PARLIAMENT OF INDIA
RAJYA SABHA

DEPARTMENT-RELATED PARLIAMENTARY STANDING COMMITTEE
ON TRANSPORT, TOURISM AND CULTURE

THREE HUNDREDTH REPORT

Promotion of Infrastructure in India's Maritime Sector

(Presented to the Rajya Sabha on 4th August, 2021)
(Laid on the Table of Lok Sabha on 4th August, 2021)

Rajya Sabha Secretariat, New Delhi
August, 2021/ Sravana, 1943 (Saka)
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RAJYA SABHA SECRETARIAT
NEW DELHI

August, 2021/ Sravana, 1943 (Saka)
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COMPOSITION OF THE COMMITTEE

(2019-20)
(Constituted on 13th September, 2019)

1. Shri T.G. Venkatesh - Chairman

Rajya Sabha

2. Shri Prasanna Acharya
3. Shri Raj Babbar
4. Shri Sambhaji Chhatrapati
5. Dr. Sonal Mansingh
6. Shri Derek O’Brien
7. *Kumari Selja
8. **Shri Tiruchi Siva
9. ***Shri K.C. Venugopal
10. Shri Dharmapuri Srinivas
11. Shri Vinay Dinu Tendulkar

Lok Sabha

11. Shrimati Sumalatha Ambareesh
12. Shri Anto Antony
13. Shrimati Veena Devi
14. Shri Tapir Gao
15. Shri Rahul Kaswan
16. Shri Saumitra Khan
17. Ms. Goddeti Madhavi
18. Shri Ramesh Chandra Majhi
19. Shri Sunil Baburao Mendhe
20. Shri K. Muraleedharan
21. Shri S.S. Palanimanickam
22. Shri Chhedi Paswan
23. Shri Kamlesh Paswan
24. Shri Tirath Singh Rawat
25. Shrimati Mala Roy
26. Shri Rajiv Pratap Rudy
27. Shri Rajbahadur Singh
28. Shri Dushyant Singh
29. Shri Ramdas Chandrabhanji Tadas
30. Shri Krupal Balaji Tumane
31. Shri Dinesh Chandra Yadav

*Kumari Selja ceased to be Member w.e.f. 10th April, 2020

**Shri Tiruchi Siva ceased to be Member w.e.f. 3rd April, 2020 and re-nominated as Member w.e.f. 22nd July, 2020

***Shri K.C. Venugopal nominated as Member w.e.f. 22nd July, 2020
COMPOSITION OF THE COMMITTEE

(2020-21)

(Constituted on 13th September, 2020)

1. Shri T.G. Venkatesh - Chairman

Rajya Sabha

2. Shri Prasanna Acharya
3. *Shri Raj Babbar
4. Shri Sambhaji Chhatrapati
5. Dr. Sonal Mansingh
6. Shri Derek O’Brien
7. Shri Tiruchi Siva
8. Shri Dharmapuri Srinivas
9. Shri Vinay Dinu Tendulkar
10. Shri K.C. Venugopal
11. **Shri Sushil Kumar Modi

Lok Sabha

12. Shri Anto Antony
13. Shri Margani Bharat
14. Shri Tapir Gao
15. Shri Rahul Kaswan
16. Shri Ramesh Chandra Majhi
17. Shri Sunil Baburao Mendhe
18. Shri K. Muraleedharan
19. Shri S.S. Palanimanickam
20. Shri Chhedi Paswan
21. Shri Kamlesh Paswan
22. Shri Sunil Kumar Pintu
23. Shri Prince Raj
24. Shri Tirath Singh Rawat
25. Shrimati Mala Roy
26. Shri Rajiv Pratap Rudy
27. Shri Dushyant Singh
28. Shri Rajbahadur Singh
29. Shri Ramdas Chandrabhanji Tadas
30. Shri Manoj Tiwari
31. Shri Krupal Balaji Tumane
32. Shri Dinesh Chandra Yadav

*Shri Raj Babbar ceased to be a Member w.e.f. 25th November, 2020
**Shri Sushil Kumar Modi was nominated to be a Member w.e.f. 23rd December, 2020
SECRETARIAT

Dr. Shikha Darbari, Joint Secretary & Financial Advisor
Shri P. Narayanan, Director
Shri Dinesh Singh, Additional Director
Shri Rajendra Prasad Shukla, Additional Director
Ms. Catherine John L., Under Secretary
Shri Agam Mittal, Assistant Committee Officer
INTRODUCTION

I, the Chairman, Department-related Parliamentary Standing Committee on Transport, Tourism and Culture, having been authorized by the Committee to present on its behalf, do hereby present this Three Hundredth Report on ‘Promotion of Infrastructure in India’s Maritime Sector’.

2. The Committee heard the views of the Secretary, Ministry of Ports, Shipping and Waterways; and Director General, Directorate General of Lighthouses and Lightships on the subject on 23rd December, 2019. The Committee heard the views of the officials of Ministry of Ports, Shipping and Waterways; Visakhapatnam Port Trust; and State Government of Andhra Pradesh on the subject at Visakhapatnam on 8th January, 2020. The Committee heard the views of the officials of Ministry of Ports, Shipping and Waterways on the subject onboard Cruise Ship from Mumbai to Goa on 10th January, 2020. The Committee heard the views of the officials of Ministry of Ports, Shipping and Waterways; Mormugao Port Trust; and State Government of Goa on the subject at Goa on 12th January, 2020. The Committee heard the views of the officials of Ministry of Ports, Shipping and Waterways; Chennai Port Trust; V. O. Chidambaranar Port Trust; Kamarajar Port Limited; and the State Government of Tamil Nadu on ‘Connectivity of Roads to Ports’; ‘Handling of Cargo during Corona Pandemic’; and ‘Private Ports – Tariff fixation’ at Chennai on 13th July, 2021. The Committee heard the views of the officials of Ministry of Ports, Shipping and Waterways; Cochin Port Trust; and State Government of Kerala on the subject at Kochi on 15th July, 2021. The Committee heard the views of the Secretary, Ministry of Ports, Shipping and Waterways on the subject on 26th July, 2021. The Committee heard the views of Director General of Shipping; Managing Director, Sagarmala Development Company Limited; Chairman, Shipping Corporation of India; Managing Director, Andaman Lakshadweep Harbour Works; CEO, Adani Ports and Special Economic Zone Ltd.; CEO, DP World Free Trade Zone; CMD, CONCOR Ltd.; Managing Director, J.M. Baxi Group; and President, Indian Private Ports and Terminals Association on the subject on 2nd August, 2021.

3. The Committee wishes to express its thanks to the officers of the Ministry of Ports, Shipping and Waterways; Director General of Shipping, Directorate General of Lighthouses and Lightships; Visakhapatnam Port Trust; Mormugao Port Trust; Chennai Port Trust; V.O. Chidambaranar Port Trust; Kamarajar Port Limited; Cochin Port Trust; Shipping Corporation of India; and other stakeholders for placing before the Committee, the material and information desired in connection with the subject and for clarifying the points raised by the Members.

4. The Committee considered and adopted the Report in its meeting held on the 3rd August, 2021.

(T.G. Venkatesh)
Chairman,
Department-related Parliamentary Standing Committee on Transport, Tourism and Culture,
Rajya Sabha

NEW DELHI;
August 3, 2021
Sravana 12, 1943 (Saka)
ACRONYMS

A&N: Andaman and Nicobar
ADB: Asian Development Bank
ALHW: Andaman and Lakshadweep Harbour Work
BIWTC: Bangladesh Inland Water Transport Corporation
BOT: Build-Operator-Transfer
CCEA: Cabinet Committee on Economic Affairs
CEU: Coastal Employment Unit
ChPT: Chennai Port Trust
CoPT: Cochin Port Trust
COVID: Coronavirus Disease
CRIF: Central Road Infrastructure Fund
CSL: Cochin Shipyard Limited
CSR: Corporate Social Responsibility
DFC: Dedicated Freight Corridor
DGPS: Differential Global Positioning System
DGS: Directorate General of Shipping
DoPT: Department of Personnel and Training
DPR: Detailed Project Report
DPT: Deendayal Port Trust
ECB: External Commercial Borrowings
E-DO: Electronic Delivery Order
EIA: Environmental Impact Assessment
EXIM: Export Import
FRM: Fertilizer Related Material
FSRU: Floating Storage Regasification Unit
FY: Financial Year
GRT: Gross Registered Tonnage
ICTT: International Container Transshipment Terminal
IIT: Indian Institute of Technology
IMG: Inter Ministerial Group
IMT: Inter-Modal Terminal
IMU: Indian Maritime University
INR: Indian Rupees
IPA
Indian Ports Association
IPDS
Integrated Power Distribution System
IPPTA
Indian Private Ports & Terminals Association
IPRCL
Indian Port Rail Corporation Limited
IT
Information Technology
IWAI
Inland Waterway Authority of India
IW
Inland Water Transport
JMVP
Jal Marg Vikas Project
JNPT
Jawaharlal Nehru Port Trust
KoPT
Kolkata Port Trust
KPT
Kamarajar Port Trust
LNG
Liquefied Natural Gas
MCA
Model Concession Agreement
MDF
Maritime Development Fund
MHA
Ministry of Home Affairs
MIS
Management Information System
MIV
Maritime India Vision
MM3
Million Cubic Meters
MMT
Multi-Modal Terminal
MoEF&CC
Ministry of Environment, Forest and Climate Change
MoPT
Mormugao Port Trust
MoRTH
Ministry of Road Transport and Highways
MoPS&W
Ministry of Ports, Shipping and Waterways
MSDC
Maritime State Development Council
MoU
Memorandum of Understanding
MPT
Mumbai Port Trust
MT
Metric Tonnes
MTPA
Million Tonnes Per Annum
NCLT
National Company Law Tribunal
NER
North East Region
NHAI
National Highways Authority of India
NMHC
National Maritime Heritage Complex
NIC
National Informatics Centre
NLP
National Logistics Portal
NMPT
New Mormugao Port Trust
NSICT
Nhava Sheva International Container Terminal
NWs
National Waterways
<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Full Form</th>
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<tbody>
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<td>OTSS</td>
<td>One Time Settlement Scheme</td>
</tr>
<tr>
<td>PCS</td>
<td>Port Community System</td>
</tr>
<tr>
<td>PGLM</td>
<td>Policy Guidelines for Land Management</td>
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<td>POL</td>
<td>Petroleum, Oil and Lubricants</td>
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<tr>
<td>PPP</td>
<td>Public Private Partnership</td>
</tr>
<tr>
<td>PSU</td>
<td>Public Sector Undertaking</td>
</tr>
<tr>
<td>RBI</td>
<td>Reserve Bank of India</td>
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<td>RFID</td>
<td>Radio Frequency Identification Document</td>
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<tr>
<td>RFP</td>
<td>Request for Proposal</td>
</tr>
<tr>
<td>RIS</td>
<td>River Information System</td>
</tr>
<tr>
<td>RoFR</td>
<td>Right of First Refusal</td>
</tr>
<tr>
<td>SCI</td>
<td>Shipping Corporation of India</td>
</tr>
<tr>
<td>SDCL</td>
<td>Sagarmala Development Company Limited</td>
</tr>
<tr>
<td>SIPC</td>
<td>Smart Industrial Port City</td>
</tr>
<tr>
<td>SOP</td>
<td>Standard Operating Procedure</td>
</tr>
<tr>
<td>SPV</td>
<td>Special Purpose Vehicle</td>
</tr>
<tr>
<td>TRT</td>
<td>Turn Around Time</td>
</tr>
<tr>
<td>USA</td>
<td>United States of America</td>
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<td>VOCPT</td>
<td>V.O. Chidambaranar Port Trust</td>
</tr>
<tr>
<td>VPRCL</td>
<td>Vizag Port Road Company Limited</td>
</tr>
<tr>
<td>VPT</td>
<td>Visakhapatnam Port Trust</td>
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</tbody>
</table>
REPORT

India has a long coastline of about 7517 km, spread on the western and eastern shelves of the mainland and also along the islands. Hence, Shipping plays a pivotal role in the economic development of the country. India has 13 Major Ports and about 200 Minor Ports. Approximately 95% of the country’s trade by volume and 68% by value is moved through maritime transport. Therefore, development of Major & Minor Ports and harbours, human resource and finance, maritime safety issues, training and skill development need to be strengthened. The Ministry of Ports, Shipping and Waterways has been entrusted with the responsibility to formulate various policies and programmes on these issues and implement them in an effective and efficient manner.

2. The following subordinate/attached offices, autonomous organizations, societies/associations and public sector undertakings are functioning under the administrative control of the Ministry of Ports, Shipping and Waterways:-

- Directorate General of Shipping, Mumbai (including Minor Ports Survey Organization, Mumbai).
- Andaman & Lakshadweep Harbour Works, Port Blair.
- Directorate General of Lighthouses & Lightships, Noida.
- Port Trusts at Kolkata, Kochi (Cochin Port Trust), Kandla, Chennai, Mormugao, Mumbai, Nhava Sheva (Jawaharlal Nehru Port Trust), Paradip, Tuticorin (V.O. Chidambaranar Port Trust), Visakhapatnam and New Mangalore.
- Dock Labour Boards at Kolkata and Visakhapatnam.
- Inland Waterways Authority of India, Noida.
- Tariff Authority for Major Ports, Mumbai.
- Seafarer’s Provident Fund Organization, Mumbai.
- Indian Maritime University.
- Seafarer’s Welfare Fund Society.
- National Shipping Board.
- Indian Ports Association.
• Shipping Corporation of India Limited.
• Cochin Shipyard Limited.
• Central Inland Water Transport Corporation Limited.
• Dredging Corporation of India Limited.
• Hooghly Dock and Ports Engineers Limited.
• Kamarajar Port Ltd, Ennore.
• Sethusamudram Corporation Limited.
• Sagarmala Development Company Limited.
• Indian Port and Rail Company Limited.
• Indian Port Global Private Limited.

3. Keeping in view the importance of Maritime infrastructure in the economic development of the country, the Committee decided to take up this subject for detailed examination and Report. During the course of examination of the subject ‘Promotion of Infrastructure in India’s Maritime Sector’, the Committee heard the views of the Secretary, Ministry of Ports, Shipping and Waterways; and Director General, Directorate General of Lighthouses and Lightships on 23rd December, 2019. The Committee also undertook a study visit to Visakhapatnam, Mumbai and Goa from 7th to 12th January, 2020; and a study visit to Chennai and Kochi from 12th to 16th July, 2021 and interacted with the Secretary, Ministry of Ports, Shipping & Waterways, representatives of State Governments and various stakeholders of the tourism industry on different aspects of maritime infrastructure. The Committee further heard the views of the Secretary, Ministry of Ports, Shipping and Waterways on 26th July, 2021. The Committee also heard the views of the Director General of Shipping; Managing Director, Sagarmala Development Company Limited; Chairman, Shipping Corporation of India; Managing Director, Andaman Lakshadweep Harbour Works; CEO, Adani Ports and Special Economic Zone Ltd.; CEO, DP World Free Trade Zone; CMD, CONCOR Ltd.; and President, Indian Private Ports and Terminals Association on 2nd August, 2021. A questionnaire on the subject was forwarded to Ministry of Ports, Shipping & Waterways and written replies were obtained on various aspects of the Port infrastructure and the progress made towards promoting infrastructure in India’s Maritime sector.
4. Some of the major points discussed during the deliberations of the Committee are:

a) Sagarmala Programme
b) Port Modernization & Development of New Ports
c) Performance of Ports In India
d) Connectivity to Ports
e) Shipbuilding Industry
f) Ship-Repair Industry
g) Public Private Partnership Projects
h) Promotion of Coastal Shipping
i) Development of Inland Waterways
j) Infrastructure Development at the Ports for Cruise Shipping
k) Cochin Shipyard
l) Model Concession Agreement
m) Maritime Training in India
n) Tariffs / Port Related Charges at Indian Ports
o) Marine Safety Issues
p) Impact of Covid-19 Pandemic on Shipping Sector

SAGARMALA PROGRAMME

5. The concept of Sagarmala was approved by the Union Cabinet on 25th March, 2015. As part of the programme, a National Perspective Plan (NPP) for comprehensive development of India’s coastline and maritime sector has been prepared which was released by the Hon’ble Prime Minister, on 14th April, 2016 at the Maritime India Summit, 2016.

6. The Ministry in its Background Note has stated that the vision of the Sagarmala Programme is to reduce logistics cost for EXIM and domestic trade with minimal infrastructure investment which includes:

- Reducing the cost of transporting domestic cargo through optimizing modal mix.
- Lowering logistics cost of bulk commodities by locating future industrial capacities near the coast.
- Improving export competitiveness by developing Port proximate discrete manufacturing clusters.
- Optimizing time/cost of EXIM container movement.

7. It was further informed by the Ministry that there are currently 802 projects worth investment of Rs. 5.52 lakh crore for implementation under the Sagarmala Programme by 2035. Out of which, 172 projects worth Rs. 88,235 crore have been completed and 235 projects worth Rs. 2.16 lakh crore are under implementation. Further, 395 projects worth Rs. 2.48 Lakh crore are under various stages of development. These projects are categorized into five pillars – Port modernization & new Port development, Port connectivity enhancement, Port-led industrialization, coastal community development and Coastal Shipping & Inland Water Transport. The detailed elaboration of these pillars is provided in the table below (Table 1).

Table 1: Summary of projects under Sagarmala

<table>
<thead>
<tr>
<th>S. No</th>
<th>Project Theme</th>
<th>Total</th>
<th>Completed</th>
<th>Under Implementation</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>#</td>
<td>Cost (Rs. Cr)</td>
<td>#</td>
</tr>
<tr>
<td>1</td>
<td>Port Modernization &amp; New Port Development</td>
<td>242</td>
<td>2,59,817</td>
<td>76</td>
</tr>
<tr>
<td>2</td>
<td>Port Connectivity Enhancement</td>
<td>208</td>
<td>1,36,224</td>
<td>49</td>
</tr>
<tr>
<td>3</td>
<td>Port Led Industrialization</td>
<td>33</td>
<td>1,19,845</td>
<td>8</td>
</tr>
<tr>
<td>4</td>
<td>Coastal Community Development</td>
<td>88</td>
<td>8,109</td>
<td>18</td>
</tr>
<tr>
<td>5</td>
<td>Coastal Shipping &amp; IWT</td>
<td>231</td>
<td>28,356</td>
<td>21</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>802</td>
<td>5,52,351</td>
<td>172</td>
</tr>
</tbody>
</table>
8. These projects are being implemented by relevant Central Ministries, State Governments, Ports and other agencies primarily through the private or PPP mode. So far 51 projects at Major Ports costing Rs. 20,997 crore have been awarded on PPP mode. MoPS&W agencies such as Major Ports and other allied offices are implementing 433 projects worth Rs. 2.2 lakh crore. Of which, 116 projects have been completed, 89 projects are under implementation and 228 projects are under the DPR and approval stage. Estimated investment made in 433 MoPS&W projects (Major Ports, Allied Offices) till June, 2021 is Rs. 44,074 crore.

9. The Ministry also informed the Committee that under the budget head of Sagarmala, 111 projects (worth Rs. 6,302 Crore) have been sanctioned under Sagarmala with a contribution of Rs. 2,219 Crore under Sagarmala budget, of which Rs. 1,312 crores have already been released. In F.Y. 2020-21, amount of Rs. 147 crores have been released under budget head of Sagarmala. Out of total 111 projects sanctioned under Sagarmala, 40 projects worth Rs. 2,800 Crore have been completed and 42 projects worth Rs. 1,982 Crore awarded and under implementation. Projects having high social impact but with no return or low Internal Rate of Return (IRR) (e.g., fishing harbour projects, coastal community skill development projects, coastal tourism & infrastructure projects, etc.) are being financially supported through budget of MoPS&W or in convergence with the schemes of other Central Line Ministries, for implementation under EPC mode.

10. The Committee is constrained to note the reply of the Ministry that despite the Sagarmala Programme being launched way back in the year 2015, only 172 projects out of the 802 sanctioned projects under the Sagarmala Programme have been completed and the remaining 632 projects are under the implementation stage, which is far from being satisfactory. The Committee recommends the Ministry that Sagarmala Programme being a crucial step in the progress of India’s Shipping sector needs to be speeded up. The Committee, therefore, desires to know whether the projects under implementation have witnessed any time overrun and cost escalation as compared to the original cost and timeline of the projects. The Ministry should also mention the precise reasons for delay, if any, Port-wise and steps being taken to address such delays.
11. The Committee would like to bring to the notice of the Ministry that the cost of projects which are categorized into five pillars under the Sagarmala Scheme is quite large as compared to the project cost of any other scheme/programme under the Ministry of Ports, Shipping and Waterways. But only a small fraction of funds has been utilized so far, which speaks of very poor planning and fiscal indiscipline. The Committee would, therefore, like to be apprised of the measures taken for effective and efficient utilization of sanctioned funds.

12. To a query regarding the establishment of various Coastal Employment Units (CEUs) along with the creation of social infrastructure within these CEUs as part of Sagarmala Project, the Ministry has informed that the industrialization plays a significant role in the process of economic development of a Nation. The Government of India, under its Sagarmala program, intends to address both these objectives by developing Coastal Employment Units in proximity to Major Ports. Further, feasibility Report for Coastal Employment Unit (CEU) was prepared by V.O.Chidambaranar Port Trust (VOCPT) in 2018. At present, VOCPT has identified 965 acres for promoting industries under CEU, effective leasable land is 745 acres. Port has invited Phase-I tender for 285 acres and Phase-II tender for 334 acres and allotted land to extent of 12.34 acres and 36.72 acres respectively. Further, tendering for Phase–III is under process.

13. The Ministry in its written reply stated that 30 potential Port-linked industrial clusters across three sectors, namely – Energy, Materials and Discrete Manufacturing, have already been identified. These include 9 bulk clusters for basic input industries such as Power, Refineries, Petrochemicals and Cement and 21 discrete manufacturing clusters, in the labour intensive sectors of electronics, apparel, leather products, furniture and food-processing etc. The Master Plans for the proposed Maritime Clusters in Gujarat and Tamil Nadu have been prepared. It was further informed that based on availability of land with the Major Ports, Ministry of Ports, Shipping and Waterways is developing a SEZ at JNPT, Free Trade Warehousing Zone (FTWZ) at Ennore and has also identified Kandla and Paradip for development of Smart Port Industrial Cities (SPICs). Development of a SEZ at JNPT (investments: Rs. 12,554 Cr) and Smart Industrial Port City (SIPC) at Paradip (investments: Rs. 7,600 Cr) is in progress. SIPC at Kandla (investments:Rs. 11,147 Cr) and Coastal Employment Units (CEUs) at VoCPT and KPL are also under development.
14. The Ministry in its Background Note informed the Committee that coastal community development is an important objective of the Sagarmala Programme. In this regard, Ministry of Ports, Shipping and Waterways is taking up number of initiatives/ projects in the areas of coastal community skill development and development of fishermen community. On the skill development front, the skill gap studies of 21 coastal districts have been undertaken and the same is being implemented. Ministry of Ports, Shipping and Waterways is also funding the skill development initiatives under DDU-GKY to train 10,000 persons annually for next 3 years and has currently started training in Andhra Pradesh, Kerala and Tamil Nadu. To ensure technology based skill development, Ministry of Ports, Shipping and Waterways have set up Centre of Excellence in Maritime & Shipbuilding (CEMS) with two campuses at Vizag and Mumbai that are operational since February, 2019. Ministry of Ports, Shipping and Waterways (MoPS&W) in partnership with the Ministry of Skill Development and Entrepreneurship (MSDE) is setting up Multi Skill Development Centres (MSDC) in Maritime Logistics under the Pradhan Mantri Kaushal Kendra (PMKK) programme of MSDE at Major Ports. The first such MSDC has been setup at Jawaharlal Nehru Port Trust (JNPT) on 8th March, 2019 and more such MSDCs have been planned at Chennai Port Trust, Cochin Port Trust, Visakhapatnam Port Trust and New Managalore Port Trust.

14.1. During the meeting of the Committee held on 2nd August, 2021, the representatives of Adani Ports and Special Economic Zone Limited emphasized upon the need for establishment of Port based industries and industrial townships in coastal regulation zones under the Sagarmala Programme.

15. The Committee takes note of the submission of the Ministry that Coastal Employment Units are planned to be developed to promote industrialization and to create social infrastructure within these CEUs and that VOCPT has identified 965 acres of land for promoting industries under CEUs.

16. The Committee would like the Ministry to elaborate upon how the establishment of various Coastal Employment Units (CEUs) creation of Port-linked industrial clusters have resulted in reduced logistics cost for EXIM and domestic trade. The Committee would also like the Ministry to formulate policies for generation of employment opportunities with
involvement of personnel in various activities of construction, operations and maintenance of projects in regard to creation of Coastal Economic Zones (CEZs), Coastal Economic Units (CEUs), Port-Linked Industrial & Maritime Clusters and Smart Industrial Port Cities.

**PORT MODERNIZATION & DEVELOPMENT OF NEW PORTS**

17. The Ministry in its Background Note informed the Committee that as per the studies conducted under the Sagarmala Programme, it is expected that by the year 2025, cargo traffic at Indian Ports will be approximately 2500 MMTPA while the current cargo handling capacity of Indian Ports is only 2406 MMTPA. Therefore, a roadmap has been prepared for increasing the cargo handling capacity of Indian Port to more than 3300 MMTPA by the year 2025 in order to cater to the requirements of growing traffic. This includes Port operational efficiency improvement, capacity expansion of existing Ports and development of new Ports.

18. The Ministry in its written reply also stated that for all the Major Ports, Master Plans have been finalized. From the Port Master Plans, 92 Port capacity expansion projects (cost: Rs. 58,884 Cr) have been identified for implementation over next 20 years and are expected to add 712 MTPA to the capacities at Major Ports (Table 2). Greenfield Ports are also proposed to be developed at Vadhavan (Maharashtra) and Paradip Outer Harbour (Odhisha).

<table>
<thead>
<tr>
<th>Major Port</th>
<th>No. of Projects</th>
<th>Project Cost (Rs. Cr)</th>
<th>Capacity Addition (MTPA)</th>
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<tbody>
<tr>
<td>Chennai</td>
<td>3</td>
<td>377</td>
<td>1</td>
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<td>Cochin</td>
<td>3</td>
<td>418</td>
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<td>KPL</td>
<td>16</td>
<td>12412</td>
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<td>JNPT</td>
<td>9</td>
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<tr>
<td>Kandla</td>
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<td>99.7</td>
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<td>Kolkata</td>
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<td>25</td>
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<td>15.3</td>
</tr>
<tr>
<td>Mormugao</td>
<td>5</td>
<td>2359</td>
<td>23.2</td>
</tr>
<tr>
<td></td>
<td></td>
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<tr>
<td>--------</td>
<td>------</td>
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<td>------</td>
</tr>
<tr>
<td>Mumbai</td>
<td>8</td>
<td>5472</td>
<td>33</td>
</tr>
<tr>
<td>NMPT</td>
<td>4</td>
<td>843</td>
<td>18</td>
</tr>
<tr>
<td>Paradip</td>
<td>8</td>
<td>5224</td>
<td>78</td>
</tr>
<tr>
<td>Tuticorin</td>
<td>12</td>
<td>4,999</td>
<td>150</td>
</tr>
<tr>
<td>Vizag</td>
<td>6</td>
<td>1935</td>
<td>52</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>92</strong></td>
<td><strong>58,884</strong></td>
<td><strong>712</strong></td>
</tr>
</tbody>
</table>

19. The Committee has also been informed that the Government introduced a Bill ‘Major Port Authorities Bill, 2016’ in the Winter Session Parliament in Lok Sabha on 16th December, 2016, to modernize the institutional structure of the Major Ports so that they are in a position to perform efficiently in the competitive Port sector. This Bill was intended to replace the Major Port Trust Act, 1963, which governs the Major Ports and provide greater autonomy to Ports.

20. The Secretary, Ministry of Ports, Shipping & Waterways, while deposing before the Committee stated the following:-

“The overall handling capacity that we have for our Ports today is 2500 million metric tonnes, whereas the traffic last year in 2020 was about 1248 million metric tonnes. So, we have substantial capacity in terms of handling equipment and other things that are there. But, the problem with our Ports is that some of the ports are pretty old, dating back to more than 150 years, where the draft is less, the berths are old, the big ships cannot come in, the way the cargo is carried has changed over the years.”

21. While replying to a question regarding Ministry’s future plan to develop more Private Port Terminals in order to boost cruise tourism and cargo transportation for increased revenue and employment growth, the Ministry in its written reply stated that for Mumbai Port, the PPP operator for Operation & Maintenance of Terminal has been shortlisted and the Security clearance is awaited from Ministry of Home Affairs. In the past decade, private investment into Major Port Sector was invited and several projects were awarded on PPP basis for the capacity augmentation across the major ports in the country. Many port projects such as construction of berths, installation of state of the art equipment, mechanization of cargo handling system, dredging projects to accommodate large size vessels, etc., are being continuously undertaken,
which help in increasing the capacity at Major Ports. There are currently 59 Public Private Partnership (PPP) Projects 34 under operation and 21 PPP Projects under implementation and 4 stressed projects at Major Ports. There are 23 captive projects (19 operational and 4 under implementation). Also, there are 31 projects which have been identified for monetisation by private sector participation from fiscal 2022 to 2025 for improved operational efficiency and capacity utilization of existing port assets and in order to boost cruise tourism and cargo transportation for increased revenue and employment growth.

22. The Committee notes that a roadmap has been prepared for increasing operational efficiency and capacity expansion of existing Ports and development of new Ports. The Committee observes that world-wide commercialization, liberalization and privatization have been used as strategies to deal with modernization of Ports. The Committee would, therefore like the Ministry to adopt an innovative approach and take radical measures to deal with the issues of modernization of existing Ports and development of new Ports as the Committee feels that a mere tinkering with procedures and occasional dents in structural rigidities will not suffice. The Committee also recommends that private stakeholders of shipping industry should have the liberty to identify the new Ports in the country and approach the Government of India with the proposal for their development.

23. The Committee also recommends that the Ministry should assess the progress of its policies and strategies in order to keep pace with the growing EXIM Trade demand. The Ministry should equip the Ports with adequate capacity to handle various types of cargo. Port infrastructure development projects and introduction of modern technology should also be paid attention to for creation of additional capacity at Major Ports and modern cargo handling techniques should be introduced to improve Port performance in the Major Ports. Policies and schemes must be formulated aiming at mechanization of operations and introduction of modern techniques particularly in dry bulk cargo to improve performance of the Major Ports and upcoming Ports.

24. The Committee would also like to recommend to the Ministry that a dedicated mechanism should be put in place for effective coordination and monitoring of PPP projects undertaken for development of Private Ports in the country. Further, ways should
be chalked out to link Private Ports with the Major and Minor Ports of the country in order to cater to the growing requirement for import/ export of manufactured goods/ raw materials, immediately after the phase of Covid-19 pandemic is over.

25. As per the written reply furnished by the Ministry of Ports, Shipping and Waterways, the details of the land available at Major Port for industrial development is as follows:

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Name of the Port</th>
<th>Type of industries likely to be set up</th>
<th>Land Area Available (Acres)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>KoPT</td>
<td>Light Industries, Chemical Industries, readymade Garments, Hosiery industries</td>
<td>829</td>
</tr>
<tr>
<td>2.</td>
<td>PPT</td>
<td>Steel, Food processing industries, Oil Refineries, Fertilizer plants, Coal based Industries</td>
<td>100</td>
</tr>
<tr>
<td>3.</td>
<td>VPT</td>
<td>Food processing industries, Auto industries, Electronic goods, free trade warehousing zone (FTWZ)</td>
<td>103</td>
</tr>
<tr>
<td>4.</td>
<td>ChPT</td>
<td>Port and cargo industries like warehouse, cold storage ICD etc.</td>
<td>121</td>
</tr>
<tr>
<td>5.</td>
<td>VOCPT</td>
<td>Hosiery industries, Engineering goods, Auto parts</td>
<td>2901</td>
</tr>
<tr>
<td>6.</td>
<td>CoPT</td>
<td>Warehouse/Logistic Parks</td>
<td>100</td>
</tr>
<tr>
<td>7.</td>
<td>NMPT</td>
<td>Tank farms/CFS, LPG/CNG bottling plants/storage industries</td>
<td>30</td>
</tr>
<tr>
<td>8.</td>
<td>JNPT</td>
<td>Liquid Storage, Bio-diesel, agro based product, propane storage and processing, warehouses, cold storage etc.</td>
<td>810</td>
</tr>
<tr>
<td>9.</td>
<td>DPT</td>
<td>Wooden based industries, edible oil refineries, mineral industries</td>
<td>1566</td>
</tr>
</tbody>
</table>
To a question regarding the status of utilization of unused lands at various Ports of the country, the Ministry in its written reply informed the Committee that a large extent of land belonging to Major Ports is under lease with Departments of Government of India and the State Governments on which interest and penal interest have been levied in cases of unpaid lease rentals. These interests and penal interests over a period of time have increased quite substantially which is coming in the way of settlement of lease rent. In order to facilitate and expedite the recovery of these huge pending dues of Major Ports, Ministry of Ports, Shipping and Waterways has issued 'One Time Settlement Scheme (OTSS)' for settlement of dues with Government of India/ State Governments / Departments on 13th August, 2019.

27. It was further informed by the Ministry that the Policy Guidelines for Land Management (PGLM), 2014 were issued to all Major Ports for implementation w.e.f. 02.01.2014. Later, some of the provisions of the Land Policy Guidelines, 2014 were further clarified to ease the implementation of the Policy Guidelines by the Major Ports on 17th July, 2015. Further, many Major Ports had, however, raised various difficulties in implementing some of the provisions of PGLM, 2015 and requested for further clarifications on the same. In order to address the various difficulties arising with regard to implementation of these guidelines so as to meet the practical exigencies and requirements, clarifications on these guidelines were issued by the Ministry from time to time and all the clarifications issued have been compiled and have been issued afresh on 29.04.2019. Since the demand for Liquefied Natural Gas (LNG) in the country has been increasing and it is the stated policy of the Government of India to double the share of LNG in the energy mix of the economy in the near future, the Ministry under Para 12 (i) of Policy Guidelines for Land Management by Major Ports, 2015, issued clarificatory guidelines for establishing Floating Storage Regasification Units (FSRU) at Major Ports on 7th March, 2019.
28. The Committee notes from the reply of the Ministry that a large extent of land belonging to Major Ports is under lease with Departments of Government of India and the State Governments on which interest and penal interest have been levied in cases of unpaid lease rentals. The Committee also takes note of the fact that “One Time Settlement Scheme” on 13th August, 2019 and desires to be apprised of the outcome of this Scheme.

29. The Ministry of Ports, Shipping and Waterways in coordination with the Ministry of Renewable Energy should also work towards establishment of solar power plants and wind power generation units on the unutilized land rather than on sea, wherever possible near the harbors to reduce the burden on non-renewable resources of energy and to increase the employment opportunities.

30. The Committee would also like to be apprised of the bottlenecks being faced in the implementation of some of the provisions of Policy Guidelines for Land Management. Further, what is the current status of establishment of Floating Storage Regasification Units (FSRU) at Major Ports in order to meet the increasing demand for Liquefied Natural Gas (LNG) in the country.

**PERFORMANCE OF PORTS IN INDIA**

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</tr>
</thead>
<tbody>
<tr>
<td>Traffic Handled (in MMT)</td>
<td>545.79</td>
<td>555.49</td>
<td>581.34</td>
<td>606.47</td>
<td>648.40</td>
<td>679.37</td>
<td>699.10</td>
<td>704.93</td>
<td>672.61</td>
</tr>
<tr>
<td>Average Turn Around Time (in Hrs)</td>
<td>101.76</td>
<td>93.60</td>
<td>96.00</td>
<td>87.36</td>
<td>82.32</td>
<td>64.43</td>
<td>59.51</td>
<td>62.11</td>
<td>55.67</td>
</tr>
<tr>
<td>Average Output per-ship per berth day (in 11800)</td>
<td>12468</td>
<td>12458</td>
<td>13156</td>
<td>14576</td>
<td>15333</td>
<td>16541</td>
<td>16419</td>
<td>15373</td>
<td></td>
</tr>
</tbody>
</table>
### Operating surplus

<table>
<thead>
<tr>
<th></th>
<th>1807.43</th>
<th>2518.90</th>
<th>3599.40</th>
<th>4296.56</th>
<th>4979.58</th>
<th>5856.33</th>
<th>6412.79</th>
<th>6772.34</th>
<th>6557.89</th>
</tr>
</thead>
</table>

31. The Committee was informed by the Ministry that the achievement of Major Ports in terms of capacity augmentation, improved operational efficiency and higher operating surplus has been made possible due to certain pro-active policy initiatives taken by the Ministry of Ports, Shipping and Waterways (MoPS&W). Some of the important initiatives/achievements in the recent past are:

(a) **Revision of the Captive Policy**

In July, 2016 Cabinet approved a policy for facilitating a more transparent process of allotment of waterfront and associated land for development and operation of Port facilities/services by any industry substantially dependent on a Major Port for import and/or export of cargo for carrying out their legitimate business operations within the larger PPP framework. This policy will replace the existing guidelines for allotment of land and waterfront for Port based industries.

(b) **New Stevedoring and Shore Handling Policy**

This policy has been made effective from 31st July, 2016. This policy will increase competitiveness by creating value for the trade through reduced logistics cost. Policy will also apply to Mumbai Port and Haldia where stevedoring is carried out by the Ports and will enable a revenue share for Ports from the operations which was lacking earlier.

(c) **New Berthing Policy for Dry Bulk**

This policy has been made effective from 20th August, 2016. This will provide a standardized framework for calculation of norms, specific to the commodity handled and the
infrastructure available on the berth. This will help to standardize anchorage charges to reduce berthing time & overall turnaround time of ships and help to drive higher cargo throughput using the available infrastructure in the Major Ports.

(d) Deep draft berth at Major Ports

With a view to enable Major Ports to handle larger vessels the Ministry had prepared an action plan for increasing the draft in Major Ports. Most of the Ports now already have a minimum draft of 14 meters and the other Ports are striving to achieve this level. Some of the ports like Paradip, Kamarajar, Mormugao and JNPT have plans in hand to increase their drafts well beyond existing drafts.

(e) The Model Concession Agreement has been revised with a view to obviate the problems being faced in execution of PPP Projects on account of certain provisions of the present MCA. The revised MCA is expected to enhance confidence of investors and make the investments in the Port Sector attractive.

(f) Revised guidelines have been issued on 31st January, 2018 for enhancing the validity period of security clearance of bidders/ companies participating in Public Private Partnership (PPP) projects and dredging projects in Major Ports from three years to five years so as to harmonise it with the validity period followed by Ministry of Home Affairs (MHA).

(g) As per the instructions issued by MoPS&W in February, 2009, surplus funds were being invested by the Major Ports in the Public Sector Banks (PSBs). The practice of the Ports parking their surplus funds, solely in the fixed deposits with the PSBs, has been reviewed in the current economic scenario in the light of the guidelines on investment of Provident fund/pension fund/surplus funds issued by the Ministry of Labour & Employment and Department of Public Enterprises. In supercession of the earlier instructions, revised guidelines have been issued by this Ministry to all the Major Ports on 27.07.2018 regarding investing of their pension /provident/gratuity fund and surplus funds.

(h) Some of the PPP Projects at Major Ports came under stress due to high storage charges. A Committee under Chairman, Indian Ports Association (IPA) considered the issues
including the storage charges which had resulted in some of the PPP Projects getting stressed. Based on the recommendations made by the said Committee, a methodology has been worked out for dealing with such abnormal storage charges and bring the stressed project on track. Guidelines in this regard have been issued to the Major Ports on 11.07.2018.

32. The achievement of Major Ports in terms of capacity augmentation, improved operational efficiency and higher operating surplus has been made possible due to certain pro-active policy initiatives taken by the Ministry of Port, Shipping and Waterways (MoPS&W). Some of the important initiatives/achievements in the recent past are:

(a) Major Ports Authorities Bill, 2021 was proposed to provide for regulation, operation and planning of Major Ports in India and to vest the administration, control and management of such Ports upon the Boards of Major Port Authorities and for matters connected therewith or incidental thereto. The Bill intended to repeal the Major Port Trusts Act, 1963 so as to revamp the administration, control and management of Major Ports in India. The Major Port Authorities Bill was passed by the Lok Sabha on 23.9.2020 and subsequently by the Rajya Sabha on 10.2.2021 with amendments. The Bill along with amendments passed by the Rajya Sabha was again passed by the Lok Sabha on 12.2.2021. After assent by the President, the Major Port Authorities Act, 2021 was notified by the Legislative Department, Ministry of Law & Justice on 18.2.2021. However, the Act has not yet come into force as a separate notification has to be made to that effect by the Government. Rules under the Act are being framed in consultation with IPA and the Major Ports.

(b) A new Captive Policy for Port Dependent Industries has been prepared to address the challenges of renewal of concession period, scope of expansion, and dynamic business environment.

(c) Revised Guidelines on Corporate Social Responsibility (CSR) for Major Ports issued on 4.3.2020.

(d) The Union Cabinet has accorded its 'in-principle' approval on 5th February, 2020 for setting up a Major Port at Vadhavan near Dahanu in Maharashtra. The total estimated cost of the project is Rs.65,544.54crore. Vadhavan Port will be developed on the "Landlord model". A
Special Purpose Vehicle (SPV) will be formed with Jawaharlal Nehru Port Trust (JNPT) as the lead partner with equity participation equal to or more than 50% to implement the project. The SPV will develop the Port infrastructure including reclamation, construction of breakwater, besides establishing connectivity to the hinterland. All business activities would be undertaken under PPP mode by private developers.

(e) A new dispute redressal institutional mechanism in the form of SAROD-Ports has been constituted jointly by Indian Private Ports & Terminals Association (IPPTA) and Indian Ports Association (IPA).

(f) India improved its ranking under the Trading Across Border (TAB) parameter of Ease of Doing business (EoDB) from 77 to 63 among 190 countries. This impressive record has been facilitated due to various measures like Direct Port Delivery (DPD), Direct Port Entry (DPE), Introduction of RFID, Installation of scanners/container scanners, Simplification of procedures etc., taken by the major ports.

(g) Logistics Data Bank Service under Delhi Mumbai Industrial Corridor Development Corporation Ltd. (DMICDC), for enabling track & trace movement of EXIM container has been implemented in all the container handling Major Ports.

(h) An Enterprise Business System (EBS) is being implemented at 5 Major Ports (Mumbai, Chennai, Deendayal, Paradip, Kolkata (including Haldia) Port with project cost of approx.₹ 320 crores) to provide a digital port ecosystem that will adopt leading International Practices without losing its alignment to existing local needs.

(i) A centralized web-based Port Community System (PCS) has been operationalized across all Major Ports which enables seamless data flow between the various stakeholders through common interface. To move towards complete paperless regime, E-DO (Electronic Delivery Order) through PCS made mandatory along with e-invoicing and e-payment. An upgraded version PCS1x has been launched in December, 2018.

(j) Several new functionalities, focused on ease of doing business, like e-Delivery Order, e-Invoicing and e-Payment have been added in PCS 1x. e-DO through PCS 1x was implemented
only for DPD containers but now has been extended to deliveries made by all custodians like Terminals, CFS/ICDs and other Non-Major ports using PCS 1x.

(k) Further the process to bootstrap PCS 1x in to National Logistics Portal-Marine (NLP-Marine) is already underway which will act as a Unified Digital Platform all maritime stakeholders. NLP Marine+ PCS 1x platform is envisaged as the central hub for all interactions with various stakeholders viz. Port, Terminals Shipping Lines/Agents, CFS and Customs Brokers, Importer/Exporter etc.

(l) Maritime India Summit was inaugurated in March, 2021. It was one of the biggest virtual summits in the world, with the participation of more than 1.7 lakh registered participants from more than 100 nations. Maritime India Vision 2030 has identified 150+ initiatives across Ports, Shipping & Waterways sub-sectors which will propel Indian maritime sector to its next level of growth in the new decade.

(m) Existing Model Concession Agreement, 2018 is being revised considering the change in policy environment due to enactment of Major Ports Authorities Act, 2021 and exploring provision of further flexibility to respond to dynamic market and regulatory conditions, many provisions have been provided or modified to cater to changing environment and develop a conducive atmosphere around PPP to boost investment.

33. The Ministry in its Background Note has stated that continuing with the initiatives and policy measures taken in the past as enumerated above, the focus of the Ministry would be on capacity augmentation, modernization of the Ports, growth in traffic, improvement in efficiency parameters safety and security of the Ports etc. Ministry of Ports, Shipping and Waterways, with the objective of propelling India to the forefront of the Global Maritime Sector, has recently released Maritime India Vision 2030 (MIV 2030), a blueprint to ensure coordinated and accelerated growth of India’s maritime sector in the next decade. To develop global standard Ports in India, Maritime India Vision (MIV) 2030 has identified initiatives such as developing world-class Mega Ports, transhipment hubs and infrastructure modernization of Ports. These initiatives would help in lowering overall operational costs of Ports, reducing turnaround time for vessels, increasing efficiency and throughput, providing ability to handle larger ships and
developing Indian Port’s strategic importance in the South Asian region. MIV 2030 estimates the development of Indian Ports to drive cost savings to the tune of INR 6,000-7,000 Cr per annum for EXIM clients and help unlock INR 70,000 – 75,000 Cr worth of potential revenue. Further, the augmented operations are estimated to create an additional ~700,000-1,000,000 jobs in the sector. MIV 2030 estimates the investments to the tune of INR 1,00,000 – 1,25,000 Crores for capacity augmentation and development of world class infrastructure at Indian Ports.

34. While replying to a query regarding the Master Plan for the Ports, widening of their play on global level including coastal areas for improvement in services sector, creation of institutes for job expansion, tapping of cargo potential etc. the Ministry in its written reply informed the Committee that with the objective of propelling India to the forefront of the Global Maritime Sector, Ministry of Ports, Shipping & Waterways has recently formulated Maritime India Vision 2030 (MIV 2030), a blueprint to ensure coordinated and accelerated growth of India’s Maritime sector in the next decade. MIV 2030 has been formulated in consultation with over 350+ public and private sector stakeholders, comprising Ports, shipyards, inland waterways, trade bodies and associations, National and International industry and legal experts. The following key guiding principles were incorporated to define the MIV 2030:

1. Analyze current and future challenges to define initiatives
2. Drive innovation by utilizing latest technology
3. Create time-bound action plan
4. Benchmark to understand current standing and adopt best-in-class practices
5. Address capability building and human resources
6. Explore ideas to achieve “Waste to Wealth

35. Further, MIV 2030 identifies over 150 initiatives across 10 themes covering all the facets of the Indian maritime sector and is a comprehensive effort to define and meet national maritime objectives. MIV 2030 envisions an overall investment of INR 3,00,000 – 3,50,000 Cr across ports, shipping, and inland waterways categories. This vision roadmap is estimated to help unlock INR 20,000+ Cr worth of potential annual revenue for Indian Ports. Further, it is expected to create an additional ~20,00,000+ jobs (direct and non-direct) in the Indian Maritime Sector.
36. The Committee takes note of the fact that the Ministry has prepared an Action Plan for increasing the depth of the Major Ports and most of the Major Ports now have a minimum draft of 14 meters. The Committee observes that in order to meet the challenges emanating from intense global competition, Ports in India are required to gear themselves up by modernizing the Port infrastructure and enhancing their drafts so that their operational efficiency is at par with the global standards. Increased competition and economy of scale have fuelled the development of even bigger ships and in order to accommodate such vessels, our Ports must have access channels of sufficient depth. Therefore, promotion of huge facilities capable of handling bigger ships is the need of the hour. Since the investments requirements for the purpose would be huge, the Committee recommends that investments may be made in capital dredging in the form of Government Budgetary Support, equity participation and debt financing to Ports so that the existing drafts of 14 meters could be increased to receive bigger vessels and trans-shipment traffic from and to India could be improved.

37. The Committee would urge the Ministry to develop an efficient system which can support seamless movement of cargo across all modes. The Ministry should emphasize all the Major and Minor Ports to enhance the productivity and infrastructure to the level of best Ports in the world which will enable them to compete globally. In this regard, the Committee would like the Ministry to appoint consultants to suggest solutions to the logistical and infrastructural bottlenecks. The Committee, therefore, recommends the Ministry to take both statutory as well as administrative measures, to ensure that the consultants of proven track record are appointed who should be mandated to furnish their Report within a defined timeframe by assessing all the infrastructure/ performance parameters related to the Major and Minor Ports of the country.

38. The Committee notes from the reply of the Ministry that in order to develop Ports of global standard in India, the Ministry of Ports, Shipping and Waterways has identified Maritime India Vision (MIV) 2030. The Ministry should apprise the Committee of the implementation strategy that has been envisaged for the same. The Committee should also be apprised whether the Ministry has issued guidelines for its implementation to various
Port Authorities/ Major Ports or has given autonomy to them for formulation of the strategy regarding the Maritime India Vision (MIV) 2030.

CONNECTIVITY TO PORTS

39. While replying to a question regarding the updated status of implementation of 57 rail connectivity projects being executed under the Sagarmala Programme, the Ministry in its written reply stated that there are 83 rail connectivity projects worth Rs 56,416 crores under Sagarmala Programme. Out of which, 54 projects are being implemented by Indian Railways, 26 projects are being implemented by Major Ports and 3 projects are being implemented by state maritime boards. Updated status of all rail projects is attached as Annexure II.

40. Better rail connectivity to the Major Ports is very crucial for improving the efficiency of the Major Ports by creating a better Maritime infrastructure. In this regard, the Ministry of Ports, Shipping and Waterways informed the Committee that it is continuously coordinating/interacting with Ministry of Railways for timely completion of rail projects connecting Major Ports through various modes of communication like meetings, letters, official memos, etc.

41. The Ministry in its Background Note informed the Committee that for improving last-mile connectivity issues at Ports, the Indian Port Rail Corporation Ltd. (IPRCL) was incorporated in July, 2015. IPRCL has completed 20 projects worth Rs 522 crore and 12 projects costing Rs. 1351 crore are under implementation. Further, for improving hinterland and last mile connectivity of Ports, 98 road and 91 rail connectivity projects have been identified for implementation under Sagarmala. Out of 98 road projects, 13 projects worth Rs. 1788 crore have been completed and 85 projects are in various stages of development and implementation. These projects are mainly being implemented by MoRTH/ NHAI and Major Ports. Out of 91 rail connectivity projects, 28 projects worth Rs. 7,376 Crore have been completed and 63 projects are in various stages of development and implementation.

42. It was further informed by the Ministry that in order to expedite implementation of road and rail connectivity projects undertaken by MoRTH and MoR, MoPS&W has identified 68 road and 14 rail connectivity projects which need to be prioritized and same has been communicated
to respective Ministries. MoPS&W, in the 18th Maritime State Development Council (MSDC) meeting held on 24th June, 2021, chaired by Hon’ble Minister of Ports, Shipping, and Waterways in presence of representatives from State as well as Central Ministries carried out discussion on expediting implementation of rail and road connectivity of Ports.

43. During the study visit of the Committee to Chennai and Kochi, the representatives of the V.O. Chidambaranar Port Trust (VOCPT) apprised the Committee that the Port is well connected to major cities such as Madurai via NH-38, Thirunelveli via NH-138 and to Kanyakumari via SH-176. It was further informed that under the Bharatmala Project, the East Coast Road (ECR) four-lane Project from Chennai to Kanyakumari is under progress in order to facilitate the cargo movement from VOCPT to East-Coast hinterlands. Further, the representatives of Kamarajar Port Limited dwelt upon the fact that the Kamarajar Port is well connected through road with National Highways (NH-4, NH-5 and NH-45) through the TPP and is also connected through rail with Indian Railways network.

43.1. During the meeting of the Committee held on 2nd August, 2021, the representatives of Container Corporation of India Limited informed the Committee that at JNPT there are 5 terminals and there is no common aggregation point for rail loading. Because of intra movement of containers by road from these terminals, rake loading is taking 8-9 Hrs. It was further informed that the Port Terminal Handling Charge is higher for rail moved containers as compared to the road moved containers, which is dissuading the Port users to patronise for rail movement.

44. The Committee notes the reply of the Ministry. The Committee feels that lack of rail and road networks has emerged as a major constraint for most of the the Major/Minor Ports of the country. Since most Port Connectivity projects are highly capital intensive, the Committee, would therefore, like to know the details of the funding pattern which has been adopted for implementation of the rail-road connectivity projects. The Committee recommends that a common rail yard should be developed at JNPT for faster evacuation of containers and for reducing the rake loading time in order to increase the efficiency of Port operations. The Committee desires to be kept apprised of the progress made in this regard.
45. The Committee is dismayed to note that out of 98 road connectivity projects, only 13 projects have been completed. Similarly, out of 91 rail connectivity projects, only 28 projects have been completed so far. This speaks of poor coordination between the Ministry of Ports, Shipping & Waterways and the implementing agencies. The Ministry is extending timelines for execution of these projects instead of emphasizing upon their timely and speedy completion. The Committee, therefore, recommends that a dedicated monitoring mechanism be put in place to ensure completion of these projects within the approved cost and designated timeline. Further, a Master Plan for completion of Port-road connectivity projects must be formulated by the Ministry and work relating to Port-road connectivity projects should be assigned to NHAI/ MoRTH who are specialist in their fields of operation. The Committee desires to be kept apprised of the measures taken in this regard.

46. The Committee observes that environment is no longer a negotiable topic and it should therefore be ensured that economic development through the development of Ports is achieved through the cleaner and greener environment. The Committee, therefore, recommends that the Ministry should formulate proper guidelines and conduct an environmental impact assessment before releasing funds for any sanctioned/ stalled/ ongoing connectivity project. The Ministry of Ports, Shipping & Waterways should also work in close coordination with Ministry of Road Transport and Highways, NHAI and MoEF&CC to address the delay in projects due to land acquisition and environmental clearances.

SHIPBUILDING INDUSTRY

47. While replying to a query regarding policy measures required to be formulated to promote Indian shipbuilding and ship repair industry in order to make it more vibrant and robust, the Ministry in its written reply stated that the Government of India has taken the following steps to encourage shipbuilding and ship repair industry:

a. To promote Indian shipyards, the Union Cabinet has on 9th December, 2015 approved Shipbuilding Financial Assistance Policy for Indian shipyards for contracts signed during a ten year period, viz. 2016-2026. Ministry of Ports, Shipping and Waterways has released an amount
of financial assistance on shipbuilding of Rs. 29.02 Cr in FY 2018-19 for 12 vessels and about Rs. 28 Cr for 7 vessels in 2019-20.

b. The Cabinet Committee on Economic Affairs (CCEA) in its meeting held on 09.10.2019, has approved this Ministry’s proposal regarding settlement of subsidy claims for executed shipbuilding contracts under the old shipbuilding subsidy scheme - 2002-2007, wherein CCEA has approved extension of timeline and budgetary support beyond 31.03.2014 for release of committed liability of shipbuilding subsidy through budgetary support of approx. Rs.153 crores for a total number of 51 vessels, including retained subsidy for 47 vessels and full subsidy for 4 vessels. This subsidy is to be released in financial years 2019-20, 2020-21 and 2021-22. Guidelines have been formulated for release of this subsidy and about Rs. 15 crore of retained subsidy has been released in FY 2019-20 for 11 vessels.

c. The Union Cabinet has also approved that all Government departments or agencies including CPSUs have to provide Right of First Refusal to Indian shipyards while procuring or repairing vessels meant for Governmental or own use till 2025, after which all such vessels will be procured only from Indian shipyards.

d. Government of India has vide Gazette Notification No. 112 dated 13th April, 2016 notified an updated Harmonized Master List of Infrastructure Sub-Sectors while including a new sub-sector “shipyards” under the category of “Transport”. A “Shipyard” has been defined therein as a floating or land-based facility having requisite facilities for carrying on shipbuilding/repair/breaking activities. Infrastructure status would enable Indian shipyards to avail cheaper long-term source of capital and would enable the shipyards to reduce their cost disadvantage and invest in capacity expansion, thereby giving a boost to the Indian shipbuilding industry.

e. Notification No.1 of Make in India regarding Minimum Local content in shipbuilding was issued in August, 2018 in consultation with stakeholders. The Notification aims to support local manufacturers of shipbuilding parts.

48. The Committee finds that the shipbuilding industry is facing certain financial and infrastructural bottlenecks. The Committee notes from the reply of the Ministry that the Union Cabinet has on 9th December, 2015 approved Shipbuilding Financial Assistance
Policy for Indian shipyards for the period 2016-26, CCEA has approved this Ministry’s proposal regarding settlement of subsidy claims, providing of Right of First Refusal to Indian shipyards while procuring or repairing vessels meant for Governmental or own use till 2025 and grant of infrastructure status to Indian shipbuilding industry are some key initiatives taken by the Government of India to provide a boost to the shipbuilding industry of India. The Committee, therefore, recommends that the Ministry must revisit its strategies and revamp its policies in order to support the indigenous manufacturers of shipbuilding parts under the Make in India campaign.

49. The Committee would like the Ministry to assess the current financial status of the Financial Assistance Policy for Shipbuilding and would recommend the Ministry to take effective steps to resolve the frequent occurring of NPAs within a specified time frame in order to maintain revenues from the shipbuilding in the profitable column of the balance sheet of the shipping industry.

SHIP-REPAIR INDUSTRY

50. While replying to a query regarding the steps to be taken to bridge the capacity gaps of Indian yards in repairing sophisticated kinds of vessels and to tap the huge potential of Indian ship repair market, the Ministry in its written reply, informed the Committee that technology driven Ship repair shall be the key mantra to be followed by Ship repairing yards. Indian yards, barring a few, are lacking in capacity as well as technology and know-how in handling repairs of niche and sophisticated vessels. Some of the steps that can be taken in this regard include:

1. Setting up of Ship repair centres of excellence, which shall support the Indian yards on updating/ providing the necessary technical support for handling sophisticated ship repairs. As individual yards may not have the resources for getting these technologies and support system on their own, by having a common centres of excellence such gaps can be bridged.

2. Tie up of major Indian yards with global ship repair industry leaders in the areas for technology transfers, etc. A JV model with Korean/ Europeans/ Japanese yards with select Indian yards can impart such technology transfers.
3. Setting up a funding entity for maritime industry, like the Maritime Development Fund, so that many of these initiatives, including requirement for reviving the industry can be supported.

4. Creating two major Clusters for Ship repairs, one each on either coast, with certain benefits in these clusters, will help the ship repair industry in India to tap the potential available.

5. Policy initiatives like ROFR, declaring certain zones where Ship repair clusters functions as free trade zones, etc. are few policy initiatives which will support the industry.

6. Support of ancillary industries specific to Ship repair and Ship building will help to channelize the industry requirements into rationalizing the supply and demand within the Maritime Sector.

7. Tie ups can be made with renowned shipyards in order to better utilize the dry docks at various Ports.

51. The Committee takes note of the steps envisaged to be taken to tap the huge potential of Indian Ship repair market and observes that the Ministry of Finance should be approached to grant deemed export status to ship repair industry, keeping in view saving of foreign exchange.

52. The Committee is of the view that ship repair capacity essentially reflects capability in terms of the number of ships repaired and maximum size of ship that can be repaired in terms of DWT. According to a Report ‘Statistics of India’s Shipbuilding and Ship repairing Industry’ by the Ministry of Ports, Shipping and Waterways, in 2018-19, a total of 706 ships were repaired out of which 341 ships were repaired by the private sector shipyards and 365 ships were repaired by the public sector shipyards against 528 ships repaired in 2017-18. However, the COVID-19 pandemic affected ship building and ship repair facilities globally to a great extent. The pandemic has disrupted almost every area of the shipping industry, after a promising 2019. All levels of operations were affected by yard closures, logistical challenges and delay in surveys. The Committee would, therefore, recommend to the Ministry to revamp and revisit its policies/ strategies to give a boost to the ship repairing industry of India. Programmes should be implemented aiming towards the revenue and employment generation.
53. The Ministry should apprise the Committee of the Port-wise details of the ship repairing facilities. Further, what are the reasons for no ship repairing facilities at many Major Ports of the country and the steps taken/being taken by the Ministry to address such issues.

PUBLIC PRIVATE PARTNERSHIP PROJECTS

54. The Ministry in its Background Note informed the Committee that Public Private Partnership (PPP) mode of development was introduced in the Port sector in mid 1990s along with other infrastructure sectors. The Nhava Sheva International Container Terminal (NSICT) in JN Port was the first Port Terminal to be developed on PPP basis in July, 1997. Since then, PPP mode has become the preferred mode of infrastructure development in Major Ports accounting for nearly 90% of the new investment in Berth/Terminal infrastructure. The Indian Port sector is the third largest share holder (8% by value of contracts) of PPP projects in the country after Roads and Urban Development sectors. This has been facilitated by the Government putting in place an enabling framework for promoting PPP projects in Port sector. This includes standardized bidding documents like RFQ, RFP & Model Concession Agreement, Upfront Fixation of Tariff and frequent Review of Tariff Regulations to attract private investors. Apart from being the primary source of investment for developing infrastructure in Major Ports, PPP projects have brought in new technologies, best governance practices and consequentially significant efficiency gains in operations of Major Ports.

55. Presently, there are 59 PPP projects involving 34 projects under operational, 21 projects under implementation and 4 stress projects in Major Ports. This apart there are 23 Captive projects in the Major Ports. The enabling legal framework for allowing PPPs in Port services is available under the Major Port Trusts Act, 1963. Further, on 17th February, 2021, the Major Port Authorities Act received the assent of the President which will replace the previous Major Port Trusts Act, 1963, once notified. Significant steps have been taken by the Government to ensure uniformity of approach and standardization of processes for facilitating PPPs in Major Ports over the years since 1996, such as issue of guidelines for private sector participation in Major Ports in 1996 and for formation of joint ventures by Major Ports with private parties and foreign entities in 1998. Several top companies in the world have invested in India like D.P. World, Port
Authority of Singapore, P&O Ports, APM Terminal, Maersk, Noble Group. The achievement of major ports in terms of capacity augmentation, improved operational efficiency and higher operating surplus has been made possible due to certain pro-active policy initiatives taken by the Ministry of Ports, Shipping & Waterways (MoPS&W). Some of the important initiatives/achievements in the recent past are:

(a) Revision of the Captive Policy: In July, 2016 Cabinet approved a policy for facilitating a more transparent process of allotment of waterfront and associated land for development and operation of port facilities/services by any industry substantially dependent on a Major Port for import and/or export of cargo for carrying out their legitimate business operations within the larger PPP framework.

(b) Model Concession Agreement (MCA) gives the various parameters for the implementation and maintenance of PPP projects. Model Concession Agreement (MCA) was revised last in 2018.

(c) Some of the PPP Projects at Major Ports came under stress due to high storage charges. A Committee under Chairman, Indian Ports Association (IPA) considered the issues including the storage charges which had resulted in some of the PPP Projects getting stressed. Based on the recommendations made by the said Committee, a methodology has been worked out for dealing with such abnormal storage charges and to bring the stressed projects on track. Guidelines in this regard have been issued to all the Major Ports on 11.07.2018.

(e) Floating Storage Re-gasification Unit (FSRU) at Major Ports: The demand for Liquefied Natural Gas (LNG) in the country has been increasing and it is the stated policy of the Government of India to double the share of LNG in the energy mix of the economy in the near future. LNG imports are substantial since domestic supply of LNG is not sufficient to meet the demand for which supporting infrastructure requires to be developed. Floating Storage Regasification Units (FSRU) within port limits offer a low cost, fast track and flexible option even compared with traditional onshore terminals. Some entities have shown interest to set up FSRU in port limits. However, there were no specific guidelines on how FSRU will be permitted to be set up and operate. Hence, after examination of the issues, it was decided to bring uniformity in setting up and operation
of FSRU for LNG cargo in different ports, which fundamentally entails giving license of water area. Accordingly, under Para 12 (i) of Policy Guidelines for Land Management by Major Ports, 2015, clarification through guidelines for establishing Floating Storage Regasification Units (FSRU) at Major Ports have been issued on 7th March, 2019.

56. The Secretary, Ministry of Ports, Shipping & Waterways, while deposing before the Committee on the subject stated:-

“We are transitioning to a land-lord model for our Ports where these older berths are going to be offered on PPP with the hope that these berths would be modernized. 31 such berths have already been identified and we have a pipeline of projects under asset monetization which will be offered to private sector to develop these berths into bigger berths with a higher draft with container handling capacity so that the containers volumes which are increasing at a much faster pace can be handled.”

57. It was further informed that the Ministry of Ports, Shipping and Waterways has introduced various policy initiatives to attract investment in the Port sector, including revised Captive Policy for Port Dependent Industries, New Land Policy for Major Ports, MPA Bill 2020 etc. The Major Port Authorities Bill, 2020 is expected to usher in a new era for administration of Major Ports in India in which the Major Ports will contribute significantly to the economic growth and provide world-class Port infrastructure by adopting Landlord Model of development. The Major Ports shall gain autonomy on many key matters including tariffs, development of Port assets, master planning of infrastructure within Port limits and powers to make regulations for operations of the Major Ports. Further Indian Ports Bill is also under the anvil. India can further adopt policies which helps build investors’ confidence and liberalize the sector. Some of the key policy initiatives could be as follows:

- Leverage digital tools in court automation: Electronic case management, electronic filing
- Introduce high tech fast track courts for foreign investors with a minimum threshold value of Rs 10 crores
- Promote sustainable manufacturing by establish EMS quality standards and certification
- To reduce manual intervention in company name registration, bank application, GST registration
• Combine steps of firm name, bank account, employee insurance under a single online portal
• Reduce setup time by increasing govt. funding for common infrastructure facilities in Industrial parks – CETP, power and water supply

58. Furtehr, as far as Shipping is concerned, it has had 100% FDI for over two decades but this is yet to translate into major investment. As stated above, one of the reason being multiple taxation on Shipping industry in India as compared to leading maritime Nations, due to which shipping companies are not attracted to invest in India. Hence, the existing companies may be encouraged and given assured business/cargo support, primarily to sustain competition from the foreign biggies and tonnage augmentation of Indian fleet. Other important issues are higher cost of capital and inadequate credit facilities in India; Government may address these issues towards sustainability of Indian Shipping companies and its growth.

58.1. During the meeting of the Committee held on 2\textsuperscript{nd} August, 2021, the representatives of J.M. Baxi Group of Companies threw light upon the need for enhancing PPP in shipping sector. They emphasized upon the need for policy formulation in order to facilitate Port/terminal operators by not levying GST on the works contract services received for the construction activities for both original as well as subsequent repairs and maintenance works. They also highlighted the need for creation of integrated logistics parks across all Major/non-Major Ports and extension of tariff freedom to PPP operators. In order to attract private sector participation in Port sector, the representatives emphasized upon the long term financing of PPP projects.

59. The Committee note sthat Shipping industry in India is subjected to multiple taxes as compared to leading maritime nations due to which shipping companies are not attracted to invest in India. The Committee observes that it is critical for the growth of Shipping in India that a level playing field is created as compared to other maritime nations in respect of taxes. The Committee, accordingly, recommends that the Ministry should take effective steps to modify relevant policies with a view to formulate a new tax regime in line with other tax regimes of leading maritime nations.

60. The Committee notes the reply of the Ministry and appreciates the initiatives taken by it to encourage private sector participation in India’s Maritime sector. The Committee
also takes note of the fact that there are about 200 non-Major Ports along India’s coastline which are under the overall jurisdiction of the respective State Governments. The Committee would, therefore, desire that the Ministry should make more efforts to make financing available to private sector for development and modernization of non-Major Ports and investing in the maritime sector in the country.

61. The Committee also desires that a specialized maritime fund for supporting PPP must be developed to enable raising long term funds in the domestic and international markets at competitive rates. The fund can be utilized for financing Inland Waterways operations & vessel financing; setting up and modernizing shipyards; setting up ship repair/ shipbuilding facilities; promoting cruise tourism; and setting up new Ports and jetties through PPP. The fund can further be utilized to promote innovation and support start-ups and technology companies in the shipping sector.

62. The Committee observes that currently the private sector is facing challenges related to vessel financing and this has restricted the supply side of vessels in shipping sector. Therefore, it is crucial that the benefits under the tonnage tax scheme should be extended to vessels registered under the Inland Vessels Act, 1917 which would serve as a strong incentive for the PPP. The Ministry should also normalize the tariff rates in order to attract private investment and to provide a level playing field for the Ports, whether Major, Minor or Private Ports of the country.

PROMOTION OF COASTAL SHIPPING

63. The Committee was informed by the Ministry that India has witnessed a steady growth of 11.3% of cargo movement on coastal routes from 2015-16 to 2018-19. In 2018-19, it had handled 120 MTPA of coastal cargo and is expected to reach 250 MTPA by 2025. Further, adoption of coastal shipping has been beneficial to the environment as it is less polluting, for instance Gogha-Dahej Ro-Ro ferry service is expected to save logistic cost with projected fuel saving of 15,202 KL per year. It would help in environmental sustainability by reducing CO2 emissions of about 48,800 MT per annum.
64. In order to boost trade with up-gradation of Port facilities to global standards and for making coastal shipping viable at many instances, the Ministry has taken following steps:

(a) Licensing relaxation for coastal shipping trade (cabotage)
- MoPS&W has notified licensing relaxation to foreign flag vessels for carrying trans-shipment containers, empty containers, fertilizers and agricultural, fisheries, animal husbandry and horticultural commodities on coastal routes.
- The licensing Relaxation for coastal shipping to special vessels such as Ro-Ro, Hybrid Ro-Ro, Ro Pure Car Carriers, Pure Car and Truck Carriers, LNG Vessels and Over-dimensional or Project Cargo is extended till 2020.

(b) Coastal Berth Scheme
- Financial assistance up-to 50% of total project cost or maximum funding limit can be provided to the implementing agency for creation of infrastructure to promote movement of cargo/ passengers by sea/National Waterways.
- The scheme is extended up-to March, 2020 and its scope has been expanded to cover the cost of preparation of DPR and capital dredging at Major Ports.
- 39 projects (cost: Rs. 1,569 Cr) have been sanctioned under the Coastal Berth Scheme for total financial assistance of Rs. 636.76 Cr to Major Ports/State Maritime Boards/ State Governments.

(c) Other initiatives
- Minimum 40% discount is offered by Major Ports on vessel and cargo related charges to coastal vessels.
- Priority berthing policy for coastal vessels has been notified to reduce turnaround time for coastal vessels and improve their utilization.
- GST Reduced on Bunker Fuel from 18% to 5%.

(d) Going further in direction, MoPS&W with the help of Asian Development Bank (ADB) carried out a Study on Promotion of Coastal Shipping in India. The core objective of this Study is to identify key issues impacting coastal shipping and developing solutions to address these issues in order to make coastal shipping a more prominent mode of
transport in India’s domestic logistics. The Study reported significant growth in coastal shipping for various commodities and projects around 340 MTPA by 2025 including short sea shipping with neighbouring countries basis incorporating recommendations and necessary interventions suggested in report. MoPS&W is taking necessary steps/actions on possible resolutions in coordination with respective Ministries, State Governments and Authorities of Major & Minor Ports.

64.1. During the meeting of the Committee held on 2nd August, 2021, the representatives of Directorate General of Shipping emphasized upon the need for policy formulation for reducing cost of shipping in order to increase the number of Indian cargo handling vessels. Further, to promote coastal shipping in India, initiatives such as reduction of GST on marine diesel fuel, dedicated coastal berth, relaxation from emigration and differential tax treatment of seafarers working on domestic/ foreign vessels were proposed to be undertaken.

65. The Committee is of the considered view that coastal shipping is a fuel efficient and an environment friendly mode that can ease traffic congestion. Despite having an extensive network of inland waterways in the form of rivers, canals, backwaters and creeks, freight transportation by waterways is highly under-utilized. Waterways currently contribute around 6% to India's transportation modal mix, which is significantly less than that in developed economies and some of the developing economies as well. The Committee, therefore, recommends that availability of dedicated infrastructure will go a long way in promoting coastal shipping as a mode of freight transportation. Hence infrastructure at Ports and supporting infrastructure using rail/road and waterways to facilitate coastal movement should be created which includes development of dedicated coastal berths, bunkering and storage at Ports and creation of supporting hinterland transport infrastructure with last mile connectivity.

66. According to a study by Global Consultants McKinsey & Co and AECOM for the Union Ministry of Ports, Shipping & Waterways, optimizing the logistics flow for key commodities by 2025 could save Rs 30,000-40,000 crore. It further recommended for creation of more capacity at Major Ports and a logistics aggregator company to consolidate
the Shipping supply chain. The Report further stated that coastal shipping capacity can handle 150-250 million tonnes annually of cargo comprising coal, cement, iron and steel, food grain and fertilizer. The Committee would, therefore, recommend to the Ministry to study the Report and formulate appropriate policies/ schemes based on it to promote coastal shipping.

DEVELOPMENT OF INLAND WATERWAYS

67. Five (05) NWs were declared between 1986 and 2008. To promote Inland Water Transport (IWT) in the country as an economical, environment friendly supplementary mode of transport to rail and road, 111 inland waterways (including 5 NWs declared earlier) were declared on 12.04.2016 as NWs spread over in 24 States in the country, thus, increasing the total length of NWs in India from 4,382 km to 20,275 km by The National Waterways Act, 2016. The details of projects initiated on these NWs are as under:

(i) National Waterway -1 (Ganga-Bhagirathi-Hooghly river system from Allahabad to Haldia), National Waterway-2 (River Brahmaputra from Dhubri to Sadiya), National Waterway -3 (West Coast Canal from Kottapuram to Kollam along with Udyogmandal and Champakara Canals) have already been developed with fairway navigational aids, jetties and terminals with mechanized equipment handling facilities for loading and unloading of cargo. These waterways are operational and vessels are plying on these National Waterways.

- The existing infrastructure on NW-1 includes permanent terminals at GR Jetty-2 (Kolkata), Pakur, Farakka (owned by Farakka Barrage Project) and Patna (low level and high level), 20 floating terminals at Haldia, Kolkata (BISN/ GR Jetty-1, Botanical Garden), Triveni, Shantipur, Swaroopganj, Katwa, Hazardwari, Downstream Farakka, Upstream Farakka, Rajmahal, Sahibganj, Bateshwarthan, Bhagalpur, Munger, Semaria, Buxar, Ghazipur, Varanasi and Allahabad and navigational aids.
- Differential Global Positioning System (DGPS) station setup at Swaroopganj, Bhagalpur and Patna providing DGPS connectivity between Sagar and Buxar (1195 km)
68. While replying to a query regarding the status of implementation of the Jal Marg Vikas Project (JMVP) for capacity augmentation of navigation on NW-1, it was informed that:

- Government is implementing the Jal Marg Vikas Project (JMVP) at an estimated cost of Rs. 5369.18 crore for capacity augmentation of navigation on NW-1 on the Haldia-Varanasi stretch of Ganga-Bhagirathi-Hooghly River System with the technical and financial assistance of the World Bank. The project is scheduled to be completed in 2022-23. Projects worth Rs. 1800 crore (approx.) have commenced on ground in a time period of three years after statutory clearances.

**Major sub-projects of JMVP under implementation are:**

- Multimodal terminal at Varanasi, Uttar Pradesh- Cost –Rs. 169.70 crore - Phase-I completed and inaugurated by Hon’ble PM on 12.11.2018.
- Multi modal terminal at Sahibganj- Cost–Rs 280.90 crore- Ph-I completed and inaugurated by Hon’ble PM on 12.09.2019.
- Multimodal terminal at Haldia, West Bengal - Cost – Rs 517.36 crore, physical progress: 72.5 %, Financial progress: Rs. 338.17 crore as on 31.10.2019.
- Fairway development with Least Assured Depth in NW-1.
- Farakka-Kahalgaon stretch (146 Kms), Sultanganj-Mahendrapur stretch (74 kms) and Mahendrapur-Barh stretch (71 Kms) through performance based assured depth dredging contracts. The contracts were awarded on 09.04.2018, 12.04.2019 and 12.04.2019 at costs of Rs.150.00 crore, Rs. 159.30 crore and Rs. 182.9 crore respectively.

69. The Committee was also informed of the Role of Multi-Modal Terminals (MMTs) in enhancing Traffic. According to the Ministry, as per the NITI Aayog Report on ‘Strategy for New India @ 75’, to enhance last mile connectivity to inland waterways, Inland Water Transport (IWT) should be integrated with multimodal/ intermodal terminals. Inland terminals with proper
road and/or rail connectivity and seamless transfer of goods from one mode to the other are important for an efficient logistics supply chain. Accordingly, MMTs will provide rail/road connectivity along with waterway and give a modal choice to logistics operators to transport their cargo through most feasible and economical mode which would reduce the overall logistics cost of transportation.

(ii) National Waterway (NW)-2

- The river Brahmaputra having a length of 891 Km between Bangladesh Border and Sadiya was declared as NW-2 in 1988.
- The existing infrastructure includes high & low level jetties at Pandu with railway connectivity, Ro-Ro terminal at Dhubri, 11 floating terminals and Navigational aids.
- Development has been undertaken with renewed works which include–Cargo/Ro-Ro terminals at Dhubri & Hatsinghimari, Slipway at Pandu (fulfilling the repair & maintenance requirement of vessels plying on NW-2, which currently have to ply to Kolkata for dry-docking).
- Least Available Depth (LAD) of 2.5 m, 2.0 m & 1.5 m is being maintained on the stretches of Dhubri-Neamati, Neamati-Dibrugarh & Dibrugarh-Sadiya, respectively.
- Differential Global Positioning System (DGPS) stations are provided at four locations viz. Dhubri, Jogighopa, Biswanthghat and Dibrugarh for safe navigation of vessels with electronic charts.

(iii) National Waterway (NW) - 3

- West Coast Canal from Kottapuram to Kollam (168 KM) together with Champakara canal (14 Km) and Udyogmandal canal (23 KM) was declared as NW-3 in 1993. The National Waterways Act 2016 included stretch of West Coast Canal from Kottapuram to Kozhikode for a length of 160 km, thereby extending the total length of NW-3 to 365 km. IWAI is conducting channel developmental works that includes dredging for providing fairway of 2.20 meter LAD, channel width of 38/32m, 24 hours navigational facilities and terminal facilities equipped with mechanical cargo handling equipment.
o IWAI has constructed nine permanent terminals at Kottapuram, Aluva, Maradu, Vaikkom, Thanneermukkom (Cherthala), Alappuzha, Kayamkulam, Thrikkunnappuzha and Kollam. In addition, two terminals with Ro-Ro facilities have been constructed by IWAI at Bolghatty and Willingdon Island.

o NW-3 is provided with 24 hours navigational aids in the entire route. An average tonnage of 10 lakh tonnes of cargo moved on NW-3 per annum in the last five years.

o IWAI has sanctioned Rs.38 crore for reconstruction of lock gate at Trikkunnappuzha across NW-3 for utilization of full capacity of NW-3. The NW-3 is fully navigable.

(iv) National Waterway – 4:

- Fairway development works in Vijayawada – Muktyala stretch of river Krishna (part of NW-4) under phase-I has commenced at a cost of Rs. 96 crore including following main activities:-
  - Dredging to develop and maintain fairway is in progress and to be completed in March, 2020.
  - Floating terminals (4 nos.) at DurgaGhat, Bhavani Island, Amaravati and Vedadri are at the final stage of completion.
  - Land acquisition for fixed Ro-Ro terminals (4 nos.) at Ibrahimpatnam, Harischandrapuram, Madipadu and Muktryala is in progress.
  - Ro-Ro services from Ibrahimpatnam to Lingayapalem are under operation since April, 2018 by private operators with a total cargo movement of approx. 5 lakh tonnes till May, 2019 and thereafter suspended due to local issues.

(v) National Waterway – 5:

Development of National Waterway-5 (NW-5) from Pankapal-Dhamra Port – Mangalgadi-Paradip Port covering 212 km with the following activities:


b. Consultancy/Work have been awarded for:
• Preparation of Detailed Project Report (DPR) followed by Front End Engineering Design (FEED) for hydraulic interventions, rectification of cross structures for navigational clearance.
• Environmental clearance (EIA & EMP) including CRZ and Wildlife Clearance.
• Navigational Clearance below existing power lines from Dhamra/ Paradip to Pankapal on deposit basis through State Government of Odisha.

(vi) Traffic on Inland Waterways:

Total traffic on National Waterways in 2017-18 was approx. 55 Million Tone (MT) and increased to 72 MT in 2018-19, registering an increase of 31%. The key commodities being transported on waterways are coal, iron ore, fly ash, construction material etc. It is targeted to enhance present level annual inland water cargo from 72 to 120 MTPA through completion of JMVP in 2023 on NW-1 and development of Indo-Bangladesh Protocol (IBP) route for establishing seamless connectivity with NW-2. Historic container transportation on National Waterways commenced on NW-1 when Hon’ble Prime Minister received the ship at Varanasi carrying 16 containers from Kolkata on 12th November, 2018 while inaugurating Phase-I of Multi Modal Terminal (MMT), Varanasi built under JMVP. The first ever container movement of cargo on National Waterway-2 (Brahmaputra) with Pandu in Assam as its destination, originating on National Waterway-1 (Ganga) and moving through the Indo-Bangladesh Protocol Route commenced on 04.11.2019 from Haldia Dock Complex. 48 containers of edible oil, petro-chemical and beverages of Adani Wilmar were transported on cargo vessel MV Maheshwari. In addition, two vessels loaded with imported coal of M/s. Star Cement moved alongwith the container cargo. The three vessels eventually reached Pandu Port on 05.12.2019.

(vii) International Co-operation in IWT:
(a) Indo Bangladesh Protocol on Inland Water Transit & Trade: A Protocol on Inland Water Transit and Trade (PIWTT) agreement exists between India and Bangladesh under which the two Governments have made mutually beneficial arrangements for the use of their waterways for movement of cargo between the two countries for passage of goods between two places in one country through the territory of the other, in accordance with the laws of the country through the territory of which goods are moving. The existing protocol routes are:
(i) Kolkata-Silghat-Kolkata, (ii) Kolkata-Karimganj-Kolkata, (iii) Rajshahi-Dhulian-Rajshahi, (iv) Silghat-Karimganj-Silghat. For inter-country trade, six Ports of call have been designated in each country. [Haldia, Kolkata, Pandu, Silghat, Karimganj and Dhubri in India and Narayanganj, Khulna, Mongla, Sirajganj, Ashuganj and Pangaon in Bangladesh].

(b) Coastal Shipping Agreement: In order to have an alternative route for the transportation of EXIM cargo as well cargo to the north eastern part of the country using RSV or equivalent class vessels, coastal shipping Agreement between India and Bangladesh was signed at Dhaka on 06.06.2015. Thereafter, SOP for coastal shipping was finalized and signed on 15.11.2015 and the same is operational.

(c) Passenger and Cruise services on the Coastal and Protocol routes between India and Bangladesh: The MoU on the above subject was signed on 08.04.2017 at New Delhi. For its operationalization, an SOP was signed on 25.10.2018 during the SSLT between India and Bangladesh at New Delhi. Both the country started their inaugural cruise services Dhaka-Kolkata-Dhaka and Kolkata-Pandu-Kolkata via Indo Bangladesh Protocol (IBP) Route during March-April, 2019.

(d) Kaladan Multimodal Transit Transport Project: Inland Waterways Authority of India is also the Project Development Consultant for implementing the Kaladan Multi Modal Transit Project in Myanmar on behalf of the Ministry of External Affairs, Government of India. The IWT component of the project comprising of construction of Sittwe Port and IWT terminal at Paletwa; fairway development of Kaladan river (Sittwe - Paletwa stretch) and construction of 06 IWT vessels (300 tonnes each) is completed. The objective of the project is to provide an alternate route to Mizoram from Kolkata / Haldia Ports through Kaladan River in Myanmar.

(e) New initiative to strengthen Indian links with Nepal: - Amendment in Treaty on Transit with Nepal to include waterway as mode of transportation alongwith rail and road and the list of ‘mutually agreed routes’ has been agreed by the two countries. Inland waterway connectivity to the land locked country of Nepal is to be provided through Sabhibganj, Kalughat and Varanasi Terminals on National Waterway-1 and Kolkata Port Trust for international sea trade.
70. The Committee was also informed of the challenges being faced in development of Inland waterways in India such as the varying and limited depths during lean season due to the excessive upstream withdrawal/ utilization resulting in meandering and braiding of alluvial rivers, erosion of their banks causing excessive siltation, lack of cargo earmarked for IWT, non mechanized navigation lock systems, insufficient unloading facilities at terminals hinder the use of IWT by shippers, horizontal and vertical clearance issues due to cross structures, first & last mile connectivity, lack of vessel financing options and apprehension of logistics and shipping market to shift in absence of policy support are the main challenges in development of IWT in India.

71. Inland Waterways is widely recognized as a fuel efficient, environment friendly and cost effective mode, especially for bulk goods but has largely remained underdeveloped. The Committee is of the view that the Indian Ports are facing problem of connectivity through rail/ road and it is therefore necessary that Inland Waterways should be developed at an increased pace. The Committee appreciates the efforts of Ministry of Ports, Shipping & Waterways in implementing JMVP for capacity augmentation of navigation on NW-1. The Committee recommends that an effective, efficient and a dedicated monitoring mechanism must be developed by the Ministry to address the bottlenecks being faced in the implementation of Inland Waterway projects.

72. The Committee would like the Ministry to share the details of the upcoming projects in this regard. The Committee desires to know whether the ongoing projects have witnessed any time escalation and cost overruns.

INFRASTRUCTURE DEVELOPMENT AT THE PORTS FOR CRUISE SHIPPING

73. The Ministry in its Background Note stated that Cruise vessels visits five Major Ports in India namely Mumbai Port, Mormugao Port, New Mangalore Port, Cochin Port and Chennai Port. The status of construction of terminals at these Ports is given below

a) Chennai Port Trust has developed Cruise Tourism Facilitation Centre at the existing Passenger Terminal in WQ 4 on 31.07.2017 with the State of Art of technologies on par with
facilities at International Airports. The cruise passenger Terminal in WQ4 commenced on 12.10.2018.

b) Mormugao Port has constructed state of the art; three storied new cruise terminal building having the facility for Custom, immigration, Duty free shop for the passengers and it was inaugurated on 22.12.2016.

c) Mumbai Port has also taken initiative to build a new Cruise Terminal by demolishing the existing terminal to match the International standard and work has started which will cost Rs. 300 crores approximately and is likely to be operational by April, 2020.

d) Construction of a new cruise terminal of International standards at a cost of Rs.25.72 crores is under progress at Ernakulam Wharf. The terminal is expected to be in operation by February, 2020. Also, a Cruise passenger Facilitation Centre, ‘Samudrika’ is operational since August, 2012. Upgradation work for the development of infrastructure of this Facilitation Centre at Cochin Port Cruise Terminal at an estimated cost of Rs.120.79 lakhs with the amount funded as grant-in-aid by Ministry of Tourism, Government of India is in progress. Scheduled date of completion is December, 2020.

e) Foreseeing the growth in cruise traffic, NMPT has constructed a modern cruise passenger lounge near the berth with an area of 2150 sq. meter. And put it into operation with facilities like money exchange, locker room, medical officer room duty free shops, cafeteria, conference hall etc.

f) MoPS&W has provided 65 counters at five Ports in the immigration halls of the Ports to facilitate e-visa (15 each for Mumbai, Cochin and Goa and 10 each for Mangalore and Chennai).

74. It was further informed that the Ministry has taken various steps to promote cruise shipping in India and cruise terminals have been developed at Cochin Port, Mumbai Port, New Mangalore Port, Mormugao Port and Chennai Port.

75. In regard to the above, Mumbai Port has created a domestic Cruise terminal, which is operational from October, 2018 and since then domestic Cruise ship Angriya has made about 157 calls carrying 62739 pax till 18.03.2020 before the lockdown. Additionally, this investment is also useful as a facility for holding various events, conferences, parties with working
restaurants and a huge lawn for weddings, etc. A bigger investment has also been made in a new International cruise terminal which is under construction at Mumbai Port and likely to be completed in December, 2021 due to delay on account of Covid-19 pandemic. In Mumbai Port, revenue generated from cruise business is approx Rs 25.25 Cr during 2019-20 and Rs 9.20 Cr during 2018-19.

76. According to the Cochin Port Trust, the Ports are offering concessional/ rationalised tariff for handling cruise ships and the cruise business is heavily subsidised. As such, the return from cruise business is not commensurate with the investment. However, the various cruise friendly policy initiatives, seamless inter agency co-ordination and spruced up infrastructure at Major Ports have helped in establishing Indian Ports as a major cruise friendly destination. At Cochin Port, revenue generated from cruise business is approx Rs 10.25 Cr during 2019-20 and Rs 7.85 Cr during 2018-19. At Mormugao Port, the investments have yielded an increase in traffic. Cruise calls have increased by 9% since 2013-14. The New Mangalore Port Trust (NMPT) has also reported that investments in creating cruise infrastructure have enabled facilities that have benefited the passengers. Also, the Port’s financial return from the above investment is positive. However, there is a decrease in the revenue for the year 2019-20 as 5 vessels had to cancel the calls at NMPT due to Covid-19 pandemic. At New Mangalore Port, revenue generated from cruise business is approx Rs 3.05 Cr during 2019-20 as compared to Rs 3.70 Cr during 2018-19. The following table shows the growth in cruise ships/passengers at the five Major Ports in the last three years. From 138 ship calls in 2017-18, the cruise ship calls increased to 285.

<table>
<thead>
<tr>
<th>Name of the Port</th>
<th>Year 2017-18</th>
<th>Year 2018-19</th>
<th>Year 2019-20</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Ships (in numbers)</td>
<td>Passengers</td>
<td>Ships (in Numbers)</td>
</tr>
<tr>
<td>ChPT</td>
<td>2</td>
<td>1245</td>
<td>5</td>
</tr>
</tbody>
</table>

42
In one of the meetings held during the study visit of the Department-related Parliamentary Standing Committee on Transport, Tourism and Culture to Visakhapatnam, Mumbai and Goa, the representatives of the Ministry elaborated upon the First International Cruise Ship Home in India, First Domestic Cruise Liner with Indian Flag and about the arrival of the First Domestic Luxury Cruise Liner in India. The Committee was also apprised of the initiatives taken to promote coastal shipping such as relaxation in licensing, discounts of minimum 40% on vessel and cargo related charges and reimbursement of fertilizer freight.

It was further informed by the Ministry that at the National level, to have a coordinated and synchronized promotion & developments of cruise industry, a Task Force is formed by the Government of India, Secretary (PSW), Government of India and Secretary (Tourism), Government of India for overall country-wide promotion of Cruise Shipping with Members from Ministry of Home Affairs, Customs, Cruise Lines, CISF, Bureau of Immigration, IWAI, Indian Ports Association, Ports, Tour operators etc. Cruise & Tourism Committee is in place in each Port and discusses issues of development of various tourist spots such as Forts, Beaches, Temples etc as a cruise destination. Representative of State Tourism Board, State Maritime Boards, Cruise Lines, Tour Operators, etc are also members of Committee.

Cruise tourism in India is still a nascent industry, though we have a huge opportunity to capture the market because geographically, India is strategically located between Western Europe and Asia and every ship to Europe has to pass through it. The Committee, therefore, recommends that in order to enable the cruise sector to reshape the
Indian travel industry, the Government must revamp the country’s current Port infrastructure, set up dedicated terminals to cater to the needs of tourists and undertake riverfront development on a massive scale. The Ministry of Ports, Shipping and Waterways should coordinate with the Ministry of Tourism in order to propose and develop more cruise tourism terminals in the country.

80. The Committee would like the Ministry to explore the possibility of following the Maldivian model in places in the Andaman and Nicobar Islands and Lakshadweep Islands and facilitating leasing of islands to local and foreign resort developers for tourism purposes. The Ministry should also take steps to set up tourist terminals for both domestic and foreign tourists at all the commercial Ports of the country. The Ministry should also chalk out plans/policies to promote river cruise tourism also especially in the non-Coastal States of the country. The Committee should be apprised of the progress made in this regard.

COCHIN SHIPYARD

81. To a question regarding whether the size of the ships to be built at this New Dry Dock of Cochin Shipyard Limited will be comparable to that of the leading shipyards in the world, the Ministry in its written reply informed the Committee that Cochin Shipyard is constructing a New Dry Dock at an estimated cost of Rs 1799 crores which will enable the company to build and repair specialized and technologically advanced long vessels. The dry dock is a stepped 310 meters long, with 75 meters of width at the mouth and 60 meters in the back, with overhead crane capacity of 600 tons and a provision for one more 600 ton crane. This dock is a state-of-the-art facility with all modern features and can accommodate very large ships and offshore platforms, thus enabling both new construction and repair services. This facility can cater to wide range of products comparable with other yards in the world. Internationally there are some segments which need bigger facility and are also available with leading yards.

82. While replying to a query regarding the maximum size of the vessels which can be built in the public sector and private sector shipyards respectively in India, the Ministry in its written reply informed the Committee that within the public sector, the dry-dock at Cochin Shipyard
currently possesses maximum ship-building capacity of approximately 1,10,000 DWT. This will be enhanced to approximately 2,00,000 DWT when the new dry-dock at CSL is commissioned. The Private sector shipyards can build vessels upto cape size vessels comparable to some of the leading shipyards in the world. Reliance Naval Engg. Ltd. has the capacity to build vessels upto 400,000 DWT and L&T Shipbuilding - Kattupalli 300,000 DWT, which includes large LNG Carriers. Smaller size LNG Carriers, Dredgers and other specialized vessels can be built by other shipyards also in the Private sector, such as Shoff Shipyard, Chowgule & Co., Vijai Marine Shipyard, Mandovi Dry Docks, A.C. Roy & Co., Dempo Shipbuilding, etc.

83. The Ministry while replying to a question regarding the timeline for completion of New Dry Dock at Cochin Shipyard, informed the Committee that the contractual completion date of the new dry dock project is 14th June, 2021. However, the site works were stopped from 22nd March, 2020 to 22nd April, 2020 due to the lockdown measures imposed to counter the spread of Covid-19 pandemic. The site works have partially resumed from 26th April, 2020 with restricted workforce in view of the social distancing norms. CSL is facing other issues relating to return of migrant labour force, blockage of supply chains of construction materials like TMT bars, cements, machineries and equipment from other States. Moreover, the project is right inside the city due to which the day time logistics are banned. Hence for the time being, with rough estimation considering all the issues mentioned above including COVID-19, a delay of 18 months in project completion is expected. As such the revised expected date of completion is 31st December, 2022.

84. The Committee was also informed by the Ministry that the Cochin Shipyard Limited has invested substantially in terms of technology and skill development. International Ship Repair Facility (ISRF) is being developed to meet the ship repair demand in the region to supplement the main ship repair yard. ISRF with its 6 stations and capacity to take up vessels upto 130 mtrs length and 6000 DWT shall take care of repairs to the smaller and medium sized vessels, thereby increasing the volumes of repairs (expected to repair around 80 + vessel per year) carried out in the region. This will also free up the captive dock in the main facility to take up bigger ships for repair and vessel conversion projects. Considering that the new facility at ISRF is provided with a state of art ship lift facility and also that major service providers including many OEMs will be
available in the Maritime Park set up along with this facility, CSL will be able to attract Ship owners looking for quality and timely repairs with necessary resources available at one stop. Hence, CSL is hopeful that with the availability of its highly skilled work force and the latest technology in the facility, ISRF will be a favoured destination for repairs to various owners and shall be able to attract demand considerably from other low cost locations. CSL will also recruit manpower and train them adequately by the time the ISRF is commissioned.

85. During the study visit of the Committee to Chennai and Kochi, the representatives of the Cochin Port Trust (CPT) highlighted the significance of Cochin Port for accounting 97% of the total traffic volume by the State of Kerala as the Port is a natural gateway to the vast industrial and agricultural produce markets of the South–West India. The representatives then stated the features of CPT and informed the Committee of the berthing facilities available at the Port. They threw light upon the cargo handling equipments such as wharf cranes, fork lift trucks etc; and floating crafts such as dredgers, tugs and barges. They also apprised the Committee of the completed project of ‘New Cruise Terminal- Sagarika’, an International Cruise Terminal building for promotion of cruise tourism. They also apprised the Committee of the ongoing projects such as reconstruction of South Coal Berth (SCB), International Ship Repair Facility by Cochin Shipyard, up-gradation/ modernization of Cochin Fisheries Harbour, Deposit Work-Berth for Indian Coast Guard and Grid Connected Floating Solar Power Plant at CPT. While elaborating upon the Port Led Industrialization, the representatives informed the Committee that 120 acres of land in Willingdon Island (Kerala) has been earmarked for long term lease for establishment of Logistics Parks, Port-based Industrial Parks, Business District, etc. and would also act as a hub for freight movement enabling aggregation and distribution of goods including coffee, tea, fishery products, plastic products, etc.

86. The Committee appreciates the efforts of the Ministry for the construction of the New Dry Dock and ‘New Cruise Terminal- Sagarika’ at Cochin Shipyard under the “Make in India” campaign. The Committee, therefore, recommends that Ministry should effectively monitor the progress of such projects so that bottlenecks being faced can be addressed before implementation of more such projects at other Ports of the country.
87. The Committee notes from the reply of the Ministry that CSL is facing issues relating to return of migrant labour force, blockage of supply chains of construction materials like TMT bars, cements, machineries and equipment from other States. The Committee would, therefore, recommend to the Ministry that CSL should launch adequate training programmes to address the shortage of manpower. The Ministry should further hire employees with quality industrial training and depute them at Major Ports of the country to tackle issues arising out of blockage of industrial supply chains.

**MODEL CONCESSION AGREEMENT**

88. While replying to a question on the salient features of the revised guidelines in the Model Concession Agreement (MCA) in order to obviate the problems being faced in execution of PPP Projects on account of certain provisions of the present MCA, the Ministry in its written reply stated that the Model Concession Agreement (MCA) is formulated considering the business requirements as well as requirements for the implementation and maintenance of PPP projects. Several PPP projects have since been awarded by Major Ports based on the MCA of 2008 as well as MCA of 2018. MCA, 2008 giving various parameters for the implementation and maintenance of PPP projects, was brought with the following broad objectives:

(i) The Concession Agreement envisaged an exclusive license to the Concessionaire for designing, engineering, financing, constructing, equipping, operating, and maintaining/replacing the Project/Project Facilities and Services.

(ii) The Concession Period was for a maximum period of 30 years.

(iii) Concession Period begins only after 'Conditions Precedent' prescribed in the Concession Agreement are met by the Parties within stipulated time limits after signing of the Concession Agreement. Two important 'Conditions Precedent' to be met by the Concessionaire are furnishing of ‘Performance Guarantee’ for implementing the project and achievement of financial closure.

(iv) Independent Engineer to be appointed by the Concessioning Authority in consultation with the Concessionaire for approving and monitoring design, engineering and construction standards for the project and to issue Completion Certificate. Change of Scope of the project, if initiated by Port, is allowed at the cost of the Concessioning Authority during the construction phase.
(v) Rights and Obligations and risk allocation of both the Concessionaire and Concessioning Authority towards operations and maintenance of the project facilities and providing supporting infrastructure have been spelt out. Commercial operation commences on issue of Completion Certificate.

(vi) User charges, collected by the Concessionaire are regulated by the Tariff Authority for Major Ports (TAMP) or such other Competent Authority under the Applicable Laws.

(vii) As consideration for the Concession awarded, the Concessionaire pays to the Concessioning Authority License fee towards Project site, equipments and other assets/utilities taken over from the Concessioning Authority and a share of gross revenue earned from the operation of the Project as 'Royalty'.

(viii) Provisions have been made for remedial measures to be put in place in case of any material adverse effect on account of change in Law.

(ix) Provisions made for (a) premature termination of the Concession Agreement in the event of a default in meeting the obligations by either party, after following due consultation process & issue of termination Notice; and (b) for payment of compensation on such premature termination arrived as per prescribed basis.

(x) Dispute Resolution mechanism under the Arbitration Act, 1996 was prescribed.

(xi) Procedure to be followed for transfer of project site and assets and equipment back to the Concessioning Authority by the Concessionaire on expiry of the Concession Period, either by premature termination or by efflux of time was laid down.

89. It was further informed by the Ministry that though Public Private Partnership (PPP) mode had been largely successful in the Port Sector, some PPP projects experienced difficulties during operations, which necessitated a review of the MCA, 2008. Keeping in view the recommendations of the Committee, constituted in February, 2010 and headed by Shri B.K. Chaturvedi, Member, Planning Commission; with Secretary (Shipping); Finance Secretary; Secretary (Expenditure); and Joint Secretary, PMO as members; Working Group Committee on Revising and Revitalising Public Private Partnership; Model of Infrastructure (Kelkar Committee); and the experiences gained in managing PPP projects, the MCA, 2008 was amended with a view to obviate the problems being faced in execution of PPP Projects on account of certain provisions of the present MCA, in order to enhance confidence of investors.
and make the investments in the Port Sector attractive. The salient features of the revised MCA, 2018 are as under:

(i) Change in equity holding requirements to provide Exit Route to Developers.
(ii) Payment of Royalty by private operators to Port on "per MT of cargo handled" basis instead of "% of Gross Revenue".
(iii) Provision for Additional Land.
(iv) Improved utilization of Project Assets and higher Productivity.
(v) Amendment in Definition of "Change in Law".
(vi) Provision for Commercial Operation before COD.
(vii) Provision for Mitigation Measures - Constitution of a Board.

90. The Committee observes that the resources required to build the necessary Port infrastructure are huge and therefore, supplementation of public investment by private sector investment through PPP mode is inevitable. It is in this context that successful working of PPP model assumes added significance in realizing the targeted Port capacity augmentation. The Committee, therefore, welcomes the changes ushered in by the MCA, 2018. While endorsing the revised MCA, 2018, the Committee desires to know as to what extent the Model Concession Agreement, 2018 (amended) has succeeded in obviating the problems faced in execution of PPP projects and make the investment in Port sector attractive. Further, the Ministry should apprise the Committee of the provisions in MCA, 2018 which are proving to be impediments in the implementation and maintenance of PPP projects.

91. Since the order of private investment required to achieve the Port capacity augmentation and the number of PPP projects awarded are high, the Committee recommends that a “Single Window” approval system should be put in place so that the possibility of delays and cost escalation could be obviated. Though the Committee welcomes capacity augmentation in the Port sector by private sector investment, it would exhort the Ministry to ensure that such an arrangement does not lead to creation of private monopolies in the Port sector. The Committee desires to know whether the Port sector gets treatment on par with other infrastructure sector like roads and whether any proposal to
treat the entire industry and ancillary activities for the purpose of tax concession is under consideration of the Government.

**MARITIME TRAINING IN INDIA**

92. While replying to a query regarding the types of vocational training programmes, safety workshops etc. which are being conducted by the Indian Maritime University for development, safety and modernization of coastal community, fishermen and sea surfers, the Ministry of Ports, Shipping and Waterways in its written reply informed the Committee that IMU has been entrusted to implement the Sagarmala IMO Foundation course for providing comprehensive National Skills Qualification Framework curriculum combining the five basic Standards of Training, Certification and Watch-keeping (STCW) modular courses, which is a requirement to get Continuous Discharge Certificate (CDC) from DG Shipping, enabling anyone to work at sea.

93. It was further stated that IMU has also been associated in setting up the Centre of Excellence in Maritime and Shipbuilding (CEMS) at its Vizag campus to provide Industry 4.0 courses for the maritime sector. CEMS provides 50 courses across 18 specializations; covering 770 modules out of which 270 will be tools and algorithm based courses while 500 are process and sector based. IMU’s role in CEMS is being gradually realized by sharing of faculty members, certification and a closer integration of CEMS with IMU courses. Due to the prevailing COVID-19 pandemic, IMU Campuses are closed for conducting physical training programmes at Campuses. Hence, the courses could not be commenced. However, the courses will be started in due course of time once the situation improves. IMU has also been authorized to conduct the following Sagarmala IMO Maritime Foundation Courses (SIMFC), which will commence once normalcy returns after the lock-down period due to the Covid-19 pandemic:

(i) Elementary First Aid

(ii) Fire Prevention & Fire Course

(iii) Personal safety & Social responsibility

(iv) Personal Survival Techniques

(v) Security Training for Seafarers with Designated Security Duties
(vi) Maritime English & English in Global Context

(vii) Soft & Intercultural Skills to improve productivity, behaviour, hygiene, attitude etc.

94. The Ministry in its Background Note informed the Committee that on the skill development front, the skill gap studies of 21 coastal districts has been undertaken and the same is being implemented. MoPS&W is funding the skill development initiatives under DDU-GKY. Phase I was carried out covering 17 districts of 5 coastal States and 1,937 trainees have been trained in the sectors of hospitality and logistics. Phase II is under implementation and covers 22 districts of 9 Coastal States and 3 Union Territories. While ensuring technology-based skill development, MoPS&W have set up Centre of Excellence in Maritime & Shipbuilding (CEMS) with two campuses at Vizag and Mumbai that are operational since February, 2019. MoPS&W in partnership with the Ministry of Skill Development and Entrepreneurship (MSDE) is setting up Multi Skill Development Centres (MSDCs) in Maritime Logistics under the Pradhan Mantri Kaushal Kendra (PMKK) Programme of MSDE at Major Ports. The first such MSDC has been setup at Jawaharlal Nehru Port Trust (JNPT) on 8th March, 2019 and has been planned at ChPT and VPT.

95. The Ministry of Ports, Shipping and Waterways stated that National Technology Centre for Ports, Waterways and Coasts (NTCPWC) has been setup at IIT Madras to be a centre for technological innovations and evolution of new ideas and breakthroughs for the Port and Maritime Sector. NTCPWC provides effective solutions to an extensive range of problems being faced in the industry through scientific support and carry out education, applied research and technology transfer in maritime field. Centre for Coastal and Inland Maritime Technology (CICMT) is also being set up at IIT Kharagpur to provide applied research and development for the inland and coastal waterways sector to double the share in inter-modal transport for domestic waterways freight carrying capacity.

95.1. During the meeting of the Committee held on 2nd August, 2021, the representatives of Directorate General of Shipping informed the Committee of the 154 Maritime Training Institutes and 415 DGS approved maritime placement services for providing quality training and employment opportunities in shipping sector. They apprised the Committee of the various online maritime training programmes launched and guidelines issued to seafarers/ ships during the Covid-19 pandemic. They further highlighted the digital initiative undertaken for promotion of
maritime infrastructure such as facial biometric attendance system, exit exams and automatic
generation of Watch keeping Certificates.

96. The Committee observes that the Indian Port sector has undergone substantial
technological developments during the last 10 years to match with world class standards.
With the changes in the Port scenario and introduction of high capacity Port equipment,
there is a need to redefine job description for each level as the strength of manpower has
not changed much. The Committee, therefore, recommends that IMU should collaborate
with International Institutes to carry out a training need analysis for such segment of
employees.

97. The Committee would also recommend that the Ministry should conduct studies to
work out annual manpower requirement and supply in the Indian Port sector and
formulate suitable approach to augment the supply of required manpower to cater to
India’s needs being the 16th largest Maritime country. The Ministry should assess the
performance of the maritime training institutes and take strict actions if any of the
stipulated norms are being violated. The Committee would further recommend setting up
of more CICMT in collaboration with IITs/ NITs/ IIMs to provide opportunities relating to
applied research and development for the inland and coastal waterways sector along with
the knowledge of business management especially in the field of industrial block chain
supply technology.

TARIFFS / PORT RELATED CHARGES AT INDIAN PORTS

98. While relying to a question regarding the formulation of a policy/ guideline for cargo
movement and tariff regularization for Private Ports, the Ministry in its written reply stated that
all Private & non-Major Ports come under the administrative control of State Maritime Boards
and State Governments. Tariff at Non-Major/ Private Ports are not regulated and they fix tariff
for their services as per the market condition. Any policy related to these Ports is formulated by
the respective State Governments.

99. The Ministry informed the Committee that following types of charges are collected at
Major Ports:

(A) Vessel Related Charges (By Port Authority):
1. Port Dues
2. Pilotage Charges
3. Berth Hire Charges (for terminals constructed by PPP operator berth hire charges are also collected by the PPP operator)
4. Ports also charge other miscellaneous Vessel Related Charges like cold move charges, cancellation charges and detention charges for Pilots, pilotage fee for vessels not requiring tug assistance, fresh water supply charges, garbage collection charges and hatch cover charges etc., varying from port to port and situation to situation.

(B) Cargo Related Charges (By Port Terminals):
1. Wharfage
2. Container/Cargo Handling Charges (includes shifting to and from yards/CFS/ICD)
3. Dwell Time Charges for cargo stored at Port Premises (Usually charged after 3 days for EXIM cargo and 7 days for transshipment cargo, but varies across Ports and have different slabs for different type of cargos)

100. It was further informed by the Ministry that Major Port Authority (MPA) Act 2021, enacted by the Parliament in February, 2021, will provide more autonomy to Major Ports. Once it comes in to force, the new MPA Act 2021 would repeal the Major Port Trusts Act, 1963 so as to revamp the administration, control and management of Major Ports in India. The role of Tariff Authority for Major Ports (TAMP) for fixation of the tariff has been done away in the new MPA Act as a tariff regulator and ports would be free to set their tariff based on market forces. PPP operators will be free to fix tariffs based on market conditions and notified by the Port Authority. The Board of the Port Authority has been delegated the power to fix the scale of rates for other port services and assets. The impact of these changes in Tariff fixation will be enormous as it will create inter Port competition and once the Ports are empowered for tariff fixation, they will be in better position to take on markets with nearby non Major/ Private Ports handling similar cargo.

101. The Committee was also informed by the Ministry that in order to remove intermediaries and brokers involved in loading, unloading and transport by lorries from inside the Port to outside and vice versa for reducing the lorry transportation charges, MoPS&W has been working
on various initiatives to digitize the processes and make Port operations faceless. These include elimination of manual forms, facilitation of Direct Port Delivery & Entry, e-delivery orders, invoices, payments, RFID based gate-automation system, enterprise business solutions (EBS) etc. Additionally, the Ministry has requisitioned the development of the National Logistics Portal (NLP) Marine which will serve as a platform to enable end-to-end paperless EXIM activities. It will serve as a Single window platform for all stakeholders (Ports, shipping lines, regulatory bodies, service providers, etc.). This will be developed as the next phase of the Port Community System (PCS) 1X system that is currently operational at Major Ports.

102. On a question regarding the regulation of Port fuel charges in order to provide a level playing field for all existing Ports in the country, the Ministry in its written reply stated that bunkering services at Major Ports are offered by the Oil Companies such as IOCL, BPCL etc. Fuel prices are thus charged or regulated as per the policies and guidelines of the Ministry of Petroleum and Natural Gas. Infrastructure for offering bunkering services are provided or created as per the agreement between the Port and the Oil companies.

103. It was also informed that the storing charges are common for both coastal and foreign vessels. SoR are at ceiling level charges, Ports can give concessions based on government orders on war like situations.

103.1. During the meeting of the Committee held on 2nd August, 2021, the representatives of Adani Ports and Special Economic Zone Limited highlighted the need for additional cargo handling capacity based on berth occupancy. They also apprised the Committee of the need for formulation of policies in order to encourage Indian ships for bunker trade, relaxation in cabotage restrictions for bulk vessels, extension of benefits of Tonnage Tax for Cutter Section Dredgers/ Indian Flag Vessels and introduction of promotional tariffs on electric vehicles/ Special Economic Zones.

104. The Committee recommends that the Ministry of Ports, Shipping and Waterways in coordination with the Ministry of Finance should formulate a ‘One Tariff Policy for all Ports’ in order to provide a level playing field to all the Major and non-Major Ports of the country. The Ministry should also apprise the Committee of the initiatives being taken/ taken to control Port-related charges of Private Ports.
105. The Ministry of Ports, Shipping and Waterways should carry out financial assessments of the Port- fuel related policies of India and also draw conclusions from the policies being implemented in different countries such as United Kingdom, U.S.A., Singapore and Japan. A detailed Report must be prepared in this regard.

**MARINE SAFETY ISSUES**

106. The Committee was informed that eight (8) marine oil spill incidents have been reported to DG Centre in the last 5 years. All spills, including the moderate sized spill at Ennore, were reportedly dealt with by the responsible authorities with minimal impacts. While, there is a distribution of roles and responsibilities between Ministry of Defence (through ICG) and MoPS&W (through DGS and Ports) in oil spill prevention and response, the following actions are being carried out by DGS.

- Towards prevention of occurrence of oil spills through Flag State and Port State Inspection of ships and NSPC audits of Ports and Terminals.
- Receiving alert of a probable or an actual oil spill incident, dissemination of the information and overseeing response from the combat agencies, including the ship owner, vessel's P&I Club, Insurers, R.O, salvor, Port facility, etc. and intervening if felt necessary.
- Coordinating between various Governmental and non Governmental agencies, both national and international towards oil spill response.
- Overseeing compensation distribution to those affected in an oil spill.
- Representing India's interests on International forum and participating in India's policy making in matters related to marine oil spill prevention and response.

107. In order to ensure marine safety for seafarers, cargo ships, special mission voyagers, etc. the International Maritime Organization (IMO) adopted various instruments, *viz.* International Convention for Safety of Life at Sea, 1974, as amended (SOLAS Convention); International Convention on Standards of Training, Certification and Watch-keeping for Seafarers, 1974 as amended (STCW Convention) and the International Convention for Prevention of Pollution from Ships 1973, as amended (MARPOL); International Safety Management Code. Etc. Complementing the above key instruments of IMO, the International Labour Organizaton (ILO)
has also adopted Maritime Labour Convention, 2006, as amended (MLC, 2006). The MLC, 2006 reflects the right of seafarers, to descent, safe and healthy working and living conditions. The said Convention contains a number of provisions that address safety and security of seafarers such as Regulation 4.3 ensures seafarers’ work environment on board ships promotes occupational safety and health; Regulation 3.1 ensures safety and health in connection with on board accommodation. India has ratified all the above conventions and promulgated various Rules under Merchant Shipping Act, 1958 (as amended) incorporating all provisions of the above Conventions. Merchant Shipping (Maritime Labour) Rules, 2016 and Merchant Shipping (Recruitment and Placement of Seafarers) Rules 2016 mainly address the safety and security of seafarers. The aspect of seafarer’s safety and security has already been covered under Merchant Shipping Act, 1958 and the aforesaid Rules promulgated there under.

108. The Committee recommends that in order to ensure a comprehensive safety and security regime at Ports, the Ministry should find out the best practices being followed by the international Ports in developed countries and incorporate them while formulating any policy for improvement of safety measures in India’s maritime sector. Management of leadership, effective training, measurement of safety performances, continuous improvement in safety techniques, focus on learning and a visible commitment towards safety are some of the guidelines that must be incorporated by the Ministry in its future policy formulation.

109. The Ministry should adopt technologies from the foreign nations to address the incidents of oil spills. The Ministry should also take steps to ensure safety and security of seafarers.

IMPACT OF COVID-19 PANDEMIC ON SHIPPING SECTOR

110. The Committee has been informed by the Ministry that there was no job loss in the Major Ports due to the Covid-19 crisis. However, there was marginal decline in the total traffic. Ministry of Ports, Shipping and Waterways has issued necessary directions from time to time to Ports to put in place a screening, detection and quarantine system of disembarking seafarers or cruise passengers, to obtain self-declaration from arriving crews/ passengers to install thermal scanners.
111. Further, many e-Governance and Digitization projects, which were already going on, were accelerated during COVID-19 pandemic period. Many technological/ digital inductions were done during COVID-19 pandemic, some of which are as follows;

- E-office for internal use
- E-invoice, E-payment, E-DO and E-BoL at PCS 1x
- Utility for Sign-on & sign-off (E-pass module)
- Utility for data verification of seafarers from chartered flights
- Maritime Training: E-learning, virtual classes, online exit exams
- Online ship Registrations & online charter licensing

112. It was also stated that the Shipping sector being essential service, continues to operate amid Covid-19 pandemic. As far as Sagarmala Programme is concerned, impact of Covid-19 pandemic was mainly on implementation of projects. Many under implementation projects suffered delays due to precautionary measures taken to control the spread of virus (i.e., implementing SOP of Covid-19, migration of labours, etc.). Later it was settled at much extent and implementation resumed at most of the places. Due to lock down and other travel restrictions, there was a major shortfall in the manpower which has direct impact in the work progress. The shipbuilding industry is basically an assembly and integration work. Thus this industry needs various equipment and products for the final product. Thus any disruption in supply chain severely impacts the progress of the work and has severely impacted the work progress. As many of the commissioning technicians of OEMs have to come from various parts of the world, due to travel restrictions work of many completed projects could not be commissioned and handed over to the end customer till date.

113. The Committee observes that the Shipping industry is emerging out from the impact of Covid-19 pandemic. With business coming almost to a standstill, the unprecedented crisis had impacted each and every segment of the shipping industry especially the EXIM trade, ship building, ship repairing and cruise shipping sector. The Shipping sector has the potential to stimulate other economy through its backward and forward linkages and contributes significantly towards generation of revenues as well as the creation of jobs in the country. The Committee would, therefore, recommend that the Ministry must monitor
the status of implementation of the ongoing/ stalled projects which got impacted due the pandemic and should issue fresh deadlines for their timely completion in order to avoid cost overruns.

**Statutory provisions/ guidelines**

114. The Committee impresses upon the Ministry, the imperative need to ensure that the recommendations made by the Committee are given serious thought and deliberation; and due consideration should be given to the facts and the issues involved therein. Therefore, it is necessary that all possible steps are taken to ensure that they are implemented in letter and spirit, within a designated time frame. Further, the Committee recommends that the statutory provisions/ guidelines, wherever needed and necessary for the implementation of the recommendations, should be formulated by the Ministry without any delay. The Committee desires that in case of any difficulty/ problems faced by the Ministry in the implementation of the recommendations, the Committee may be apprised thereof.

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SAGARMALA PROGRAMME

The Committee is constrained to note the reply of the Ministry that despite the Sagarmala Programme being launched way back in the year 2015, only 172 projects out of the 802 sanctioned projects under the Sagarmala Programme have been completed and the remaining 632 projects are under the implementation stage, which is far from being satisfactory. The Committee recommends the Ministry that Sagarmala Programme being a crucial step in the progress of India’s Shipping sector needs to be speeded up. The Committee, therefore, desires to know whether the projects under implementation have witnessed any time overrun and cost escalation as compared to the original cost and timeline of the projects. The Ministry should also mention the precise reasons for delay, if any, Port-wise and steps being taken to address such delays.

(Para: 10)

The Committee would like to bring to the notice of the Ministry that the cost of projects which are categorized into five pillars under the Sagarmala Scheme is quite large as compared to the project cost of any other scheme/ programme under the Ministry of Ports, Shipping and Waterways. But only a small fraction of funds has been utilized so far, which speaks of very poor planning and fiscal indiscipline. The Committee would, therefore, like to be apprised of the measures taken for effective and efficient utilization of sanctioned funds.

(Para: 11)

The Committee takes note of the submission of the Ministry that Coastal Employment Units are planned to be developed to promote industrialization and to create social infrastructure within these CEUs and that VOCPT has identified 965 acres of land for promoting industries under CEUs.

(Para: 15)

The Committee would like the Ministry to elaborate upon how the establishment of various Coastal Employment Units (CEUs) creation of Port-linked industrial clusters have resulted in reduced logistics cost for EXIM and domestic trade. The Committee would also like the Ministry to formulate policies for generation of employment opportunities with
involvement of personnel in various activities of construction, operations and maintenance of projects in regard to creation of Coastal Economic Zones (CEZs), Coastal Economic Units (CEUs), Port-Linked Industrial & Maritime Clusters and Smart Industrial Port Cities.  

(Para: 16)

PORT MODERNIZATION & DEVELOPMENT OF NEW PORTS

The Committee notes that a roadmap has been prepared for increasing operational efficiency and capacity expansion of existing Ports and development of new Ports. The Committee observes that world-wide commercialization, liberalization and privatization have been used as strategies to deal with modernization of Ports. The Committee would, therefore like the Ministry to adopt an innovative approach and take radical measures to deal with the issues of modernization of existing Ports and development of new Ports as the Committee feels that a mere tinkering with procedures and occasional dents in structural rigidities will not suffice. Further, a Master Plan for completion of Port-road connectivity projects must be formulated by the Ministry and work relating to Port-road connectivity projects should be assigned to NHAI/ MoRTH who are specialist in their fields of operation. The Committee desires to be kept apprised of the measures taken in this regard.  

(Para: 22)

The Committee also recommends that the Ministry should assess the progress of its policies and strategies in order to keep pace with the growing EXIM Trade demand. The Ministry should equip the Ports with adequate capacity to handle various types of cargo. Port infrastructure development projects and introduction of modern technology should also be paid attention to for creation of additional capacity at Major Ports and modern cargo handling techniques should be introduced to improve Port performance in the Major Ports. Policies and schemes must be formulated aiming at mechanization of operations and introduction of modern techniques particularly in dry bulk cargo to improve performance of the Major Ports and upcoming Ports.  

(Para: 23)
The Committee would also like to recommend to the Ministry that a dedicated mechanism should be put in place for effective coordination and monitoring of PPP projects undertaken for development of Private Ports in the country. Further, ways should be chalked out to link Private Ports with the Major and Minor Ports of the country in order to cater to the growing requirement for import/export of manufactured goods/raw materials, immediately after the phase of Covid-19 pandemic is over. (Para: 24)

The Committee notes from the reply of the Ministry that a large extent of land belonging to Major Ports is under lease with Departments of Government of India and the State Governments on which interest and penal interest have been levied in cases of unpaid lease rentals. The Committee also takes note of the fact that “One Time Settlement Scheme” on 13th August, 2019 and desires to be apprised of the outcome of this Scheme. (Para: 28)

The Ministry of Ports, Shipping and Waterways in coordination with the Ministry of Renewable Energy should also work towards establishment of solar power plants and wind power generation units on the unutilized land rather than on sea, wherever possible near the harbors to reduce the burden on non-renewable resources of energy and to increase the employment opportunities. (Para: 29)

The Committee would also like to be apprised of the bottlenecks being faced in the implementation of some of the provisions of Policy Guidelines for Land Management. Further, what is the current status of establishment of Floating Storage Regasification Units (FSRU) at Major Ports in order to meet the increasing demand for Liquefied Natural Gas (LNG) in the country. (Para: 30)

PERFORMANCE OF PORTS IN INDIA

The Committee takes note of the fact that the Ministry has prepared an Action Plan for increasing the depth of the Major Ports and most of the Major Ports now have a minimum draft of 14 meters. The Committee observes that in order to meet the challenges emanating from intense global competition, Ports in India are required to gear themselves up by modernizing the Port infrastructure and enhancing their drafts so that their operational efficiency is at par with the global standards. Increased competition and
economy of scale have fuelled the development of even bigger ships and in order to accommodate such vessels, our Ports must have access channels of sufficient depth. Therefore, promotion of huge facilities capable of handling bigger ships is the need of the hour. Since the investments requirements for the purpose would be huge, the Committee recommends that investments may be made in capital dredging in the form of Government Budgetary Support, equity participation and debt financing to Ports so that the existing drafts of 14 meters could be increased to receive bigger vessels and trans-shipment traffic from and to India could be improved.

(Para: 36)

The Committee would urge the Ministry to develop an efficient system which can support seamless movement of cargo across all modes. The Ministry should emphasize all the Major and Minor Ports to enhance the productivity and infrastructure to the level of best Ports in the world which will enable them to compete globally. In this regard, the Committee would like the Ministry to appoint consultants to suggest solutions to the logistical and infrastructural bottlenecks. The Committee, therefore, recommends the Ministry to take both statutory as well as administrative measures, to ensure that the consultants of proven track record are appointed who should be mandated to furnish their Report within a defined timeframe by assessing all the infrastructure/ performance parameters related to the Major and Minor Ports of the country.

(Para: 37)

The Committee notes from the reply of the Ministry that in order to develop Ports of global standard in India, the Ministry of Ports, Shipping and Waterways has identified Maritime India Vision (MIV) 2030. The Ministry should apprise the Committee of the implementation strategy that has been envisaged for the same. The Committee should also be apprised whether the Ministry has issued guidelines for its implementation to various Port Authorities/ Major Ports or has given autonomy to them for formulation of the strategy regarding the Maritime India Vision (MIV) 2030.

(Para: 38)

CONNECTIVITY TO PORTS

The Committee notes the reply of the Ministry. The Committee feels that lack of rail and road networks has emerged as a major constraint for most of the Major/ Minor Ports of the country. Since most Port Connectivity projects are highly capital
intensive, the Committee, would therefore, like to know the details of the funding pattern which has been adopted for implementation of the rail-road connectivity projects. The Committee recommends that a common rail yard should be developed at JNPT for faster evacuation of containers and for reducing the rake loading time in order to increase the efficiency of Port operations. The Committee desires to be kept apprised of the progress made in this regard.

(Para: 44)

The Committee is dismayed to note that out of 98 road connectivity projects, only 13 projects have been completed. Similarly, out of 91 rail connectivity projects, only 28 projects have been completed so far. This speaks of poor coordination between the Ministry of Ports, Shipping & Waterways and the implementing agencies. The Ministry is extending timelines for execution of these projects instead of emphasizing upon their timely and speedy completion. The Committee, therefore, recommends that a dedicated monitoring mechanism be put in place to ensure completion of these projects within the approved cost and designated timeline. Further, a Master Plan for completion of Port-road connectivity projects must be formulated by the Ministry and work relating to Port-road connectivity projects should be assigned to NHAI/ MoRTH who are specialist in their fields of operation. The Committee desires to be kept apprised of the measures taken in this regard.

(Para: 45)

The Committee observes that environment is no longer a negotiable topic and it should therefore be ensured that economic development through the development of Ports is achieved through the cleaner and greener environment. The Committee, therefore, recommends that the Ministry should formulate proper guidelines and conduct an environmental impact assessment before releasing funds for any sanctioned/ stalled/ ongoing connectivity project. The Ministry of Ports, Shipping & Waterways should also work in close coordination with Ministry of Road Transport and Highways, NHAI and MoEF&CC to address the delay in projects due to land acquisition and environmental clearances.

(Para: 46)

SHIPBUILDING INDUSTRY

The Committee finds that the shipbuilding industry is facing certain financial and infrastructural bottlenecks. The Committee notes from the reply of the Ministry that the
Union Cabinet has on 9th December, 2015 approved Shipbuilding Financial Assistance Policy for Indian shipyards for the period 2016-26, CCEA has approved this Ministry’s proposal regarding settlement of subsidy claims, providing of Right of First Refusal to Indian shipyards while procuring or repairing vessels meant for Governmental or own use till 2025 and grant of infrastructure status to Indian shipbuilding industry are some key initiatives taken by the Government of India to provide a boost to the shipbuilding industry of India. The Committee, therefore, recommends that the Ministry must revisit its strategies and revamp its policies in order to support the indigenous manufacturers of shipbuilding parts under the Make in India campaign.

(Para: 48)

The Committee would like the Ministry to assess the current financial status of the Financial Assistance Policy for Shipbuilding and would recommend the Ministry to take effective steps to resolve the frequent occurring of NPAs within a specified time frame in order to maintain revenues from the shipbuilding in the profitable column of the balance sheet of the shipping industry.

(Para: 49)

SHIP-REPAIR INDUSTRY

The Committee takes note of the steps envisaged to be taken to tap the huge potential of Indian Ship repair market and observes that the Ministry of Finance should be approached to grant deemed export status to ship repair industry, keeping in view saving of foreign exchange.

(Para: 51)

The Committee is of the view that ship repair capacity essentially reflects capability in terms of the number of ships repaired and maximum size of ship that can be repaired in terms of DWT. According to a Report ‘Statistics of India’s Shipbuilding and Ship repairing Industry’ by the Ministry of Ports, Shipping and Waterways, in 2018-19, a total of 706 ships were repaired out of which 341 ships were repaired by the private sector shipyards and 365 ships were repaired by the public sector shipyards against 528 ships repaired in 2017-18. However, the COVID-19 pandemic affected ship building and ship repair facilities globally to a great extent. The pandemic has disrupted almost every area of the shipping industry, after a promising 2019. All levels of operations were affected by yard closures, logistical challenges and delay in surveys. The Committee would, therefore,
recommend to the Ministry to revamp and revisit its policies/strategies to give a boost to the ship repairing industry of India. Programmes should be implemented aiming towards the revenue and employment generation. (Para: 52)

The Ministry should apprise the Committee of the Port-wise details of the ship repairing facilities. Further, what are the reasons for no ship repairing facilities at many Major Ports of the country and the steps taken/being taken by the Ministry to address such issues. (Para: 53)

PUBLIC PRIVATE PARTNERSHIP PROJECTS

The Committee note that Shipping industry in India is subjected to multiple taxes as compared to leading maritime nations due to which shipping companies are not attracted to invest in India. The Committee observes that it is critical for the growth of Shipping in India that a level playing field is created as compared to other maritime nations in respect of taxes. The Committee, accordingly, recommends that the Ministry should take effective steps to modify relevant policies with a view to formulate a new tax regime in line with other tax regimes of leading maritime nations. (Para: 59)

The Committee notes the reply of the Ministry and appreciates the initiatives taken by it to encourage private sector participation in India’s Maritime sector. The Committee also takes note of the fact that there are about 200 non-Major Ports along India’s coastline which are under the overall jurisdiction of the respective State Governments. The Committee would, therefore, desire that the Ministry should make more efforts to make financing available to private sector for development and modernization of non-Major Ports and investing in the maritime sector in the country. (Para: 60)

The Committee also desires that a specialized maritime fund for supporting PPP must be developed to enable raising long term funds in the domestic and international markets at competitive rates. The fund can be utilized for financing Inland Waterways operations & vessel financing; setting up and modernizing shipyards; setting up ship repair/shipbuilding facilities; promoting cruise tourism; and setting up new Ports and jetties through PPP. The fund can further be utilized to promote innovation and support start-ups and technology companies in the shipping sector. (Para: 61)
The Committee observes that currently the private sector is facing challenges related to vessel financing and this has restricted the supply side of vessels in shipping sector. Therefore, it is crucial that the benefits under the tonnage tax scheme should be extended to vessels registered under the Inland Vessels Act, 1917 which would serve as a strong incentive for the PPP. The Ministry should also normalize the tariff rates in order to attract private investment and to provide a level playing field for the Ports, whether Major, Minor or Private Ports of the country.  

(Para: 62)

PROMOTION OF COASTAL SHIPPING

The Committee is of the considered view that coastal shipping is a fuel efficient and an environment friendly mode that can ease traffic congestion. Despite having an extensive network of inland waterways in the form of rivers, canals, backwaters and creeks, freight transportation by waterways is highly under-utilized. Waterways currently contribute around 6% to India's transportation modal mix, which is significantly less than that in developed economies and some of the developing economies as well. The Committee, therefore, recommends that availability of dedicated infrastructure will go a long way in promoting coastal shipping as a mode of freight transportation. Hence infrastructure at Ports and supporting infrastructure using rail/road and waterways to facilitate coastal movement should be created which includes development of dedicated coastal berths, bunkering and storage at Ports and creation of supporting hinterland transport infrastructure with last mile connectivity.  

(Para: 65)

According to a study by Global Consultants McKinsey & Co and AECOM for the Union Ministry of Ports, Shipping & Waterways, optimizing the logistics flow for key commodities by 2025 could save Rs 30,000-40,000 crore. It further recommended for creation of more capacity at Major Ports and a logistics aggregator company to consolidate the Shipping supply chain. The Report further stated that coastal shipping capacity can handle 150-250 million tonnes annually of cargo comprising coal, cement, iron and steel, food grain and fertilizer. The Committee would, therefore, recommend to the Ministry to study the Report and formulate appropriate policies/ schemes based on it to promote coastal shipping.  

(Para: 66)

DEVELOPMENT OF INLAND WATERWAYS
Inland Waterways is widely recognized as a fuel efficient, environment friendly and cost effective mode, especially for bulk goods but has largely remained underdeveloped. The Committee is of the view that the Indian Ports are facing problem of connectivity through rail/road and it is therefore necessary that Inland Waterways should be developed at an increased pace. The Committee appreciates the efforts of Ministry of Ports, Shipping & Waterways in implementing JMVP for capacity augmentation of navigation on NW-1. The Committee recommends that an effective, efficient and a dedicated monitoring mechanism must be developed by the Ministry to address the bottlenecks being faced in the implementation of Inland Waterway projects. (Para: 71)

The Committee would like the Ministry to share the details of the upcoming projects in this regard. The Committee desires to know whether the ongoing projects have witnessed any time escalation and cost overruns. (Para: 72)

INFRASTRUCTURE DEVELOPMENT AT THE PORTS FOR CRUISE SHIPPING

Cruise tourism in India is still a nascent industry, though we have a huge opportunity to capture the market because geographically, India is strategically located between Western Europe and Asia and every ship to Europe has to pass through it. The Committee, therefore, recommends that in order to enable the cruise sector to reshape the Indian travel industry, the Government must revamp the country’s current Port infrastructure, set up dedicated terminals to cater to the needs of tourists and undertake riverfront development on a massive scale. The Ministry of Ports, Shipping and Waterways should coordinate with the Ministry of Tourism in order to propose and develop more cruise tourism terminals in the country. (Para: 79)

The Committee would like the Ministry to explore the possibility of following the Maldivian model in places in the Andaman and Nicobar Islands and Lakshadweep Islands and facilitating leasing of islands to local and foreign resort developers for tourism purposes. The Ministry should also take steps to set up tourist terminals for both domestic and foreign tourists at all the commercial Ports of the country. The Ministry should also
chalk out plans/policies to promote river cruise tourism also especially in the non-Coastal States of the country. The Committee should be apprised of the progress made in this regard.  

(Para: 80)

COCHIN SHIPYARD

The Committee appreciates the efforts of the Ministry for the construction of the New Dry Dock and ‘New Cruise Terminal- Sagarika’ at Cochin Shipyard under the “Make in India” campaign. The Committee, therefore, recommends that Ministry should effectively monitor the progress of such projects so that bottlenecks being faced can be addressed before implementation of more such projects at other Ports of the country.

(Para: 86)

The Committee notes from the reply of the Ministry that CSL is facing issues relating to return of migrant labour force, blockage of supply chains of construction materials like TMT bars, cements, machineries and equipment from other States. The Committee would, therefore, recommend to the Ministry that CSL should launch adequate training programmes to address the shortage of manpower. The Ministry should further hire employees with quality industrial training and depute them at Major Ports of the country to tackle issues arising out of blockage of industrial supply chains.

(Para: 87)

MODEL CONCESSION AGREEMENT

The Committee observes that the resources required to build the necessary Port infrastructure are huge and therefore, supplementation of public investment by private sector investment through PPP mode is inevitable. It is in this context that successful working of PPP model assumes added significance in realizing the targeted Port capacity augmentation. The Committee, therefore, welcomes the changes ushered in by the MCA, 2018. While endorsing the revised MCA, 2018, the Committee desires to know as to what extent the Model Concession Agreement, 2018 (amended) has succeeded in obviating the problems faced in execution of PPP projects and make the investment in Port sector attractive. Further, the Ministry should apprise the Committee of the provisions in MCA,
2018 which are proving to be impediments in the implementation and maintenance of PPP projects.  

Since the order of private investment required to achieve the Port capacity augmentation and the number of PPP projects awarded are high, the Committee recommends that a “Single Window” approval system should be put in place so that the possibility of delays and cost escalation could be obviated. Though the Committee welcomes capacity augmentation in the Port sector by private sector investment, it would exhort the Ministry to ensure that such an arrangement does not lead to creation of private monopolies in the Port sector. The Committee desires to know whether the Port sector gets treatment on par with other infrastructure sector like roads and whether any proposal to treat the entire industry and ancillary activities for the purpose of tax concession is under consideration of the Government.

MARITIME TRAINING IN INDIA

The Committee observes that the Indian Port sector has undergone substantial technological developments during the last 10 years to match with world class standards. With the changes in the Port scenario and introduction of high capacity Port equipment, there is a need to redefine job description for each level as the strength of manpower has not changed much. The Committee, therefore, recommends that IMU should collaborate with International Institutes to carry out a training need analysis for such segment of employees.

The Committee would also recommend that the Ministry should conduct studies to work out annual manpower requirement and supply in the Indian Port sector and formulate suitable approach to augment the supply of required manpower to cater to India’s needs being the 16th largest Maritime country. The Ministry should assess the performance of the maritime training institutes and take strict actions if any of the stipulated norms are being violated. The Committee would further recommend setting up of more CICMT in collaboration with IITs/ NITs/ IIMs to provide opportunities relating to applied research and development for the inland and coastal waterways sector alongwith
the knowledge of business management especially in the field of industrial block chain supply technology. (Para: 97)

TARIFFS / PORT RELATED CHARGES AT INDIAN PORTS

The Committee recommends that the Ministry of Ports, Shipping and Waterways in coordination with the Ministry of Finance should formulate a ‘One Tariff Policy for all Ports’ in order to provide a level playing field to all the Major and non-Major Ports of the country. The Ministry should also apprise the Committee of the initiatives being taken/taken to control Port-related charges of Private Ports. (Para: 104)

The Ministry of Ports, Shipping and Waterways should carry out financial assessments of the Port-fuel related policies of India and also draw conclusions from the policies being implemented in different countries such as United Kingdom, U.S.A., Singapore and Japan. A detailed Report must be prepared in this regard. (Para: 105)

MARINE SAFETY ISSUES

The Committee recommends that in order to ensure a comprehensive safety and security regime at Ports, the Ministry should find out the best practices being followed by the international Ports in developed countries and incorporate them while formulating any policy for improvement of safety measures in India’s maritime sector. Management of leadership, effective training, measurement of safety performances, continuous improvement in safety techniques, focus on learning and a visible commitment towards safety are some of the guidelines that must be incorporated by the Ministry in its future policy formulation. (Para: 108)

The Ministry should adopt technologies from the foreign nations to address the incidents of oil spills. The Ministry should also take steps to ensure safety and security of seafarers. (Para: 109)

IMPACT OF COVID-19 PANDEMIC ON SHIPPING SECTOR

The Committee observes that the Shipping industry is emerging out from the impact of Covid-19 pandemic. With business coming almost to a standstill, the
unprecedented crisis had impacted each and every segment of the shipping industry especially the EXIM trade, ship building, ship repairing and cruise shipping sector. The Shipping sector has the potential to stimulate other economy through its backward and forward linkages and contributes significantly towards generation of revenues as well as the creation of jobs in the country. The Committee would, therefore, recommend that the Ministry must monitor the status of implementation of the ongoing/ stalled projects which got impacted due the pandemic and should issue fresh deadlines for their timely completion in order to avoid cost overruns. (Para: 113)

STATUTORY PROVISIONS/ GUIDELINES

The Committee impresses upon the Ministry, the imperative need to ensure that the recommendations made by the Committee are given serious thought and deliberation; and due consideration should be given to the facts and the issues involved therein. Therefore, it is necessary that all possible steps are taken to ensure that they are implemented in letter and spirit, within a designated time frame. Further, the Committee recommends that the statutory provisions/ guidelines, wherever needed and necessary for the implementation of the recommendations, should be formulated by the Ministry without any delay. The Committee desires that in case of any difficulty/ problems faced by the Ministry in the implementation of the recommendations, the Committee may be apprised thereof. (Para: 114)

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