

## MINISTRY OF SHIPPING

### I. LAUNCH OF SAGARMALA PROGRAMME

#### Objective

Based on the vision of port-led development, focusing on logistics intensive industries , the programme aims to unlock the full potential of India's coastline and waterways. Objectives of the programme are port modernization & new port development, port connectivity enhancement, port-linked industrialization and coastal community development. Sagarmala aspires to reduce logistics costs for EXIM and domestic cargo leading to overall cost savings of INR 35,000 to 40,000 Cr per annum. The projects identified under Sagarmala Programme are expected to

- i. **mobilize more than Rs. 7 Lac Cr of infrastructure investment,**
- ii. **double the share of domestic waterways** (inland & coastal) in the modal mix,
- iii. **generate logistic cost savings of Rs. 35,000-40,000 Cr per annum,**
- iv. **boost merchandize exports by USD 110 Billion and**
- v. **enable creation of 1 Cr new jobs, including 40 Lac direct jobs, in the next 10 years.**

**Approved in** – March 2015, National Perspective Plan launched in April 2016

**Budget Allocation** – 2016-17 – Rs 450 Crore  
2017-18 – Rs 600 Crore

#### Status

- **More than 400 projects**, at an estimated infrastructure investment of more than Rs. 7 lac crore, identified across the areas of
  - A. Port Modernization & New Port Development,
  - B. Port Connectivity Enhancement,
  - C. Port-linked Industrialization and
  - D.Coastal Community Development.
- **Rs. 242.92 cr. released for 14 projects under Sagarmala.** Ministry is also funding special projects under Sagarmala.
- Rs. 58.5 cr. released for capital dredging for **Gogha-Dahej RO-Pax Ferry Services Project and**
- Rs. 43.76 cr. released for **RO-RO Services Project at Mandwa.**

- TEFR is under preparation for development of **underwater viewing gallery and restaurant at Beyt Dwarka Island.**

#### **A. Port Modernization & New Port Development under Sagarmala**

- 142 port capacity expansion projects (total cost: Rs. 91,434 cr.) identified for implementation over the next 20 years
- New ports to come up at Vadhavan, Enayam, Sagar Island, Paradip Outer Harbour, Sirkazhi, Belekeri.

#### **B Port Connectivity Enhancement under Sagarmala**

- Indian Port Rail Corporation Limited (IPRCL) has taken up 25 works across 9 major ports. 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.
- 27 rail connectivity projects identified, 21 projects (~3300 Km, total cost: Rs. 28,000 cr.) 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.
- 79 road connectivity projects identified -45 will be done by MoRTH and NHAI, 34 will be done by State PWD, Port Authorities and Sagarmala Development Company in coordination with MoRTH / NHAI.
- DPR is under preparation for the heavy haul rail corridor between Talcher & Paradip.

#### **C Coastal Berth Scheme –**

Scheme to provide financial support to ports / State Governments for creation of infrastructure for movement of cargo/ passenger by sea or National Waterways . Under the Scheme, projects for construction/ up-gradation of exclusive coastal berths for coastal cargo and berths/jetties for passenger ferries; mechanization of coastal berths; capital dredging for operating non-major ports; construction of breakwaters for existing & Greenfield Non-major ports; construction of berths/ jetties in National Waterways and islands by State Governments/UT; and construction of platforms/ jetties for hovercrafts/seaplanes will be considered for assistance.

- 5 projects sanctioned in FY 15-16; Fund of Rs. 70 Crore released
- 30 projects (cost: Rs.584.46 Crore) considered in FY 16-17
- Rs. 19.72 Crore sanctioned for 6 projects so far Dedicated coastal berth at Porbandar Port (cost: Rs. 37 Crore)
- Construction of jetties at Bhayander (cost: Rs. 14.15 Crore)

#### D. Port-linked Industrialization under Sagarmala

- 14 Coastal Economic Zones (CEZs) covering all the Maritime States and Union Territories have been proposed. 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.

#### E. Coastal Community Development Under Sagarmala

- Ministry is part-funding select fishing harbour projects under Sagarmala in convergence with Department of Animal Husbandry Dairying & Fisheries (DADF. 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.
- A number of projects to enhance livelihood / employment opportunities for the coastal communities. Rs. 16.9 cr. Released 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.

#### II. ENHANCED CAPACITY AND EFFICIENCY OF PORTS (The latest port Statistics are yet to come, will be sent shortly)

- Over the years the cargo handling capacity of the major ports has been growing steadily as under:

	(In MTPA)
Year	Capacity
2011-12	26.4
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:

(In MT)	
Year	Traffic
2011-12	570.03
2012-13	545.79
2013-14	555.49
2014-15	581.34
2015-16	606.37
2016-17 (upto November, 2016)	424.12

- 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)

• **Figure 1: Efficiency Parameters in Major Ports**

Performance	2012-13	2013-14	2014-15	2015-16
Avg. Turn around time (in Days)	2.55	2.25	2.18	2.04
Avg. Pre-berthing Detention (in Hours)	12.17	6.94	5.35	3.84
Avg. Ship Berth days Output (in Tonnes)	11,800	12,509	12,342	13,584

- 
- Total 6.94 MW of solar projects commissioned at Vishakhapatnam Port, Kolkata, New Mangalore, V.O. Chidambaranar and Mumbai.

### III. EASE OF DOING BUSINESS

The 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:

- Exclusion of services of transportation of import cargo by ships on voyage charter from Negative List.
- Zero rating of services of transportation of export cargo by Indian ships.

- Reduction of service tax incidence on coastal shipping.
- Reduction of Central Excise duty on capital goods, raw materials and spares used for repair of ocean going vessels.
- Implementation of e-payment mode for collection of ocean freight.

#### **IV PROMOTING SHIP BUILDING AND SHIP BREAKING (Make in India )**

The Government has taken following initiatives to strengthen shipbuilding industry.

- Infrastructure status for shipyards.
- 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
- Revision of criteria for evaluating and awarding tenders from shipbuilding and ship repair work floated by Govt. Departments or agencies including Public Sector Undertakings.
- Simplification of procedure for tax compliance.
- Project for upgradation of ship recycling yards Alang-Sosiya with loan from JICA:
- Development of Labour Housing Project at Alang Shipping Yard:

#### **V COASTAL SHIPPING, TOURISM AND REGIONAL DEVELOPMENT**

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

#### **VII REVAMPED LEGISLATIONS**

The following legislations were revamped during the period

##### **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 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.

**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 was introduced in Parliament to replace existing MS Act, 1958. This Bill was introduced in the Lok Sabha on 16.12.2016.

**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 statutes 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.

## **VI DEVELOPMENT OF INLAND WATERWAYS**

- 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.

- **Jal Marg Vikas Project** - Project for capacity augmentation of National Waterway - 1 (River Ganga) from Haldia to Varanasi (Phase -I) by facilitating navigation of 1500-2000T Ships. 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. Project has been commissioned with the technical and financial assistance of World Bank at an estimated cost of Rs.5639 cr. 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 scheduled to be completed in 30 months from the date of award of work.

## SUCCESS STORIES

**A Boost for River Navigation : IWAI ship carries cement from Haldia to Patna : Facilitates movement of pilgrims during Prakash Parv and Ganga Sagar Mela**

## **MV Zakir Hussain sets sail with cement**

In keeping with the objective of the government to make cargo movement on National Waterway -1 (Ganga) a regular feature, an Inland Waterways Authority of India (IWAI) vessel MV Zakir Hussain set sail from Haldia to Patna carrying 350 tonnes of cement consignment of Dalmia Bharat Cement Ltd. on February 5, 2017

Apart from Dalmia cement, other cement majors like Shree Ultra, Ultratech, Jaypee, Ramco and ACC have also shown interest in transporting their cargo through NW-1 which the IWAI is developing under the Jal Marg Vikas Project with the technical and financial assistance of the World Bank at an estimated cost of Rs. 5369 crore. The project would enable commercial navigation of vessels with capacity of 1500-2,000 tons.

Dalmia Bharat Cement has assured 1.20 lakh tonne of cement to be transported from its plant at Salboni in East Midnapore district to various destinations on NW-1 in the states of Jharkhand and Bihar.



IWAI Vessel carrying cement from Haldia to Patna

## **IWAI Ship ferries pilgrims**

In another such initiative earlier this year, the Inland Waterways Authority of India (IWAI) facilitated movement of lakhs of pilgrims on the occasions of 350th Prakash Utsav in Patna (Bihar) and Ganga Sagar Mela at Sagar Island (West Bengal) in January, 2017. During Prakash Parv celebrations in Patna held between December 31 – January 5, IWAI vessels ferried devotees from different ghats to Kangan Ghat and provided an alternative to congested city roads. Three IWAI vessels – VV Giri, CL Kasturba and Ganga Yatri- with combined capacity of 1500 were deployed between Danapur and Kangan Ghat, a distance of 15 KM.

Similarly , IWAI vessels-Zakir Hussain and Rajagopalachari , having the combined carrying capacity of 3500 passengers were deployed for Ganga Sagar Mela between 12-15 January , 2017. IWAI also did the channel marking for ferry services at Ganga Sagar Mela.

Ferrying passengers between different locations on National Waterway-1 (NW-1) is going to get a much-needed boost soon. Inland Waterways Authority of India (IWAI), Ministry of Shipping has entered into a contract with a joint venture of Thompson Design Group (TDG), Boston (USA) and Infrastructure Architecture Lab of Massachusetts Institute of Technology (MIT) (USA) for identifying suitable locations for construction of 18 ferry terminals in six cities of Allahabad, Varanasi, Patna, Munghyr, Kolkata and Haldia on NW-1.



Pilgrims being ferried on Ganga



**Pilgrims being ferried during Ganga Sagar mela**

### **Ro-Ro Facility between Dhubri- Hatsinhimari reduces travel time for trucks**

The existing Ro-Ro facility between Dhubri and Hatsinhimari facilitates movement of loaded/ empty trucks between Assam and Meghalaya thereby reducing the circuitous travel distance from 220 Km to 30 Km. This helps the transport industry in saving considerable amount of fuel and time. While this temporary Ro-Ro service is already operational since February, 2016, the construction of permanent Ro-Ro terminal at Dhubri is also nearing completion. Similar kind of terminal will be developed at Hatsinhimari once the river stabilizes. IWAI proposes to introduce such Ro-Ro services at Neamati –Kamlabari and Dibrugarh – Sengajan on NW-2.

The Ministry of Shipping through the Inland Waterways Authority of India is working on developing 111 waterways in the country as National Waterways, making them fit for navigation. Of these, 37 waterways are to be developed in the next three years. Waterways are being recognized as cleaner and cheaper mode of transport. By developing waterways India can cut down its logistics cost considerably. The following are the main projects that are in various stages of implementation :

## Promotion of Cruise Tourism under Sagarmala to have multiplier effect for development of coastal communities

**“Genting Dream”**- a brand new 18-deck luxury ship from Germany on its maiden voyage with 1800 passengers, and 700 trade visitors, docked in Mumbai on 29th October, 2016. This was the largest ship ever to visit India. This was the first time passengers got to board an international luxury cruise at Mumbai. The ship started the cruise season 2016 from Mumbai and went on to Colombo and Singapore. The season will last till May 2017.



### Genting Dream

Europe’s number one cruising company Costa Cruises launched **Costa Neo Classica** at Mumbai. Indians can now take a cruise from Mumbai to Goa, Cochin, Maldives and Colombo.



## **Costa Neo Classica**

59 cruise ships have tied up with Mumbai Port Trust during this season. During the last season the figure was only 37.

For the development of coastal areas and coastal communities, the Ministry of Shipping has undertaken various steps under its flagship Sagarmala programme. Cruise tourism is expected to boost the coastal economy and create employment for the local communities.

The Ministry has made several policy changes to increase ease of doing business for international cruises. These include

- Identifying theme based coastal circuits under recently launched Swadesh Darshan Scheme
- Allowing Foreign Flag vessels to call at Indian ports without obtaining a license from DG Shipping. upto 5<sup>th</sup> February, 2024.
- Operationalizing SOP for cruise vessels
- major ports offering minimum rebate of 30% across the board on all vessel related charges
- Incentives like a rebate of 25% in vessel related charges for coastal cruise movement in addition to the 40% existing rebate for coastal vessels; and walk-in berthing/preferential berthing to homeport cruise without any extra charge.

- Single window/ one point contact centre developed for various services to Ship Agents/ Cruise lines/ Cruise operators/ Tourists etc.

The measures have made Mumbai lucrative for cruise firms. Mumbai is being positioned and developed as “Home Port” and “Turnaround Port” for more cruise ships and as “Gateway for International cruises from India

\*\*\*\*\*