-compliance with any of the conditions stipulated in the NIT. In such an event, DOF shall have the right to nominate that vessel and or other vessels calling at the port to the next prospective tenderer at FME risk and costs.

20. The Government of India reserves its right to nominate the vessel(s) to any other FME at the same rate at which this contract is awarded to a FME.

21. In the event of any dispute arising out of handling of urea by any FME, the decision of the DOF will be final.

22. The Government of India reserves its right to amend the above-mentioned terms and conditions during the tenancy of the contract in consultation with the FME.

23. Unless otherwise specifically provided under any of the clauses of the NIT/GTC, in case of any violation or breach of any or more clauses of the contract, the Government shall have the right to terminate the contract forthwith. In the event of that, the security furnished by way of Bank Guarantee for that port/ports shall stand forfeited and all consequential costs including the increased cost of handling by the next willing lowest tenderer shall be entirely borne by the defaulting FME and also recoverable from pending dues, if any, with DOF.

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