

**Press Information Bureau  
Government of India  
Ministry of Shipping**

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22-December-2016 15:59 IST

**Ministry of Shipping: Year-end Review Setting the Stage for Growth**

**Year Ender - 2016**

The Ministry of Shipping has taken several steps during the year to build its base for realizing the full potential of India's maritime sector. From weeding out and amending obsolete legislations to modernizing existing infrastructure to building new ones, the Ministry has unleashed a whole range of initiatives aimed at the growth and development of the sector. The highlights of the work done by the Ministry during the year are as follows :

**A. SAGARMALA PROGRAMME**

**i. National Perspective Plan**

Sagarmala Programme is now moving from the conceptualization and planning to the implementation stage. The National Perspective Plan (NPP), for the comprehensive development of India's coastline and maritime sector, has been prepared and was released at the maiden Maritime India Summit 2016, on 14th April, 2016, by the Hon'ble Prime Minister.

**ii. Projects under Sagarmala**

As part of Sagarmala, more than 400 projects, at an estimated infrastructure investment of more than Rs. 7 lack crore, have been identified across the areas of port modernization & new port development, port connectivity enhancement, port-linked industrialization and coastal community development. These projects will be implemented by relevant Central Ministries, State Governments, Ports and other agencies primarily through the private or PPP mode.

Rs. 242.92 cr. has been released for 14 projects under Sagarmala. In addition, Ministry is also funding special projects under Sagarmala. In this regard, Rs. 58.5 cr. has been released for capital dredging for Gogha-Dahej RO-Pax Ferry Services Project and Rs. 43.76 cr. has been released for RO-RO Services Project at Mandwa. TEFr is under preparation for development of underwater viewing gallery and restaurant at Beyt Dwarka Island.

**iii. Sagarmala Development Company (SDC)**

The Sagarmala Development Company (SDC) was incorporated on 31<sup>st</sup> August 2016, after receiving Cabinet approval on 20<sup>th</sup> July 2016, for providing equity support to residual projects under Sagarmala. The first Board meeting of the SDC was held on 21<sup>st</sup> September 2016 and subscribed Share Capital of Rs. 90 Crore has been released to SDC. The process is underway for appointment of Managing Director and Functional Directors.

**iv. Port Modernization & New Port Development**

Master Plans have been finalized for the 12 major ports. Based on the same, 142 port capacity expansion projects (total cost: Rs. 91,434 cr.) have been identified for implementation over the next 20 years. Out of this, 30 projects (total cost: Rs. 11,612 cr.) have been proposed for implementation starting FY 2016-17. In addition, TEFr have been finalized for 6 new port locations, namely – Vadhavan, Enayam, Sagar Island, Paradip Outer Harbour, Sirkazhi, Belekeri. DPR has been prepared for a new port at Sagar Island and EFC approval has been obtained on 5<sup>th</sup> August 2016. DPR is under preparation for Vadhavan, Paradip Satellite Port and Enayam. In-principle approval has been accorded by the Union Cabinet for setting up a major port at Enayam on 5<sup>th</sup> July 2016.

### Six potential new ports



### Summary of 142 Port Modernisation Projects from Port Master Plan

Port Modernisation Projects from Port Master Plan			
	No. of Projects	Project cost (Rs Cr)	MTPA
Under Implementation	42	23,263	310
2016-17	30	11,612	138
2017-18	12	2,103	30
2018-19	11	4,703	15
2020-25	26	21,588	151
2026-35	21	28,165	240
<b>Total</b>	<b>142</b>	<b>91,434</b>	<b>884</b>

#### v. Port connectivity enhancement

Indian Port Rail Corporation Limited (IPRCL) has taken up 25 works across 9 major ports. Out of this, 8 works have already been awarded and 5 more are targeted for award in the remaining part of FY 2016-17. DPR is under preparation / approval for the remaining 12 works.

Out of the final list of 27 rail connectivity projects identified under Sagarmala, 21 projects (~3300 Km, total cost: Rs. 28,000 cr.) are being taken up by Ministry of Railways and 4 projects (~151 Km, total cost: Rs. 3,590 cr.) are to be taken up either in Non-Government Rail (NGR) or JV model through Indian Port Rail Corporation Limited.

Out of 79 road connectivity projects identified under Sagarmala, 45 projects will be done by MoRTH and NHAI, including 18 projects under the Bharatmala scheme. The remaining 34 projects will be done by State PWD, Port Authorities and Sagarmala Development Company in coordination with MoRTH / NHAI.

The scope of the Coastal Berth Scheme has been expanded and approved by the competent authority on 2<sup>nd</sup> August 2016. The scheme was also integrated into the Sagarmala Programme. 11 projects have been sanctioned (Rs. 70 cr. released) and 24 proposals are for consideration under the scheme. An Inter-Ministerial Committee (IMC) has also been constituted to develop a strategy and implementation roadmap for the coastal shipping of coal and other commodities/product. Four meetings of the IMC have been held so far (22<sup>nd</sup> March 2016, 3<sup>rd</sup> May 2016, 1<sup>st</sup> June 2016 and 14<sup>th</sup> October 2016). Based on the recommendations of the IMC, DPR is under preparation for the heavy haul rail corridor between Talcher & Paradip.

#### vi. Port-led Industrialization

To promote port-led industrialization, 14 Coastal Economic Zones (CEZs) covering all the Maritime States and Union Territories have been proposed. A CEZ is conceptualized as a spatial-economic region which could extend along 300-500 km of coastline and around 200-300 km inland from the coastline. Each CEZ will be aligned to relevant major and non-major ports in the State and is envisaged to tap synergies with the planned industrial corridors. CEZ perspective plans have been prepared and Detailed Master Plans will be prepared for 5 pilot CEZs (in Gujarat, Maharashtra, Tamil Nadu, Andhra Pradesh and Odisha) in the first phase of development.

The vision of the Sagarmala Programme is to reduce logistics cost and time for the movement of EXIM and domestic cargo and development of port-proximate future industrial capacities near the coast is a step in this direction. In this regard, 29 potential port-linked industrial clusters across three sectors, namely – Energy, Materials and Discrete Manufacturing, have been identified under Sagarmala. These include 13 bulk clusters for basic input industries such as Power, Refineries & Petrochemicals, Steel and Cement, 2 Maritime clusters and 14 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.

Based on availability of land with the Major Ports, Ministry of Shipping 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).

#### **vii. Coastal Community Development**

As part of the coastal community development objective of the Sagarmala Programme, the Ministry of Shipping is taking up a number of initiatives/projects. Notable among them are the coastal community skilling projects and projects for development of marine fisheries sector.

To support the development of fishermen community, Ministry is part-funding select fishing harbour projects under Sagarmala in convergence with Department of Animal Husbandry Dairying & Fisheries (DADF). In this regard, the project for modernization & upgrading of Sassoon Dock, at a cost of Rs. 52.17 cr. has already been sanctioned. Ten additional proposals, across 5 Maritime States, are under consideration for approval. Ministry is also supporting the development of deep sea fishing vessels and fish processing centers in convergence with DADF.

Ministry of Shipping is taking up a number of projects to enhance livelihood / employment opportunities for the coastal communities and has already released Rs. 16.9 cr. under Sagarmala, for skilling projects covering more than 20,000 people across 20 coastal districts. This includes safety training for workers in Alang-Sosiya Shipyard in Bhavnagar District (Gujarat). Ministry is also undertaking skill gap analysis in 23 coastal districts to identify the skilling requirements and develop a roadmap for addressing the same. The action plan for 6 districts, in the first phase, has already been prepared.

To provide skilling for port & port user community, Ministry is planning to conduct cutting-edge skill training in ports & maritime sector and is evaluating the proposal for setting up Multi-Skill Development Centers linked to Major Ports, in collaboration with Ministry of Skill Development & Entrepreneurship.

#### **viii. Potential Impact**

The projects identified under Sagarmala Programme are expected to mobilize more than Rs. 7 Lac Cr of infrastructure investment, double the share of domestic waterways (inland & coastal) in the modal mix, generate logistic cost savings of Rs. 35,000-40,000 Cr per annum, boost merchandise exports by USD 110 Billion and enable creation of 1 Cr new jobs, including 40 Lac direct jobs, in the next 10 years.

### **B. REVAMPING OF EXISTING MAJOR PORT AND MERCHANT SHIPPING LEGISLATION**

#### **i. Major Port Authorities Bill, 2016**

With a view to promote the expansion of port infrastructure and facilitate trade and commerce, the proposed bill aims at decentralizing decision making and to infuse professionalism in governance of ports. The new Major Ports Authority Bill, 2016 would help to impart faster and transparent decision making benefiting the stakeholders and better project execution capability. The Bill is aimed at reorienting the governance model in central Ports to landlord port model in line with the successful global practice. This will also help in bringing transparency in operations of Major Ports. This Bill was introduced in the Lok Sabha on 16.12.2016.

The salient features of the Major Ports Authority Bill are as under:

- a. The Bill is more compact in comparison to the Major Port Trusts Act, 1963 as the number of sections has been reduced to 65 from 134 by eliminating overlapping and obsolete Sections.
- b. The new Bill has proposed a simplified composition of the Board of Port Authority which will comprise of 11 members from the present 17 to 19 Members representing various interests. A compact Board with professional independent members will strengthen decision making and strategic planning. Provision has been made for inclusion of representative of the State Government in which the Major Port is situated, Ministry of Railways, Ministry of Defence and Customs, Department of Revenue as Members in the Board apart from a Government Nominee Member and a Member representing the employees of the Major Ports Authority.

- c. The role of Tariff Authority for Major Ports [TAMP] has been redefined. Port Authority has now been given powers to fix tariff which will act as a reference tariff for purposes of bidding for PPP projects. PPP operators will be free to fix tariff based on market conditions. The Board of the Port Authority has been delegated the power to fix the scale of rates for other port services and assets including land.
- d. An independent Review Board has been proposed to be created to carry out the residual function of the erstwhile TAMP for Major Ports, to look into disputes between ports and PPP concessionaires, to review stressed PPP projects and suggest measures to review stressed PPP projects and suggest measures to revive such projects and to look into complaints regarding services rendered by the ports/private operators operating within the ports would be constituted.
- e. The Boards of the Port Authority have been delegated full powers to enter into contracts, planning and development, fixing of tariff except in national interest, security and emergency arising out of inaction and default. In the present MPT Act, 1963 prior approval of the Central Government was required in 22 cases.
- f. Empowers the Board to make its own Master Plan in respect of the area within the port limits and to construct within port limits Pipelines, Telephones, Communication towers, electricity supply or transmission equipment. The Board is empowered to lease land for Port related use for upto 40 years and for any purpose other than the purposes specified in section 22 for upto 20 years beyond which the approval of the Central Government is required.
- g. Provisions of CSR & development of infrastructure by Port Authority have been introduced.

The Union Cabinet has approved the proposal of Ministry of Shipping to replace the Major Port Trusts Act, 1963 by the Major Port Authorities Bill, 2016. This will empower the Major Ports to perform with greater efficiency on account of full autonomy in decision making and by modernizing the Institutional structure of Major Ports. The Bill has been introduced in the Lok Sabha on 16.12.2016.

## **ii. Revamped Merchant Shipping Bill to replace Merchant Shipping Act, 1958**

In order to promote ease of doing business to meet new challenges facing merchant shipping sector – to increase tonnage under Indian flag and share of Indian seafarers, safeguard rights and privileges of seafarers, enhance safety and security of vessels and life at sea, to develop Indian coastal shipping and trade and to ensure compliance of India's obligations under International conventions and to replace old redundant provisions with contemporaneous provisions, the Merchant Shipping Bill, 2016 is being introduced in Parliament to replace existing MS Act, 1958. This Bill was introduced in the Lok Sabha on 16.12.2016.

Main features of the MS Bill, 2016 are:

- (i) To register all seagoing vessels, whether propelled or not including certain residuary category of vessels not covered under any statute;
- (ii) To allow substantially-owned vessels and vessels chartered on Bareboat Charter-cum-Demise (BBCD) contract by Indian entities to be registered as Indian flag vessels; to recognize Indian controlled tonnage as a separate category; and dispense with the requirement for issuing licences to Indian flag vessels for coastal operation, so as to facilitate augmentation of Indian tonnage and promotion of coastal shipping;
- (iii) To make the insurance of crew engaged on vessels including fishing, sailing without mechanical means of propulsion and whose net tonnage is less than fifteen compulsory by the owner of the vessel; and to dispense with the requirement with respect to signing of articles of agreement by the crew before the Shipping Master, so as to ensure welfare of seafarers;
- (iv) To make provisions for security-related aspects, which will enable identification and ensure coastal security;
- (v) To give effect to IMO convention provisions not covered in the existing act.
- (vi) Repeal of Coastal Vessel Act, 1838.

## **iii. Admiralty Bill 2016**

The Admiralty (Jurisdiction and Settlement of Maritime Claims) Bill , 2016 has been introduced in the Parliament in the winter sessions of the Parliament on 21 November, 2016. Admiralty jurisdiction relates to powers of the High Courts in respect of claims associated with transport by sea and navigable waterways. Under the present statutory framework, the admiralty jurisdiction of Indian courts flow from laws enacted in the British era. The proposed Bill consolidates the existing laws relating to admiralty jurisdiction of courts, admiralty proceedings on maritime claims, arrest of vessels and related issues and repeals five obsolete British statues on admiralty jurisdiction in civil matters. . The Bill confers admiralty jurisdiction on High Courts located in coastal states of India and this jurisdiction extends upto territorial waters. This legislative proposal will fulfil a long-standing demand of the maritime legal fraternity.

### C. MARITIME INDIA SUMMIT, 2016

The maiden Maritime India Summit, 2016 was organized by the Ministry of Shipping in Mumbai from April 14<sup>th</sup> – 16<sup>th</sup>, 2016. The objective of the Summit was to create awareness of the untapped potential of Indian maritime sector and showcase investment opportunities. The focus was on presenting India as an attractive investment destination.

The Summit was inaugurated by Hon’ble Prime Minister of India on 14<sup>th</sup> April, 2016, to mark the 125th birth anniversary of Dr. B.R. Ambedkar, who is the Architect and Founding Father of our Constitution and the creator of the water and river navigation policy in India. Hon’ble Prime Minister also released the National Perspective Plan of the Sagarmala programme on the occasion. The release of National Perspective Plan firmly places the ports and national waterways at the centre-stage of national development agenda.

Secretary General of International Maritime Organisation, Mr. Kitack Lim and Minister of Oceans and Fisheries, Republic of Korea, Mr. Kim-Young Suk also addressed the gathering during the Inaugural Session. Republic of Korea was the Partner Country for the Summit. A delegation from Republic of Korea led by Minister of Oceans and Fisheries along with two Deputy Ministers, senior Government officials and representatives of over 50 maritime sector companies participated in the Summit. Maharashtra was the host state for the summit and provided all necessary support for successfully hosting the summit in Mumbai.

The 3 day exhibition organized during 14-16 April, 2016 drew enthusiastic response from 197 exhibitors including 81 international companies, 80 Indian private sector companies and 36 Government owned entities.

More than 140 Business Agreements were signed during the Summit. The value of investments in these 140 projects is around \$ 13 Billion (approximately Rs. 83,000 crores). The Ministry of Shipping also showcased around 240 projects which present investment opportunities in the sector in India in the next few years. The investment potential of these projects is around \$ 66 Billion (Rs. 4.34 lakh crores).

To follow up on the investment proposals and provide assistance to potential investors, an Investment Facilitation Cell has been constituted in the Ministry of Shipping to support investors and assist in follow-up of all Business Agreements that have been signed during MIS 2016.

### D. PORTS

The Ports play an important role in the trade of the country. In fact they are the Gateways for the EXIM Trade. Over all the ports in the Country handle 90% by volume and 70% by value of India’s external trade.

#### i. Capacity and Traffic

In order to meet the ever increasing Trade requirements of the Country, the focus has to be on the infrastructure development and capacity enhancement of the Ports. Over the years the cargo handling capacity of the major ports has been growing steadily as under:

(In MTPA)	
Year	Capacity
2012-13	744.91
2013-14	800.52
2014-15	871.34
2015-16	965.36
2016-17 (upto November, 2016)	1005.96 (Provisional)

Traffic handled at the major ports has also been increasing as shown in the table below:

<b>(In MT)</b>	
<b>Year</b>	<b>Traffic</b>
2012-13	545.79
2013-14	555.49
2014-15	581.34
2015-16	606.37
2016-17 (upto November, 2016)	424.12

During 2015-16, 30 Projects were awarded, involving an investment of Rs. 15334.77 crore and additional capacity of 162.10 MTPA. In 2016-17, 33 projects have been targeted for award of which 23 have already been awarded.

## **ii. Efficiency improvement**

While increasing the capacity of major ports, Ministry of Shipping has been striving to improve the operational efficiencies through mechanization and other measures. As a result key efficiency parameters have improved considerably. The Average Turnaround Time has registered a significant improvement in 2015-16 and was 3.63 days as against 4.00 days in the corresponding preceding year. This has further improved to 3.49 days in the current year (up to October, 2016). The Average Output Per Ship Berthday has increased from 12458 Tonnes in 2014-15 to 13151 Tonnes in 2015-16. This has further increased to 13949 Tonnes during the current year (up to October, 2016). A study to benchmark the performance of Major Ports to comparable international ports was taken up with a view to improve the operational efficiency and profitability. Out of the 116 initiatives recommended by the consultants 60 have already been implemented and the remaining will be implemented by 2019. The implementation of these recommendations is expected to lead to further improvement in the operational efficiency and productivity of the Major Ports in the coming years.

## **iii. Measures to improve efficiency**

The tariff guidelines were revised to provide flexibility to port operators to align the tariff closer to market tariff subject to achievement of certain performance standards. 100% FDI is being allowed in PPP Projects in the Port Sector. The Model Concession Agreement is being amended so as to take care of the contingencies affecting the execution of PPP Projects. A new Major Ports Authority Act to replace existing Major Ports Act, 1963 to provide greater autonomy and modernization of institutional structure is under consideration. A new berthing policy and stevedoring policy has been formulated.

With a view to enable Major Ports to handle larger vessels the Ministry has prepared an action plan for increasing the draft in Major Ports. The outer harbour in Visakhapatnam Port has very deep draft of more than 18 mtrs. It is proposed to create a draft of more than 18 mtrs, in Mormugao Port, Kamarajar Port (Ennore).

## **iv. Special Initiatives in Ports**

As part of promoting Ease of Doing Business to promote and facilitate business at ports, a number of activities which include elimination of manual forms, direct port delivery, installation of container scanners at ports, RFID based automation system etc have been undertaken. Further as part of the Swachh Bharat Abhiyan, Green agenda, new schemes have been formulated for providing financial assistance to Major Ports for green initiatives and also for building their capacity for combating oil pollution. Major Ports are taking up renewable energy projects to generate more than 150 MW (solar & wind energy) in the next five years. Focus is being given on setting up of Special Economic Zones (SEZs) and Coastal Economic Zones around major ports.

## **v. Green Energy Projects at Major Ports by 2017**

The Ministry of Shipping is keen to promote the use of renewable sources of energy and is in the process of installing solar and wind based power systems at all the Major Ports across the country. The target is to set up 90.64 MW of solar energy capacity at twelve Major Ports and 70 MW of wind energy capacity at four Major Ports, by 2017. These major ports have started the process of setting-up the renewable energy projects from their profit earnings. The total financial implications of the solar projects will be Rs. 407.7 crore.

A total of 6.94 MW of solar projects has already been commissioned with Vishakhapatnam Port leading the way with 6.25 MW, the other ports in which solar projects have been commissioned are Kolkata, New Mangalore, V.O. Chidambaranar and Mumbai.

## **E. SHIPPING**

### **i. Overview**

95 % of the country's trade by volume (68% in terms of value) is moved by sea. India has one of the largest merchant shipping fleet and ranked 17<sup>th</sup> among the developing countries with average age of the fleet being 18.03 years. India has a total of 1299 ships comprising of 11.24 MGT as on 31.10.2016. Out of the total tonnage, 900 vessels of about 1.52 million GT are engaged in Coastal trade and remaining 399 vessels are plying in overseas trade. Despite growth in tonnage, the percentage of cargo carried by Indian flag ships has reduced from 40.7% in 1987-88 to 7.45% of total EXIM trade in 2014-15.

The Ministry of Shipping has taken many proactive and progressive interventions for the development of the maritime sector in the country. These initiatives can be summarized under the following heads:-

### **ii. Promoting "Ease Of Doing Business"**

This has been at the core of the efforts of the Ministry during the year. Focus has been on simplifying procedures by removing irritants that make it cumbersome to carry on business smoothly. The major highlights in this regard are:

#### **(a) Exclusion of services of transportation of import cargo by ships on voyage charter from Negative List.**

Freight charged by the shipping companies for import of goods into India has been excluded from the Negative List and permitted availment of CENVAT credit on inputs used for providing such service. This will bridge the competitive gap between Indian and foreign shipping lines in the taxation sphere. This positive change puts India on par with the major progressive maritime jurisdictions, which already give full credit of taxes paid on inputs used for import cargo.

#### **(b) Zero rating of services of transportation of export cargo by Indian ships.**

The transport service for export of cargo was not being treated as export and CENVAT credit was also not available for export of goods, which made the service costlier for Indian flag ships. It has now been proposed that the services provided by Indian shipping lines by way of transportation of goods by a vessel to outside India shall be zero rated with effect from March 1, 2016 along with the availability of CENVAT credit for inputs used in providing the service. This will reduce transportation cost and puts India at par with the major progressive maritime jurisdictions which have zero rates of taxation on maritime services and also provide full credit of taxes paid on inputs used in the maritime services.

#### **(c) Reduction of service tax incidence on coastal shipping.**

Realizing the need for encouraging transportation of goods through coastal shipping rather than road or rail, the Government, in the Union Budget 2015-2016, had brought the abatement of service tax at par with road and rail i.e. 70%. However, due to lack of CENVAT credit on inputs used in the service in case the benefit of abatement is availed, the shipping companies were not able to provide services to the customers at lower costs. In Union Budget 2016-17, the Government has rectified this anomaly and allowed shipping companies to charge service tax at abated rate on freight income and avail CENVAT credit on input services.

#### **(d) Reduction of Central Excise duty on capital goods, raw materials and spares used for repair of ocean going vessels.**

This would reduce the material cost used for repair of the ocean going vessels by 4%, if domestically procured. This amendment also permits the shipyards to procure capital goods for ship repair of ocean going vessels at NIL rate of duty from the existing 12.5%. With the proposed amendment, cost of ship repair and dry-docking in India will reduce.

#### **(e) Implementation of e-payment mode for collection of ocean freight.**

With a view to ease the process of payment to the shipping lines by the importers/exporters, on the advice of this Ministry, CSLA - an association of foreign container shipping lines, operating in India, has confirmed that all their 31 member-lines have implemented e-Payment mode by way of RTGS/NEFT for collection of all type of ocean freight charges. This will bring in transparency in ocean freight charged by different service providers.

### **iii. Shipbuilding**

Global recession in the shipbuilding industry has affected the financial position of a number of yards especially in the private sector. Due to market downturn post 2008 and the lack of government policy support, all shipyards other than the defense shipyards are facing challenging times with very few global shipbuilding orders coming in. The Indian shipbuilding industry has continued to concentrate on defense and offshore sector vessels. The fleet expansion plans of Indian Navy and the vessels for the Indian Coast Guard are the two prime segments which were targeted by the Indian shipyards. Lack of orders from the Indian commercial ship owners and the lack of government policy support adversely affected the Indian shipbuilding outlook. In the year 2016, Government has taken following initiatives to strengthen shipbuilding industry.

#### **(a) Infrastructure status for shipyards.**

Government of India has, on April 13, 2016, notified inclusion of stand-alone shipyards undertaking activities such as shipbuilding and ship-repair under the Harmonized List of Infrastructure sectors. With this inclusion, shipyards will be able to avail flexible structuring of long term project loans, long term funding from Infrastructure Funds at lower rates of interest and for a longer tenure equivalent to the economic life of their assets, relaxed ECB norms, issuance of infrastructure bonds for meeting working capital requirements.

#### **(b) Financial assistance and eligibility support for Indian shipyards.**

The Government of India has introduced a Rs. 4000 crore Shipbuilding Financial Assistance Policy for a period of 10 years viz 2016-2016 to encourage domestic shipbuilding. Financial assistance will be granted to Indian Shipyards equal to 20% of the lower of "Contract Price" or the "Fair Price" (as assessed by three international valuers) of each vessel built by them for a period of at least 10 years commencing 2015-16. This rate of 20% will be reduced by 3% every three years. Necessary guidelines have since been formulated and uploaded on the website of the Ministry on June 16, 2016 for wide circulation and operationalization.

#### **(c) Criteria for evaluating and awarding tenders from shipbuilding and ship repair work floated by Govt. Departments or agencies including Public Sector Undertakings.**

Revision of domestic eligibility criteria has been approved to ensure that all the government departments or governmental agencies such as CPSUs procuring vessels for governmental purposes or for own purposes shall undertake bulk tendering for their vessel related requirements with deliveries starting from 2016-17 with a Right of First Refusal (RoFR) for Indian shipyards and shall ensure that from 2025 onwards, only Indian-built vessels are procured for governmental purpose or for own purpose. Similar relaxation will be applicable for repair of their vessels. Necessary guidelines have since been formulated and uploaded on the website of the Ministry on May 31, 2016 for wide circulation and operationalization.

#### **(d) Simplification of procedure for tax compliance.**

To promote ease of doing business in the sector, in the Union Budget 2016-2017, Government of India has issued simplified procedure for tax compliance for the shipyards while procuring duty free goods for shipbuilding and ship repair.

### **Iv Shipbreaking**

#### **• Project for upgradation of ship recycling yards Alang-Sosiya with loan from JICA:**

- a. Gujarat Maritime Board had submitted a DPR for modernization of Alang-Sosiya ship recycling yards with loan assistance from JICA at a cost of US\$ 180.28 million.
- b. The project has been posed to JICA by Ministry of Finance on 25.08.2015.
- c. During the year, JICA has conducted preparatory survey at Alang Sosiya.
- d. MoEF&CC has issued environmental clearance and CRZ clearance for the project on 02.11.2016.



e. After JICA takes a final decision on the project, Loan Agreement may be processed by March, 2017.

• **Development of Labour Housing Project at Alang Shipping Yard:**

- a. GMB has completed a project for providing dormitory type housing facilities for the 1000 labours as a Phase-I development at a cost of Rs.18.36 crores.
- b. 50% of the cost of the project (Rs.9.18 crore) has been paid to GMB on 24<sup>th</sup> June 2016 from Ferrous Scrap Development Fund.
- c. 201 labourers have applied for accommodation.

v. **Vision Document for Coastal Shipping, Tourism and Regional Development**

Coastal shipping provides benefit in the form of less environmental pollution due to lower per km consumption of fuel. However, unavailability of consolidated cargo, return cargo and general lack of awareness among shipper community make coastal shipping unviable. On the contrary, the high penetration level of road followed by rail coupled with the ability to effect door-to-door movement of cargo makes the field tougher for coastal shipping.

In order to increase the share of coastal shipping and inland water transportation to 10% by 2019-20 and to promote cruise tourism leading to development of coastal regions, the Ministry of Shipping has prepared a vision for “Coastal Shipping, Tourism and Regional Development” in consultation with stakeholders along with an action plan to achieve the objective. The key elements of the vision are to increase share of coastal/IWT mode from 7% to 10% by 2019-20, Development of coastal shipping as end to end supply chain, integration of IWT and coastal routes, development of regional centres to generate cargo for coastal traffic, development of domestic cruise industry and, promotion of lighthouse tourism.

vi. **Cochin Shipyard Limited**

(a) **Development of New Dry-dock**

A new large dry dock is considered essential for future growth of Cochin Shipyard (CSL). This dry dock will enable CSL to construct LNG ships, Large Naval vessels like the proposed second Indigenous Aircraft Carrier, Merchant vessels, like Cape size vessels, etc. The dry dock will also cater to repairs and upgradation of jack-up rigs, semi submersibles, etc. The estimated cost of the proposed new High Density dry dock is Rs. 1799 Crores (920 Crs for Civil + 879 Crs for machinery, electrical & consultancy). The proposal has been approved by CCEA on 20<sup>th</sup> July, 2016.

Ministry of Environment & Forest has given environment clearance to the project on 9<sup>th</sup> November, 2016 with a major pre condition of NBWL Clearance. Clearance from Ministry of Defence has also been requested.

(b) **Proposed International Ship Repair Facility**

The project was awarded to CSL on nomination basis by Cochin Port Trust. The contract was signed with CoPT on 24<sup>th</sup> December, 2012 and Lease deed on 12<sup>th</sup> April, 2013.

CSL had taken over 8.12 ha of land & 15 ha of water area for a lease period of 30 years along with 231 employees of CoPT. CSL intends to setup ship lift of 130 m x 25 m with a capacity to dock the vessels up to 6000T at a draft of 4.5m. The facility will have the transfer system, 6 workstations, a float repair berths and allied facilities. The total cost of Project is estimated to Rs. 970 Crores. Repairs of around 84 vessels per year are envisaged in the upcoming facility. CSL has already commenced the Ship repair activities in the small existing dry dock.

The approval of Public Investment Board (PIB) have been conveyed on 19<sup>th</sup> May, 2016. EAC deliberations (3<sup>rd</sup>) in MoEF&CC have been completed on 24<sup>th</sup> November, 2016. The Consent to execute by Factories & Boilers Department, Kerala is in its final approval stage. Consent to establish has been issued by KSPCB for this project. As per the contractual obligation with CoPT, ISRF project is to be completed within 60 months from the date of obtaining environmental clearance.

vii. **Use of Green Energy in Lighthouses**

Directorate General of Lighthouses and Lightships (DGLL) has established and is maintaining 193 lighthouses. Most of these lighthouses were operating on conventional source of energy i.e. electricity and generators. In line with Government's initiative to maximize the use of Green Energy for protection of environment, DGLL has started harnessing solar energy to operate these lighthouses. Till date, 158 lighthouses have been fully solarized by generating 377 KW of solar energy. DGLL has planned to achieve complete solarization of all the lighthouses by 31.12.2016.

## **F. INLAND WATERWAYS**

### **i. Follow up Action on National Waterways Act, 2016**

The National Waterway Act, 2016 declaring 111 national waterways, including the 5 national waterways declared earlier has been enforced w.e.f. 12<sup>th</sup> April, 2016. The process for preparation of techno economic feasibility (TEF) study/Detailed Project Report (DPR) of new national waterways was initiated. As per the feasibility reports received so far, 32 new national waterways and five national waterways declared earlier are to be developed in the next three years. Out of these 32 new national waterways, DPRs for 8 waterways are available. The process for preparation of DPR has been initiated for the remaining 24 waterways. Based on the available DPRs, development work of river Barak (NW -16) has been initiated for fairway development and navigational aids for the stretch Silchar – Bhanga (70 km) proposed under phase – I.

### **ii. Jal Marg Vikas Project**

Jal Marg Vikas Project for capacity augmentation of National Waterway - 1 (River Ganga) from Haldia to Varanasi (Phase - I) by facilitating navigation of 1500-2000T Ships has been commissioned with the technical and financial assistance of World Bank at an estimated cost of Rs.5639 cr. The project envisages various sub-projects such as fairway development, navigational aids, construction of multi-modal terminals at Varanasi, Sahibganj and Haldia, construction of new navigational lock at Farakka, bank protection work, LNG vessels etc. The status of development of sub-projects is as below:

#### **a) Multi-modal Terminal at Varanasi**

Work order for construction of Phase-I (A), mainly offshore work was awarded at a cost of Rs. 169.70 cr. on 13.05.2016 and the work has commenced. Work is scheduled to be completed in 26 months.

#### **b) Multimodal Terminal at Sahibganj**

Work for construction of Phase-I of the Terminal has been awarded at a cost of Rs. 280.90 on 27.10.2016. The work is scheduled to be completed in 30 months.

#### **c) Construction of New Navigational Lock at Farakka**

Tender process has been completed and the work has been awarded cr. on 15.11.2016 at a cost of Rs. 359.19 cr. The work is scheduled to be completed in 30 months.

#### **d) Multimodal Terminal at Haldia.**

61 acres of land in the Haldia Dock Complex has been taken on 30 year lease from Kolkata Port Trust.

Tender process for Phase-I of the terminal is in the advanced stage. The work is expected to be awarded in December, 2016. The work is scheduled to be completed in 30 months from the date of award of work.

### **iii. National Waterway -4**

The stretch between Muktyala to Vijayawada of NW – 4 is being planned for immediate operation for which dredging works to remove shallow patches has been awarded. The work is expected to commence from December, 2016. Preparatory works viz. land delineation surveys, categorization of cross structures are also underway in Vijayawada – Kakinada stretch of NW – 4 to develop them through a Special Purpose Vehicle (SPV) which is under process for approval.

**iv. National Waterway -5**

The dredging operation in the non-tidal stretch between Erada to Padanipal has commenced. Lease agreement has been signed for 6.79 acres of land for setting up of temporary terminal facility at Erada. Action has been initiated for acquiring another 0.85 acres land on lease basis. Scheme for developing the terminal with floating pontoon equipped with suitable cranes alongwith associated civil engineering work has also already been sanctioned and work for construction of pontoon with gangway has already been awarded. The procurement of cranes is also at an advanced stage.

**v. Inland Vessels Act (IV Act)**

The existing Inland Vessels Act, 1917 has become absolute because of introduction of modern technology, change in size, type, capacity, propulsion, deck machineries, automation in operation of powered vessels in Indian waters. There is, therefore, need to review the provisions of existing IV Act so as to rationalize the manning scale of vessels, training and education, and competency of manning staff and also to ensure statutory safety with regard to design, construction and operation of vessels. The Maritime State Development Council (MSDC), in its 15<sup>th</sup> meeting held on 16.11.2016, therefore, took a decision that a new IV Act should be enacted.

In compliance with the above decision, IWAI has prepared a Draft Bill, 2017 to enact a new IV Act and repealing the existing IV Act. This Bill addresses the existing lacunae of variation of standards of Inland Vessels across States. As per the Draft Bill Central Government would be nodal authority to stipulate uniformly applicable standards and measures to safe navigation of Inland Vessels. The State Government would be empowered to implement the provisions of the new Bill. The proposed Bill has 16 parts to deal with different aspects of Inland Vessels and their use in inland waters.

The new Bill proposes reforms in the existing scheme of regulations related to certification of survey, registration, competency and service and also covers new types and categories of mechanically propelled vessels (termed as "Special Category Vessels"). The Bill covers the existing category of Inland Vessels and those to be developed in future such as LNG vessels.

The new Bill has been drafted by IWAI in consultation with Indian Register of Shipping (IRS) after intensive discussion with the stakeholders. The Draft Bill was placed on the website of IWAI and a public notices was also issued inviting comments. The comments so received have duly been incorporated in the Draft Bill.

The Draft Bill and a Note for Cabinet have been circulated for inviting comments of the concerned Ministries/Departments on 22.11.2016. On receipt of comments, the proposal will be placed for consideration and approval of the Cabinet. Thereafter, the Bill will be placed for consideration and enactment in both the Houses of Parliament following the laid down procedure.

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