

COMMITTEE ON PETITIONS

(FIFTH LOK SABHA)

SECOND REPORT



LOK SABHA SECRETARIAT
NEW DELHI

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COMPOSITION OF THE COMMITTEE ON PETITIONS
(1971-72)

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SECRETARIAT

Shri B. K. Mukherjee—*Deputy Secretary.*

Shri J. R. Kapur—*Under Secretary.*

*Nominated with effect from 16-6-1971 *vice* Shri [K. Lakkappa resigned from the Committee with effect from 1-6-1971.

**SECOND REPORT OF THE COMMITTEE ON PETITIONS
(FIFTH LOK SABHA)**

I

INTRODUCTION

I, the Chairman of the Committee on Petitions, having been authorised by the Committee to present the Report on their behalf, present this Second Report of the Committee to the House.

1.2. The Committee in their Sixth Report (Fourth Lok Sabha), presented to the House on the 24th December, 1969, had made certain recommendations on Petition No. 9 from Shri Bipin Chandra J. Antani and others of Kutch District regarding the development of Kutch area and Kandla and Tuna Ports.

1.3. The recommendations of the Committee were pursued with the Ministry of Shipping and Transport and other concerned Ministries and they were requested to intimate the action taken by them to the Committee.

1.4. The Committee considered the action taken replies of the Government at their sitting held on the 30th June, 1971, and decided to take further evidence of the representatives of the Ministry of Shipping and Transport and other concerned Ministries with regard to the problems and development of Kandla and Tuna Ports. The Committee took the evidence of the officers of the concerned Ministries at their sittings held on the 2nd August and 2nd September, 1971. At their sitting held on the 3rd September, 1971, the Committee decided to visit Ahmedabad, Kandla Port and Bhuj for an on-the-spot study of the problems concerning the development of Kandla Port and the Kutch area. Accordingly, the Committee visited Ahmedabad, Kandla Port and Bhuj from the 10th to 13th November, 1971. During their on-the-spot study tour, the Committee held discussions with the concerned representatives of the State Government of Gujarat and certain non-official organisations.

1.5. The Committee wish to express their thanks to the Secretary, Ministry of Shipping and Transport, Chairman of the Kandla Port Trust and other officers of the concerned Ministries as well as of the Government of Gujarat for furnishing to the Committee the material and information they wanted in connection with the examination of the subject and for giving oral evidence before the Committee.

Corrigenda to the Second Report
of the Committee on Petitions
(Fifth Lok Sabha).

<u>Page</u>	<u>Line(s)</u>	<u>For</u>	<u>Read</u>
18	21	of the State in respect of irrigation facilities lies in the exploitation	of the Narmada waters. However, for this the State may have to
80	13 14	are removed. In this connection the Govern- ment may examine plicable to the industr- ies in the Zone.	Whether Section 66 of the Customs Act, 1962 should not be made applicable to the industries in the Zone.

The Committee also express their thanks to the following non-official organisations whose representatives appeared for informal discussions with the Committee or submitted written memoranda to them:—

- (i) Ahmedabad Millowners' Association;
- (ii) Gujarat Chambers of Commerce and Industry;
- (iii) Gujarat Export Corporation Ltd.;
- (iv) Kandla Free Trade Zone Industrialists Association;
- (v) Kandla Port Steam Ships Agents Association;
- (vi) Gandhidham Chamber of Commerce and Industry;
- (vii) Transport and Dock Workers' Union;
- (viii) Kandla Port Workers' Union;
- (ix) Gandhidham Block Congress Committee,
- (x) Gandhidham Municipality; &
- (xi) M/s Cargo Movers.

1.6. The Committee considered and adopted their draft Report at their sittings held on the 19th and 20th January, 1972.

1.7. The recommendations/observations of the Committee on the above mentioned matters have been included in this Report.

II

ACTION TAKEN BY GOVERNMENT ON THE RECOMMENDATIONS CONTAINED IN THE SIXTH REPORT OF THE COMMITTEE ON PETITIONS, FOURTH LOK SABHA, RELATING TO PETITION NO. 9, FROM SHRI BIPIN CHANDRA J. ANTANI AND OTHERS OF KUTCH DISTRICT REGARDING DEVELOPMENT OF KUTCH AREA.

2.1. In their Sixth Report (Fourth Lok Sabha) presented to the House on the 24th December, 1969, the Committee on Petitions had made the following recommendations on the above-mentioned petition:—

- (i) "The Committee have noted the steps being taken by the Ministry of Railways for the construction of a new railway line in the Kutch area. They hope that the proposed railway line from Gandhidham to Lakhpat *via* Mundra, Mandvi and Koteswar would be expeditiously completed. They would, however, stress the need for undertaking surveys for the construction of more railway lines, e.g. from Kandla to Bhuj and Bhuj to Khavda, keeping in view the potentialities of traffic and the strategic needs of the area."
- (ii) "From the comments furnished by the Ministry of Transport and Shipping, the Committee have noted that there is a decline in the trade and traffic handled by the Kandla Port. The Committee desire that the causes of this decline should be carefully analysed and intensive efforts made to utilise fully the facilities available at the port by increasing trade and traffic so that huge investments made in the development of Kandla Port bring in the desired results."
- (iii) "The Committee have noted that Tuna continues to function as a separate port. The Committee hope that necessary measures would be taken by Government to ensure that Tuna continues to function as an independent Port and is able to attract adequate traffic."
- (iv) "From the comments furnished by the Ministry of Information and Broadcasting, the Committee have noted the

frequency and duration of the current programmes broadcast on the Radio in the local dialects of Kutch. The Committee appreciate the difficulties experienced by the Government in increasing the frequency and duration of such programmes due to paucity of literature in Kutchi dialect and non-availability of the requisite talent in that dialect. However, in view of the growing importance of radio as a medium of mass communication and education, particularly in the border areas, the Committee would emphasise that steps should be taken to build up the required talent quickly so that regular programmes in the local languages, both in Kutchi and Sindhi, may be introduced early. The Committee desire that maximum use should be made of the existing talent in Kutchi and Sindhi languages and the duration and frequency of the programmes in these languages from the Bhuj Station of the All India Radio should be progressively increased."

- (v) "The Committee desire that Government should give due consideration to the development of such industries in the Kutch area as can utilise the mineral and other resources of the area, keeping in view the needs and skills of the inhabitants and the over-all economic and industrial development of the region. The Government should pay special attention to build up the infra-structure in the area."
- (vi) "The Committee hope that Government fully realise the strategic importance of the Kutch Area and appreciate the problems faced by its inhabitants. Government should consider the question of appointing, if there is none already, a co-ordinating agency to ensure an even and harmonious development of this border area."

[Paras 2.17 to 2.22, Sixth Report, Fourth Lok Sabha]

2.2. The above recommendations were pursued for implementation with the Ministries of Railways, Shipping and Transport, Information and Broadcasting, Industrial Development and the Planning Commission. The action taken replies of the various Departments are summed up below *seriatim*.

- (1) *Re. Recommendation in para 2.1 (i)*

[*Ministry of Railways (Railway Board)*]

In their communication dated the 21st January, 1970, the Ministry of Railways (Railway Board) stated that "Engineering and Traffic Surveys for the construction of a new railway line, both

B. G. and M. G. from Gandhidham to Lakpat via Mundra, Mandvi and Koteswar, have already been commenced. These surveys are in progress and will be completed by the end of December, 1970. Further consideration to the proposal for the construction of this railway line will be given after the surveys are completed and the survey reports examined by this Ministry. As regards the proposal for undertaking surveys for new railway lines from Kandla to Bhuj and Bhuj to Khavda, it may be mentioned that the funds for new lines are extremely limited and even out of these several works in progress will have to be completed. As such, priority is being given only for the construction of a few inescapable rail lines justified on defence|top priority development constructions. As such the proposal for new lines from Kandla to Bhuj and Bhuj to Khavda may have to await better times for consideration. No useful purpose will, therefore, be served by undertaking surveys for them at present as they will become out of date if at all the construction of the lines is to be considered at distant future date only."

Subsequently, in their communication dated the 3rd June, 1971, the Ministry of Railways (Railway Board) intimated that "over 95 per cent progress has been achieved on the engineering and traffic survey work on the Gandhidham-Lakhpat new M. G. B. G. rail link. In November, 1970, a revised estimate for the surveys was sanctioned incorporating the survey work for the conversion of the Gandhidham-Bhuj M. G. Section into B. G. as part of the surveys already in progress. About 30 per cent progress has been achieved on the conversion portion of the surveys up-to-date (3rd June, 1971). The surveys as a whole are expected to be completed within the next three months and the reports will be received shortly thereafter. Further consideration to this new line-cum-conversion proposal will be given after the survey reports are received in the Ministry of Railways and examined from all angles."

The Committee considered the above action taken replies of the Ministry of Railways (Railway Board) at their sitting held on the 30th June, 1971, and desired that they might be informed of the progress made by Government in opening the new Gandhidham-Lakhpat Railway Line and the conversion of the Gandhidham-Bhuj metre-gauge section into broad-gauge section by the end of August, 1971, and of the final programme of completion of these projects.

The Ministry of Railways (Railway Board) who were requested to intimate the progress made in the matter, in their communication dated the 16th September, 1971, *inter-alia* stated that "The field

work on the Engineering and Traffic Surveys on Gandhidham-Lakhpur M. G. B. G. rail link and the conversion of Gandhidham-Bhuj M. G. Section to B. G. is completed. The preparation of designs, plans, estimates, reports etc. are in progress. The field work actually took a little more time than anticipated owing to the difficult nature of the terrain in some areas. The work as a whole is expected to be completed and a report submitted by 31st December, 1971. A decision on the project including the programme of construction and other details will be taken after the survey reports are received from the Railway Administration and examined from all aspects."

(2) *Re. Recommendations in para 2.1(ii) and (iii)***

[Ministry of Shipping and Transport]

(a) "The traffic handled at the Port of Kandla increased from about 8.4 lakh tonnes per annum in 1957-58 to 26.6 lakh tonnes per annum in 1966-67. After that year, however, the traffic declined as shown below:—

Year	Traffic handled in tonnes
1967-68	24,65,071
1968-69	20,35,700
1969-70	19,00,000 (approximately).

(upto 25-2-1970)

The decrease in the traffic was mainly due to decrease in imports of foodgrains and mineral oils. Owing to the green revolution in the country there was less need to import foodgrains. The Koyali Refinery in Gujarat is now supplying the mineral oil requirements of Kandla hinterland and the need to import mineral oil through the Port of Kandla had considerably decreased. Similarly, the exports of iron are originating from Rajasthan have completely ceased due to these exports being uneconomical in the international market.

The Port authorities had taken up with the Railways the question of giving concession in railway freight specially for the cotton moving from Punjab because a substantial quantity of this commodity was being exported in the past through Kandla. But for some years this commodity is not moving through Kandla because the Railways have given a concession in regard to movements

**The problems regarding development of Kutch area, Kandla Port, Kandla Free Trade Zone and the Tuna Port have been studied by the Committee in greater detail. An account of that study forms part of this Report in the following Sections.

through Bombay on the ground that there is rail-road competition on that route. This has resulted in the diversion of some traffic from Kandla to Bombay.

However, the imports in fertilisers and rock phosphate have shown an upward trend. The Chairman and the other officials of the Kandla Port Trust have been touring the hinterland and contacting various trade organisations and individual trade interests explaining to them the advantages and the facilities offered by the Port of Kandla to route their cargo through Kandla. Brochures showing the facilities available with Kandla Port are being widely distributed to the trade interests in the hinterland. As a result of these efforts, traffic at this Port is now getting diversified. Exports of soap-stone, crushed bones etc. are on the increase and export of new commodities like transmission towers, pipes and tubes, cable drums and steel have commenced during the course of this year. An experimental consignment of tea from Assam was also very successfully routed through this Port during the month of August, 1969. The imports of mineral oils are also now showing a tendency to increase. Exports of Neptha also took place during the last two years.

The Ministry of Shipping and Transport had appointed a Committee to consider the problems relating to Kandla Port under the Chairmanship of the Secretary, Ministry of Shipping and Transport. This Committee had made a number of recommendations for the development of traffic at Kandla and industrialisation in the Kandla-Gandhidham area. Action is being taken on these recommendations.

The Port authorities have recently revised their wharfage charges with a view to making use of the port more attractive to the trade from the hinterland.

It is hoped that the traffic at Kandla will gradually pick up especially as the Port has now been connected with the Broad Gauge Railway System also.

(b) When Kandla was declared as a major port and its limits were specified in January, 1950, the minor Port of Tuna, which is situated at a distance of about 30 kilometers by road from Kandla, fell within the limits of the Port of Kandla. Thus Tuna is under the administrative control of the Kandla Port Trust although it is a separate entity like the number of Bunders which are included within the port limits of Bombay.

Since Tuna is handling only sailing vessels and fishing traffic it has to compete with other minor ports situated in its vicinity which are under the jurisdiction of the Government of Gujarat. The traffic handled at the Port of Tuna during the course of the last five years has been as under:—

Year	Total traffic handled in tonnes
1965-66	6428
1966-67	9070
1967-68	10335
1968-69	8970
1969-70	4800 (approximately)

(upto 25-2-1970)

A separate scale of rates is being prescribed in respect of the wharfage charges and other operations carried out at Tuna in order to develop traffic being handled at that place."

(3) *Re. Recommendation in para 2.1 (iv)*

[Ministry of Information and Broadcasting]

"The recommendation of the Committee has been noted. Constant efforts are underway to improve the quality of Kutchi programme. Subject to availability of suitable talent and adequate resources, efforts will be made to increase the duration of Kutchi and Sindhi programmes from Bhuj Station, in keeping with the programme pattern and the listeners needs."

(4) *Re. Recommendation in para 2.1 (v)***

(a) [Ministry of Industrial Development]

"Kutch does not have any agricultural or forest resources but fortunately the mineral resources are good and available for exploitation. To assess the mineral wealth of Kutch area, the Geological Survey of India and the Gujarat State Directorate of Mining and Geology are engaged in the exploration of bentonite lignite etc. While drawing up of developmental projects, the availability of mineral resources etc. of Kutch area has been taken note of. A project (under joint Central-State Sector) for setting up of export oriented alumina plant has been included in the 4th plan.

Industrial estates at Gandhidham and Madhopur have been established for the benefit of small scale Industries. During the last

**Please see foot-note on page 6.

three years, a number of unlicensed salt works have been developed on account of the encouragement given by the State Government. Similarly, a cotton spinning unit has also been established at Adipur. Among the future large scale Units, a fertilizer plant in the cooperative sector is expected to be set up at Kandla. Most of the sheds for the industrial estates at Gandhidham have been occupied by industries and more than a dozen units have started in the Kandla Free Trade Zone area.

The progress of the industrial activity can be gauged from the following data:

Activity	Year 1961	1970
No. of Small Scale Industrial Units.	17	126
Units under Factories Act, 1948	47	71
Licences issued	Nil.	4
Letters of intents	Nil	1(Se)

Government has tried to create infra-structure facilities and now Kutch is linked by metre gauge as well as broad gauge and National Highway with the other parts of the country. The State Government has also made a proposal for establishing a nuclear power station and the matter is under consideration.

The State Government has already taken several measures for the development of traditional handicrafts of Kutch. Under the Rural Industries Project Programme, which is centrally sponsored, there is a Rural Industries Project at Bhuj which covers about 1/3rd of Kutch Division. The Rural Industries Project, Bhuj covers 5 Talukas with an area of 4038 sq. miles and a population of 3.72 lakhs persons. There are about 520 villages, of which 115 villages are electrified. During the 1962-70, Rs. 21.52 lakhs, comprising of Rs. 8.15 lakhs grants and Rs. 13.37 lakhs loans, were spent in Bhuj Project for the development of Small and Cottage industries. Upto the end of March, 1970, 1269 industrial units have been assisted; providing employment to 2450 persons. The industrial development in the initial stages was confined to mostly traditional industries. However, from 1965-66 onwards efforts have been made by the Project Staff to encourage small scale power operated industries like sheet metal, cutlery, agricultural implements, carpentry confectionery, ice candy, soap, dyeing and printing. The Project authorities have also organised training centres in leather tanning, electroplating, wool wearing, Ambar Spinning, blacksmithy etc.

Common facility centres in cutlery and wool carding have also been established. Under various schemes of financial assistance, 1069 units have been rendered help to the tune of Rs. 9.52 lakhs. Further, State Bank of India has also assisted 8 units with finance of Rs. 1.38 lakhs. The Gujarat State Finance Corporation has also assisted a dozen units with Rs. 12.00 lakhs inclusive of large scale units like spinning mills and units in the free trade zone of Kandla."

(b) [Planning Commission]

"The matter was referred to the State Government, who have indicated the action taken so far in this regard. A brief summary of the action reported to have been taken by the State Governments on the above suggestion is given below:—

Dairy Farming.—The establishment of a Government dairy will be uneconomical for the first five years. Government would, however, be willing to render all possible help to Kutch District Co-operative Milk Producers' or Milk Consumers' Cooperative Society, if they come forward to start a dairy.

Animal Husbandry.—Already there is one cattle breeding farm at Bhuj, one sheep breeding farm at Nakhtrana and one Camel Breeding Farm at Bhoori under Government. Besides, 8 sheep extension centres and one wool grading centre have been established. One fodder seed production farm is attached to the Cattle Breeding Farm at Bhuj. Moreover, for the establishment of one larger sheep breeding farm and for the development of grassland in Banni area, provision of Rs. 30 lakhs and Rs. 2.46 lakhs in Fourth Plan have been made respectively.

Fishing.—A comprehensive scheme for (i) Training of fisher youths in modern method of fishing (ii) Survey of existing fishing resources and location of future resources and (iii) mechanisation of fishing boats, was approved by the Government in 1968 and is being implemented since then. There is Fishers' Central Co-operative Association for helping the Fishermen for transportation and marketing of fish. In addition, suitable reservoirs like Rudramata, Vijayanagar, Khasod and fish seed production centres are regularly being taken up for development.

Industrial Development.—A provision of Rs. 3.05 lakhs has been made during Fourth Plan for the training Centre at Kuach Bharat. A Rural Industries Project is already under operation since 1963-64. Financial assistance of about Rs. 23 lakhs have been given by the

State Government, State Bank of India and Gujarat Finance Corporation to the industrial units.

For the development of small-scale industries, industrial estates at Gandhidham and Madhopur have been established. Another striking feature of the industrial activity is the establishment of more than a dozen units at Kandla. Free Trade Zone, a number of Salt Works, a Cotton spinning Units at Adipur. The establishment of a Fertilizer Plant in Cooperative sector, is also under active consideration. As a result of Govt. encouragement, the number of small-scale industrial units from 1961 to 1970 has increased from 71 to 126, and of those under Factory Act, 1948, from 41 to 71.

Regarding the allocation of Rs. 40 lakhs by First Finance Commission, the Government of Gujrat have stated that it was for Saurashtra and not for Kutch.

Establishment of Autonomous Corporation for Kutch: The State Government do not think it necessary to set up a separate autonomous Corporation for Kutch, when already in the State there exist Gujarat Industrial Investment Corporation, Gujarat—Industrial Corporation, Gujarat Mineral Development Corporation and a high level small industries Board. State Government have also recently set up a high level committee under the chairmanship of Shri Jaisukhlal Hathi for the balanced development of different regions in the State.

Educational facilities: It is stated that out of 905 inhabited villages of the district, 716 villages or 79% are already being served by primary education facilities. In addition there are at present 48 higher secondary schools in Kutch District. Permission to open 18 new High Schools in Kutch has also been given. At the time of the formation of Gujarat State, there was only one college in Kutch district. Now there are 3 colleges.

Technical Education: Govt. does not feel the necessity to open new training institutions when the existing facilities in the area are not being fully utilised.

Electricity: The State Government has assured that arrangement for power supply are being made and all demands would be met by the Electricity Board during the course of time. A 132 K.V. line connecting Kutch with the State Grid is being laid and is expected to be ready by March 1971.

Cement Industry: If any private party comes forward to establish cement industry in Kutch region, all possible help will be rendered to them by the State Government.

Roads: In the Twenty years Road Development Plan (1961—1981), the State Government already proposes to provide a State Highway connecting Gandhidham-Angar-Mundra-Mandvi-Nalia Narayan Sarowar and Lakhpat. The work on the major portion of the road plan is already in progress.

Sainik School: One Sainik school already functioning at Balachadi in the State can sufficiently provide facilities to boys from Kutch.

Aluminium Plant: A proposal for the establishment of an aluminium plant has been submitted to the Central Government.

Railways: The Railway Board has sanctioned preliminary engineering and traffic Survey of Gandhidham-Lakhpat *via* Mundra-Mandi and Koleshwar, but it has, for the present, not accepted the demand for extension of broadgauge line from Gandhidham to Bhuj because traffic on present metre-gauge line has not grown to its maximum handling capacity.

The Government has adopted a strategy for the industrial development of the State. The strategy is to provide infrastructure facilities in the Kutch district. Critical intervention of the State for promotion of large and medium industries, direct assistance to small industries and promotion of research and quality consciousness.

The talukas of Khadir and Khavda, have been verified as backward areas in the district of Kutch by the Government of Gujarat and would get the benefit of specific schemes for economically backward Taluka. Kutch has also been recommended getting the benefit of Central schemes of rural works programme and concessional finance for industrially backward districts.”

(5) *Re. Recommendation in para 2.1 (vi) ***

[Ministry of Industrial Development]

“The State Government who was contacted in the matter is not in favour of setting up a coordinating agency for the development of Kutch District at this stage. The State Government had appointed in June 1969 a State Level Committee to prepare an integrated Master Plan for the economic and industrial development of the Kutch District in general and Kandla-Gandhidham in particular. The Committee is expected to prepare this master Plan after evaluating the available data about mineral, agro-chemical and marine resources of the district, coordinating future planning and development resources in all sectors of economy.

**Please see footnote on page 6.

This Committee is also to compile the data about other ancillary raw material and infra-structure available and will spell out the industries which can be established in Kutch. The State Government is also planning to hold Industrial Seminars in Kutch District for tackling the problem of inadequate Industrial growth in this region."

2.3. The Committee are glad to note the steps being taken by Government to augment the railway facilities in the Kutch area. They have also noted the steps being taken to boost the traffic handled at the Kandla and Tuna Ports. The Committee also note that efforts are being made to increase the duration of Kutchi and Sindhi programmes from the Bhuj Station of All India Radio. The Committee have also noted the steps being taken to speed up the industrial growth of the area.

III

DEVELOPMENT OF KUTCH AREA

A. Plan Provisions

3.1 In a written note furnished to the Committee it has been stated that the Third Five Year Plan was the first concerted effort at the development of the areas comprising the present state of Gujarat. Of the total expenditure of about Rs. 64.34 crores incurred during the Third Plan period on district level schemes, an amount of Rs. 4.21 crores was spent in Kutch which works out to about 6.54 per cent of the total expenditure, while according to 1961 census the population of Kutch accounted for only about 3.38 per cent of the total population of the State. In terms of *per capita* expenditure during Third Plan on district level schemes, it was about Rs. 60.50 for Kutch against Rs. 31.18 for the State as a whole. During the three annual Plan periods 1966-67, an expenditure of about Rs. 50.24 crores was incurred on district level schemes. Of this, about Rs. 2.53 crores were spent in Kutch which works out to 5.03 per cent of the total expenditure of Rs. 50.24 crores incurred for the State as a whole. In terms of *per capita*, this works out to Rs. 36.34 for Kutch District as against Rs. 24.35 for the State as a whole. Of the overall outlay of Rs. 455 crores for the State's Fourth Plan, the outlay on district level schemes accounts for over Rs. 123 crores. The district-wise break-up of this worked out by the concerned Departments indicated that an amount of Rs. 6.79 crores was allocated for Kutch District, which works out to about 5.63 per cent of the total amount allocated to all the districts in respective district level schemes. In terms of *per capita*, the *per capita* outlay on district level schemes works out to Rs. 58.39 for the State as a whole while for Kutch it works out to Rs. 97.56.

B. Special programme

3.2. During their on-the-spot study visit, the Committee were informed that the State Government had been keeping the special needs of various districts in view while formulating the development programmes. Besides, a special programme for selected district level schemes had been evolved and was being implemented since 1968-69 for satisfying the local needs of the rural areas under vital sectors like minor irrigation, rural electrification, roads and

water supply. An annual provision of Rs. 225 lakhs was being made for this special programme. The allocations from this provision to various districts were determined having regard to the level of development reached by each district and its rural population.

In addition, two areas of Kutch District viz. Khadir and Khavda received the benefit of the special programme taken up for accelerated development of 26 economically backward talukas. This programme had been initiated since 1968-69 and was being continued during the Fourth Plan. Each of these two areas got funds for this programme at the rate of one lakh per taluka per year.

C. Rural Works Programme

3.3. It has been stated that of the nine talukas in Kutch District, seven talukas are covered under special rural works programme evolved by the Central Government for chronically drought-affected areas. In the entire State 41 talukas are covered under this programme. Kutch district accounts for seven of these 41 talukas.

D. Industrially Backward Areas

3.4. The Committee have been informed that Kutch District is one of the ten districts in Gujarat State which have been declared as industrially backward by the Government of India in consultation with the State Government. Industries that might be set up in such backward districts are eligible for concessional finance from all India financial institutions.

E. Physical Targets and achievements

3.5. The following are stated to be developmental programmes in hand and the physical achievements so far in the Kutch District in the spheres of (i) Dairy and Animal Husbandry, (ii) Fisheries, (iii) Reclamation, (iv) Irrigation, (v) Electrification, (vi) Road Development, (vii) Railways, (viii) Ports, (ix) Industries, (x) Education, (xi) Health, and (xii) Water Supply.

(1) Dairy and Animal Husbandry Programme:

3.6. In a written note furnished to the Committee, it has been stated that under the animal husbandry programme one cattle breeding farm at Bhuj, one sheep breeding farm at Nakhtrana and one camel breeding farm at Dhori are being run by Government for improvement of cattle, sheep and camel respectively. Besides, a network of 8 sheep extension centres has been established for improvement of sheep in this area.

A wool grading centre has been established to grade local wool. Provision has also been made in the Fourth Five Year Plan for training of breeders and shearers. One fodder seed production farm is attached to the cattle breeding farm at Bhuj.

3.7. A Sheep and Wool Development Corporation has been formed in the State in which the State Government holds 49 per cent shares. The Corporation has started a large scale sheep breeding farm at Nalia. The farm will have 5,000 sheep and will produce 670 superior rams every year. It will also undertake large scale production of crossbred sheep by cross breeding with the Russian Merino strain. The first batch of 1000 Russian Merinos has already arrived at the farm. There is a provision of Rs. 25 lakhs for this farm during the Fourth Five Year Plan. This provision will now be utilized for contributing to the share capital of the Sheep and Wool Development Corporation upto 49 per cent of its total share capital.

3.8. An integrated scheme for the development of Banni area was taken up and implemented as a plan scheme upto 1968-69. Now, this scheme has been modelled on the following lines:—

- (a) Development of cattle
- (b) Development of grass
- (c) Development of village tanks for increasing water supply for cattle and human beings.

2. Fisheries

3.9. It has been stated that after surveying the area between Sir Creek and Kandla, a comprehensive scheme incorporating the aspects of (i) training of fisher youths in modern methods of fishing, (ii) survey of existing fishing resources and location of future resources, and (iii) mechanisation of fishing boats was approved by Government in the Second Five Year Plan and it is being implemented since, then. As a follow-up of the training programme of fisher youths, supply of mechanised fishing boats with accessories on loan-cum-subsidy basis has been taken up by relaxing the condition of security only for Kutch area. The conditions relating to security against the Government loan have been relaxed for Kutch area as the fishermen do not possess sufficient immovable assets to provide as security.

3.10. It has been pointed out to the Committee that transportation and marketing of fish is a major problem confronting the fishermen of this area. In order to solve that difficulty, the Gujarat Fisheries Central Cooperative Association will now take up the marketing of

fish by offering reasonable rates to fishermen and also will arrange for preservation and transport of fish.

3.11. The Committee have been informed that the State Government has also established an Ice Factory and Cold Storage Plant at Kandla, operated by the Department of Fisheries. A special fishing jetty has also been provided at Kandla Port. Survey by three Government trawlers has been going on since 1969 from Mandvi and Jakhau for the location of fishing grounds.

3.12. In addition under the Inland fisheries development programme, suitable reservoirs like Rudramata, Vijayanagar, Gharod, etc., are taken up for development. The Central Fisheries Corporation is also exploiting the Inland fisheries resources in Kutch. It is proposed to intensify fish culture in Kutch by establishing fish seed production centres and stocking of the reservoirs regularly.

(3) *Reclamation of Little Rann of Kutch*

3.13. The Committee have been informed that in the Little Rann of Kutch, the State Government carried out soil surveys during the period 1962-64. To investigate the feasibility of reclaiming the saline soils of the Little Rann of Kutch, F.A.O. Mission consisting of three members visited the area in December, 1964 and submitted their report in 1965. The Mission, while giving the outline of a master plan for reclamation scheme recommended that for the study of desalination possibilities experimental fields of 5 hectares each must be constructed and exploited in two years' period and after positive results are established a pilot project of about 400 hectares can be constructed for research of civil engineering and agricultural aspects of reclamation. A similar scheme for the great Rann of Kutch was also recommended.

3.14. In pursuance of these recommendations of expert Committees, a pilot project for conducting investigations and experimental works in saline area estimated to cost about Rs. 3 crores was submitted to the Government of India in 1966 for obtaining assistance from the United Nations Special Funds. The same was not finalised and it was suggested by Government of India to undertake experiments on a small scale at the cost of the State. Accordingly, the State Government undertook the experimental works on small plots. The results were quite promising. Later on in September, 1969, a modified draft scheme of pilot project estimated to cost Rs. 130 crores for conducting experiments, etc., was submitted to the Government of India with a request to recommend the same for assistance from U.N.D.P. funds.

(4) Irrigation

(i) Prospects:

3.15. It has been pointed out to the Committee that the State as a whole is lagging behind in the field of irrigation. Excluding Narmada, the ultimate irrigation potential that may be available in the State through all types of irrigation schemes (except private wells and tubewells) whether they are completed, continuing or which can be taken up in future, is estimated at 42.37 lakh acres. Of this, 34.20 lakh acres will be in Gujarat areas, 6.67 lakh acres in Saurashtra area and 1.50 lakh acres will be in Kutch area. By the end of Fourth Five Year Plan, it is estimated that about 60 per cent of ultimate irrigation potential will be created. Similar percentage for Kutch area would be about 87 per cent. As there are no big rivers in Kutch District emphasis is being laid on development of irrigation facilities through medium and minor irrigation schemes. Narmada alone is estimated to provide an irrigation potential of about 46 lakh acres to the Gujarat State of which 8.25 lakh acres is expected to be available to the Kutch district. It has been stated before the Committee that the ultimate solution of the problem relating to the deficit of the State in respect of irrigation facilities lies in the exploitation of the State in respect of irrigation facilities lies in the exploitation await the final outcome of the interstate dispute over Narmada water which stands referred to the Tribunal.

(ii) Minor Irrigation:

3.16. The Committee have been informed that the cost criteria and the cost benefit ratio for minor irrigation works in Kutch District have been removed as a long term measure to mitigate the problem arising out of the frequent scarcity conditions. Under the scarcity relief programme, 126 works are in progress in the District. While the per cultivator expenditure for the Kutch region during the Third Plan, the three subsequent Annual Plans and the first two years of the Fourth Plan (i.e. 1969-70 and 1970-71) is Rs. 114.07, the corresponding figure for the State as a whole is Rs. 28.81.

3.17. It has been stated that Rs. 91.63 lakhs have been allocated for minor irrigation works (tanks and bandharas) of Kutch District during the Fourth Five Year Plan.

3.18. It has been further stated that in addition to the normal programme, minor irrigation works were taken up under the special programme of (a) selected district level schemes to satisfy the local needs of the rural areas and (b) accelerated development of economically backward talukas not covered by T.D. Blocks. Rs. 2.99 lakhs were provided during 1968-69 and 1969-70 and Rs. 1.06 lakhs had been

allocated during the year 1970-71 for minor irrigation works under programme (a) above, while under programme (b) above, an amount of Rs. 1.50 lakhs had been earmarked for Kalyampur irrigation dam in Khadir taluka. Both these programmes are in operation since 1968-69 and will be continued during the Fourth Plan period

3.19. It has been added that as per recommendation of the Central Team, a crash programme has been prepared for 10 chronically drought affected districts of the State wherein Kutch District has been included. Under this programme, among several other measures, minor irrigation works will be taken up in addition to the normal programmes included in the Fourth Plan.

(iii) *Tubewells:*

3.21. However, taking into consideration the scanty rainfall and stated that on the basis of the result of exploration of ground water resources by the Exploratory Tubewells Organisation of Government of India, 840 square miles area was found to be suitable for tubewells in Kutch District. Accordingly, 10 tubewells were first drilled by the Exploratory Tubewells Organisation in 1957-58 and 12 in 1960-61, but only 8 tubewells turned out to be successful.

3.21. However, taking into consideration the scanty rainfall and frequent scarcity conditions in the Kutch district, Government had approved a massive programme of 150 tubewells during the Third Plan. By the end of 1970-71, 175 tubewells have been drilled, out of which 122 are successful. Out of these tubewells, 69 tubewells are used for irrigation purposes. The irrigation potential created by these tubewells is 15,295 acres.

3.22. During the Fourth Five Year Plan, 40 tubewells are to be drilled and an additional 11 tubewells are to be drilled under the crash programme.

3.23. It has been added that in addition to the investment made by the State Government under plan programmes for minor irrigation, loans are also advanced for minor irrigation, loans are also advanced by the Land Development Bank to the cultivators for construction of new wells, repairs to the old wells and for the purchase of oil engines and pump sets.

(iv) *Medium Irrigation:*

3.24. The Committee have been informed that looking to the frequent scarcity conditions of Kutch (and also Banaskantha) District, the cost criteria in respect of medium irrigation schemes also have been removed. Consequently the schemes which were previously

dropped as they were not coming within the cost criteria, are being considered afresh and if they are found technically feasible they are being processed further. Accordingly, the following medium irrigation schemes will be taken up in hand if they are considered technically feasible after proper investigation:—

- | | |
|-------------------|------------------|
| (a) Malthal | (e) Kalaghogha |
| (b) Gadhatad | (f) Bhirudia |
| (c) Jhangadia | (g) Bitaveladia. |
| (d) Bhuki (North) | |

3.25. Two new schemes (a) Nara and (b) Kaswati Irrigation schemes are included in the Fourth Five Year Plan. Nara irrigation scheme is already a budgetted scheme in the Annual Plan for 1971-72 and the plans and estimates of the scheme are administrative approved, while, the plans and estimates of Kaswati are under preparation.

)5) *Electrification:*

3.26. In a written note furnished to the Committee, it has been stated that the Dhuvaran Power Project power now flows in the Kutch District. Isolated by the Little Rann, previously the District was starving of electrical power as it was forced to maintain its own grid, fed by a small thermal power house of 16 M.W. at Kandla and a distribution system of 33 KV only. Kutch is now interconnected with the State's grid.

(6) *Road Development:*

3.27. During the course of their on-the-spot study visit the Committee were informed that as on 1st June, 1948 when Kutch became Part 'C' State, the road mileage in the District was only 265 miles, but that rose to 1446 miles by the end of 1969-70. The State as a whole was backward in road development. At the end of 1969-70, the State as a whole was lagging behind the Nagpur Plan target by 15 per cent while Kutch District was behind by 13 per cent.

3.28. In a written note furnished to the Committee it has been stated that during the First, Second and Third Five Year Plans, the expenditure incurred on road development for the Kutch District has been Rs. 46.88 lakhs, Rs. 101.50 lakhs, and Rs. 79.74 lakhs, respectively. The expenditure incurred on road development during 1966-67, 1967-68, 1968-69 and 1969-70 has been Rs. 5.33 lakhs, Rs. 2.24 lakhs, Rs. 14.27 lakhs and Rs. 16.45 lakhs, respectively. The State Government has incurred considerable expenditure to wipe out the deficit of the road mileage of the district.

(7) *Railways:*

3.29. In a written note furnished to the Committee it has been stated that the Government of India had included in the Third Five Year Plan the Jhund Kandla Broad Gauge line—232 K.M. in length. This line was opened for passenger traffic on 30-12-1969.

In order that the Kutch District may get more benefit of railway transportation, the State Government's Panel on Railways in its Report on the Fourth Plan, recommended the construction of following two, among other, railway lines:—

(a) Gandhidham-Mandvi *via* Anjar-Mundra

(b) Anjar-Lakhpat.

3.30. The Railway Board has sanctioned, in October, 1969, a preliminary engineering and traffic survey of Gandhidham-Lakhpat *via* Mundra-Mandvi and Koteswar, a distance of 302 Kms. This line is expected to connect the villages of Tuna, Bhadreswar, Mundra, Mandvi, Nalia and Koteswar. At present, the work of survey is in progress.

3.31. It has been further stated that the local institutions have been demanding construction of the above line as well as other railway lines. One of their demands is the extension of the present broad gauge line from Gandhidham to Bhuj and then to Khavda to help the development of industries. There is also a demand for a circular railway line connecting Bhuj with Mundra, Mandvi-Jakhau, Lakhpat and Nakhtrana. It has been also stated that the Railway Board has stated that the question of constructing a broad gauge railway line from Gandhidham to Bhuj can be considered only after the traffic on present metre gauge line outgrows its maximum holding capacity. It has also been stated that the question of extension of the line upto Khavda can be considered later on.

(8) *Ports:*

3.32. The Committee have been informed that there are four ports in Kutch. Out of these, Kandla is a Major Port, Mandvi is an Intermediate Port and Jakhau and Mundra are Minor Ports. Kandla being a Major Port is administered by the Kandla Port Trust and its development is being done by the Port-Trust. The development of Mandvi port has received considerable attention during all the three Five Year Plans. The State Government is alive to the need for development of ports in Kutch District. The Mandvi Group of Ports needs adequate lighterage facilities and

minor improvements and provision of Rs. 10.50 lakhs is made for these facilities in the Fourth Plan.

(9) *Industries:*

(i) *Infra-structure, Industrial Estates etc.*

3.33. In a written note furnished to the Committee, it has been stated that the State Government is making all possible efforts to create infra-structure facilities in Kutch. That District is now linked by both metre gauge as well as broad gauge railway lines and also with National Highways with other parts of the country.

3.34. Industrial Estates at Gandhidham and Madhopur have been established for the benefit of the Small Scale Industrial Units. Nine acres of land has been developed for the present industrial estate of Gandhidham for construction of 52 sheds. All these sheds have already been occupied and industries have been started in 39 sheds. In addition, another 21 acres of land is being acquired for development and expansion of the present industrial estate by the Gujarat Industrial Development Corporation. Similarly, an industrial estate has been established at Madhopur in Kutch District. So far, four sheds have been constructed and one of them has been occupied. The Kutch District has been declared as a backward area and full facilities are being given to the industrial units in the District.

3.35. It has been further stated that due to the recent policy of Government, it has been decided to grant lands upto 10 acres for the manufacture of salt without any licences. The benefit of this scheme has been extended to the Kutch District because it has been declared as chronically scarcity area, with the result that a number of small salt works have developed in the coastal areas of the District. These salt works are not required to pay royalty to the State Government and cess to the Central Government. This incentive helps small units to spring up. The policy of allowing such small units holding upto 10 acres of land has been extended upto 31-7-1972 and the lease is granted for a period of 5 years.

3.36. Similarly a cotton spinning unit has also been established at Adipur. Besides, licences in respect of new undertakings dealing in chemicals have also been implemented. Among the future large scale units, a fertilizer plant for the manufacture of complex fertilizers of 4,75,200 tonnes per annum capacity, is already being established at Kandla by M/s. Indian Farmer Fertilizers Cooperative Ltd., New Delhi.

3.37. It has been added by the representatives of the State Government with whom the Committee had discussions at Ahmedabad that

the Central Government have got prepared a techno-economic feasibility report for the establishment of an export oriented alumina plant in Gujarat by the National Industrial Development Corporation. The Government of India have set up a study group with a view to expediting a final decision in respect of establishment of such a plant and to examine the various aspects of the projects viz. location and size of the plant, capital and production cost structure etc. The said study group has submitted its comments to the Central Government. According to the findings of the sub-group of the study group, there is no doubt about techno-economic feasibility of the project with the production capacity of two lakh tonnes of Alumina on Kutch bauxite. The Central Government and the State Government are going ahead for forming a new Public Sector Company to set up an Alumina plant and later a smelter as well as a Fabrication Plant. The Central Government has been requested to initiate project planning right from now for establishing a Rs. 130 crore Aluminium Complex with smelter and Fabrication facilities.

3.38. It has been further stated that more than a dozen industrial units have also come up in the Kandla Free Trade Zone.

3.39. For the development of Lignite deposits available in Kutch District and Gujarat Mineral Development Corporation has entrusted the work of preparing the techno-economic feasibility report to the Central Fuel Research Institute, Dhanbad. On receipt of the report from Central Fuel Institute, Dhanbad, the Corporation will proceed further on this project.

3.40. The State Government have already constituted in 1969 a State Level Committee for preparing a Master Plan for the Development of the Kutch District in general and Kandla-Gandhidham area in particular. This Committee has almost finished its work and it is expected to report to the Government within a couple of months.

(ii) *Traditional handicrafts and rural industries*

3.41. In a written note furnished to the Committee it has been stated that the Government is quite aware of the traditional handicrafts of Kutch and has taken several measures for their development. A training centre in Kutchhi Bharat is running since 1963-64 and has so far trained 102 persons in this craft. This scheme is continued during the Fourth Plan with a provision of Rs. 0.25 lakh. A Rural Industries Project is in operation in Kutch since 1963-64. Its programme is in the nature of a probing attack on the formidable problem of unemployment and under-employment in rural areas. Nearly 731 persons have been trained under various schemes directly under the programme and by deputation to other institutions. There are two common facility centres for artisans, one for cutlery at Reha and other for wool carding at Madhapur and nearly 50 small scale

units are taking advantage from them. The project has so far supplied 215 sewing machines to middle class and poor families.

3.42. At present, there are 39 Industrial Cooperative Societies in the Kutch area. The Khadi and Village Industries Board has an annual production worth Rs. 4.00 to 5.00 lakhs from its various units employing about 2,500 persons.

(10) *Education:*

3.43. In a written note furnished to the Committee, it has been stated that there are 840 primary schools in Kutch District. Out of 905 inhabited villages of the District, 716 villages have been served by primary education facilities which comes to 79 per cent of the total villages. Between the years 1960-61 to 1968-69 the number of primary schools in the Kutch District has increased by 121 per cent as against 116 percent of the State as a whole and the enrolment has increased by 155 per cent as against 151 per cent of the State. It can also be said that in the Kutch District, on an average one primary school serves a population of 1000 as against 1200 for the State as a whole.

3.44. As regards secondary education there were 37 secondary schools in the Kutch District at the end of 1960-61. That number has increased to 61. The enrolment during the same period has increased from 8651 to 13269. In regard to higher education, there was only one college in Kutch District at the time of formation of the Gujarat State, with an enrolment of 322. At present there are 3 colleges with an enrolment of 918.

3.45. As regards technical training, one polytechnic and one I.T.I. are already functioning in the area. Further expansion of the technical education facilities in the region is not possible at this stage because the existing facilities are not fully utilised as yet.

(11) *Health:*

3.46. The Committee have been informed that when the Kutch District administration was put under the control of Government of India in 1948, there were 8 hospitals and 12 dispensaries having 186 beds. During the period from 1948 to 1951, two dispensaries and one maternity home with 6 beds were added to the previous facilities. Accordingly there were 192 beds at the end of 1951. During the First Five-Year Plan, one hospital and one dispensary were added and the bed strength was increased from 192 to 215. During the Second Five Year Plan, 6 hospitals and 17 dispensaries were added and the bed strength was increased from 215 to 410 beds. The Jubilee Hospital at Bhuj was expanded by providing additional beds and operation facilities. During this plan period X-Ray facilities were also provided at five places. By the end of the Third Plan, there were 21 hospitals and 34 dispensaries with the

bed strength of 494 beds. During the Third Plan, blood transfusion centre, was also provided at the General Hospital, Bhuj. During the period 1966 to 1969 (i.e. during the three Annual Plans) one mobile van was sanctioned for providing medical facilities to SRP people of Border areas and also one dental clinic was started at the G.K. General Hospital, Bhuj.

3.47. It has been stated that during the First Five Year Plan, every year five scholarships were given to medical students with the condition to work in Kutch District as qualified Medical staff. During the Second Five Year Plan Scheme of starting training School for nurses at Bhuj was sanctioned and accordingly a school with 20 ANM Students was started at Bhuj in 1957. During this Plan period, facilities of giving scholarships to Medical Students for working in Kutch District was continued. During Third Five Year Plan, the seats at ANM Training School at Bhuj were increased from 20 to 47. By the end of Third Five Year Plan, 163 ANMs. had qualified from this School.

3.48. The Scheme of establishing Primary Health Centres was started in the Kutch District during the Second Five Year Plan. During this plan period, seven such Centres with 21 Sub-Centres were established in the Kutch District. During the Second Five Year Plan two additional Primary Health Centres with five Sub-Centres were added bringing the total number of PHCs. to 9 with 26 sub-centres, covering the entire rural population of 9 Community Development blocks in this District and they are functioning since then.

3.49. The Committee have been informed that a T.B. Sanatorium at Bharapur with 37 beds which was run by a Trust was taken over by the Government on 1-7-1954. During the First Five Year Plan period 24 beds were added to this Sanatorium. During the Second Five Year Plan it was proposed to increase the number of beds to 100 and also to provide staff quarters, but the same could not be achieved during Second Plan period. Those facilities were created at the TB Sanatorium, Bharapur in the first year of the Third Five Year Plan. One T.B. Clinic was sanctioned and attached to the General Hospital, Bhuj on 31-12-1955. During the three Annual Plans, viz., 1966-67 to 1968-69 ten beds were specially provided to this T.B. Clinic. During 1966-67 to 1968-69 as per national programme one District T.B. Centre was also established at Bhuj.

3.50. In 1966 the Laboratory at G.K. Hospital, Bhuj was expanded by providing full facilities to analyse all samples of blood, food, urine, stools, sputum etc. One general P.H. Laboratory for the

analysis of water and food samples was also established in Kutch District during the First Five Year Plan.

3.51. For the control of Trachoma, two Trachoma Control Units were started in Kutch District during the Third Five Year Plan.

12. Water supply:

3.52. During their on-the-spot study visit, it was pointed out to the Committee that almost one-third of villages in the Kutch District did not have drinking water. Immediate measures were called for providing the most ordinary and primary need of all beings. In a written note furnished to the Committee, it has been stated that Kutch District comprises of seven talukas. There are six town covering a population of 1.32 lakhs and 937 villages covering a population of 5.6 lakhs as per 1961 census.

(i) Urban Water Supply Schemes

3.53. It has been stated that out of the six towns in Kutch District, only Gandhidham had the facilities of protected water supply at the end of 1966-67. As regards remaining towns, water supply scheme for Kandla Part I based on four Tubewells in Dudhai area has been completed in April, 1967. The expenditure booked upto 11/70 on this Scheme is Rs. 46.33 lakhs. Kandla Water Supply Scheme Part II envisages covering Water Tapar Dam. The Scheme is estimated to cost Rs. 18.51 lakhs. Kandla Water Supply Scheme Part III which includes the construction of Tapar Dam is in progress. A provision of Rs. 150 lakhs was made in the Third Five Year Plan for Kandla Water Supply Scheme Part I, II and III and a provision of Rs. 38.98 lakhs was made for the three Annual Plans, viz., 1966-67, 1967-68 and 1968-69. A provision of Rs. 118.50 lakhs has been made in the Fourth Five Year Plan. Besides, the following four Water Supply Schemes are at various stages as indicated against them:—

- | | |
|---------------------------------|--|
| (1) Bhuj Water Supply Scheme | The Scheme is in progress and Water Supply has been started. |
| (2) Anjar Water Supply Scheme | The Scheme is sanctioned and it is in execution. |
| (3) Mundra Water Supply Scheme. | The Scheme is under preparation. |
| (4) Mandvi Water Supply Scheme | The Scheme is under scrutiny at Government level. |

A total provision of Rs. 44.87 lakhs has been made in the Fourth Five Year Plan for the aforesaid four Schemes. All these four Schemes are proposed to be completed by the end of the Fourth Five Year Plan.

(ii) *Rural Water Supply Schemes*

3.54. The Committee have been informed that out of 937 villages in the Kutch District, 84 villages have been classified as 'no-source' villages as per the preliminary survey carried out by the Government in the year 1965. After further investigation and fixing up the criteria for 'no-source' villages by the State Government in May, 1969, the present position is that 141 villages have been approved as 'no-source' villages by Government so far. So far 19 Schemes, covering 68 villages, have been completed in Kutch District. Twelve Schemes covering 15 villages are under execution and 32 more Schemes covering further 70 villages are proposed to be taken up during the current year after due investigation. This includes one important regional Water Supply Scheme for Banny area which is a draught affected area. The Scheme is estimated to cost Rs. 79,65,000/-. This Scheme has been submitted to the Government of India for according approval for taking up as a Centrally-sponsored Scheme.

3.55. The Committee note that the Government of Gujarat are aware of the development needs of the Kutch area. The financial allocations made for Kutch have been progressively increasing since the Third Five Year Plan, when a concerted effort was made for the development of the entire State of Gujarat.

3.56. The Committee also note that the Government of Gujarat have taken into consideration the special needs of various districts in the State while formulating the development programmes and that seven out of the nine talukas in the Kutch district are covered under the special rural works programme evolved by the Central Government for the chronically draught affected areas.

3.57. The Committee have noted the development programmes in hand and the physical achievements made so far in regard to the Kutch district in the spheres of (i) Dairy and Animal Husbandry, (ii) Fisheries, (iii) Reclamation, (iv) Irrigation, (v) Electrification, (vi) Road Development, (vii) Railways, (viii) Ports, (ix) Industries (x) Education (xi) Health, and (xii) Water Supply.

3.58. The Committee have noted that although the State of Gujarat as a whole is lagging behind in the field of irrigation, efforts are being made in certain areas to provide additional irrigation facilities and by the end of Fourth Five Year Plan it is estimated

that about 60 per cent of ultimate irrigation potential will be created in the State. Similar figure for the Kutch area would be about 87 per cent. Since there are no big rivers in the Kutch district, emphasis is being laid on the development of irrigation facilities through medium and minor irrigation schemes. A large number of tubewells have also been commissioned on the basis of the result of exploration of ground water resources of the Kutch district by the Exploratory Tubewells Organisation of the Government of India.

3.59. The Committee appreciate that there is an increase in the expenditure incurred on road development during the successive Plan periods so as to wipe out the deficit of road mileage of the Kutch district.

3.60. The Committee are glad to note that the State Government is making all possible efforts to create the infra-structure facilities in Kutch area for quicker industrial growth of the area. The district is now linked with both meter gauge and broad gauge railway lines as also with National Highways with other parts of the country. Industrial estates are also coming up in the area. Kutch district has been declared a backward area and full facilities and incentives are being given to the industrial units in the district. The setting up of the proposed Rs. 130 crore Alumina Plant in Gujarat State, with a production capacity of two lakh tonnes of Alumina on Kutch bauxite will also facilitate the rapid development of Kutch area.

3.61 The Committee appreciate that the State Government have already set up a State Level Committee for preparing a Master Plan for the development of the Kutch district in general and the Kandla—Gandhidham area in particular. That Committee is expected to submit its report shortly.

3.62. One of the main problems faced by the inhabitants of Kutch area is the lack of adequate drinking water. The Committee appreciate the steps being taken to augment the water supply.

DEVELOPMENT OF KANDLA PORT

A. Introductory

(1) *Introduction*

4.1. Consequent on the partition of the country, the Government of India set up an Expert Committee known as the West Coast Major Port Development Committee under the Chairmanship of Shri Kasturbhai Lalbhai to investigate the need for a major port north of Bombay and to make recommendations as to the site. On this Committee's recommendations, the Government of India decided to develop Kandla at the eastern tip of the Gulf of Kutch as a major port. The construction of the jetties was started in 1953, and the first berth was opened for traffic in 1957. The Port was declared a major port in April, 1955.

4.2. Kandla is an excellent, well protected, natural harbour and is the sea-gate to the North-West India. The Port has been planned on modern lines to handle different types of cargoes. It was a distinct advantage in having a dry climate with a very mild monsoon. The port has been constructed in comparatively virgin area and provides ample scope for development of industries, both large and small.

(2) *Objectives*

4.3. The main considerations on the basis of which the West Coast Major Port Development Committee came to the conclusion that a new major port should be set up on the west coast are summed up below:—

- (1) With the loss of Karachi to Pakistan, the whole of north-west India was deprived of its outlet to the sea and consequently traffic of this area got diverted to other ports like Calcutta and Bombay which was inconvenient and uneconomic. In fact, there was acute congestion at Bombay at that time and for many years thereafter.
- (2) The rail transport system of the country was overburdened, and relief could be provided to the rail system

by opening more ports like Kandla, and thereby substantially reducing the rail loads to and from the hinterland.

- (3) After the conclusion of the Second World War and India becoming free, it was expected that factors like rise in the standard of living, increase in industrial activity, development of mineral resources, growth of population etc., in the area falling in the hinterland of Kandla would add to the sea-borne traffic, and it was necessary to have a new port for this purpose.

4.4. In a written note furnished to the Committee by the Ministry of Shipping and Transport it has been stated that by and large the port of Kandla has achieved the objectives for which it was conceived. But for the setting up of this port the congestion in other ports like Bombay, which was already acute, would have become worse. This port has proved its utility in the handling of POL products meant for consumption in the hinterland of Kandla, import of fertilisers and import of large quantities of foodgrains during the scarcity period. It has been added that the quantity of foodgrains imported through Kandla during the scarcity years exceeded 1 million tonnes and it would have been almost impossible to handle this quantity through any other port in view of the congestion already prevailing there. Kandla has also helped in increasing the export of salt produced in Kutch area. The imports and exports in certain other items pertaining to the hinterland of Kandla have also started moving through this Port. The Port remained very busy during the period when foodgrains were being imported in large quantities. After the decline of these imports due to the Green Revolution in the country, some spare cargo handling capacity has become available and efforts are being made by the port authorities to attract more traffic so as to fully utilise the capacity.

(3) *Hinterland*

4.5. The hinterland of Kandla covers an area of about 2,75,000 square miles. With the completion of the new broad gauge line to Kandla, the hinterland has now increased to over 4,00,000 square miles and would comprise North Gujarat, Western Madhya Pradesh, Rajasthan, Western U.P., Delhi, Haryana Punjab, Himachal Pradesh and Jammu and Kashmir.

B. Organisational set up

4.6. In 1950, the then Ministry of Transport and Communication, Government of India took over Kandla Port for development into a major port. The Chief Executive of the Port was designated as the

Development Commissioner and appointed by the Government of India. With the adoption of the Major Port Trusts Act, 1963, the administration of the Port of Kandla vested on 29th February 1964, in the Kandla Port Trust headed by a Chairman who is also the Chief Executive. A Board of Trustees was constituted by the Government with the representatives of the various States and commercial interests in the hinterland as well as the officials of the concerned Government Departments.

4.7. Under the Chairman of the Port Trust, there are six departments *viz.*, General Administration, Marine, Engineering, Traffic, Finance and Accounts and Medical.

C. Board of Trustees

4.8. The functions of the Board of Trustees of the port of Kandla as defined in the preamble to the Major Port Trusts Act, 1963 are the administration, control and management of the Port.

4.9. In a written note furnished to the Committee it has been stated that meetings of the Board are held at least once in every month. Besides, a statutory special meeting to discuss the budget is also held. Chairman may, whenever he thinks fit, and shall upon the written request at least from 3 Trustees, call a special meeting. The Board passes resolutions at the various meetings of the Board and the decisions contained in the resolutions of the Board are implemented by the Secretary, Kandla Port Trust, who is also the Secretary of the Board. Such matters which are not within the competence of the Board are referred to the Government of India with the resolution of the Board. The decisions of the Board which are within the competence of the Board are implemented at a local level. All other decisions for which sanction of the Government of India is required are referred to the Central Government for their sanction. These proceedings of the meetings are supplied to the Ministry of Shipping and Transport. These are also supplied to the Government of Gujarat through their representative nominated by the State Government of Gujarat on the Board of Trustees.

4.10. During the course of their on-the-spot study visit, it was represented before the Committee that all the major ports in India with the exception of Kandla had a representative of the Steamship Agents' Association on the Board of Trustees. When that fact was brought to the notice of the authorities concerned, it was argued that the interest of the Shipping Trade were being looked after by the Chamber of Commerce. The fact was that at all the

major ports the Chambers of Committee were being represented on the Board of Trustees separately and only in case of Kandla the Ministry of Transport had deviated from the procedure in vogue. The Major Ports' Commission had recently recommended that two local bodies viz., the Chamber of Commerce and the Steamship Agents Association should of necessity be represented on the Board of Trustees separately.

4.11. During their discussions with the Kandla Port authorities the Committee enquired whether the representative of the Railways on the Board of Trustees was competent enough to take quick decisions on his own and to get them implemented in regard to the problems of the Port. It was stated that the representation needed to be raised to a higher level. It was explained that originally the Railways were represented by the Chief Commercial Superintendent, Western Railway, as was presently the case in respect of all other major ports, but for quite sometime, now only a Divisional Superintendent had been nominated on behalf of the Railways on the Kandla Port Trust.

4.12. In regard to the representation of the Government of Gujarat on the Board of Trustees, it was suggested that if the State Government could be represented by the Secretary of the Public Works Department it would go a long way in finding quicker solution to the problems faced by the Port and also help the development of Kandla Port.

4.13. During the course of oral evidence of the representatives of the Ministry of Shipping and Transport, the Committee enquired whether there was adequate representation of the various interests, including the Public Undertakings and the State Governments on the Kandla and Transport, stated that "the general policy about the composition of Port Trust Boards is that there are certain official representatives and the users' representatives. So far as Kandla Port is concerned, there is the Assistant Collector of Customs, Chief Operating Superintendent, Western Railway, and others including a representative of Gujarat Government. As for the non-officials, there is the Gujarat Chamber of Commerce, Rajasthan Chamber of Commerce, Ship Owners' Association.... There is an optimum size of the Trust Board and we try to make it as representative as possible. If we are to have representation for each of the Public Undertakings, the Board will become unwieldy.... Usually the State representative belongs to the State in which the port is situated. It is not a practical proposition to keep a representative of each State in each port."

D. Economics of working of the Kandla Port

4.14. The economics of any port depends on the quantum of traffic, the pattern of traffic, the rates which the traffic can bear and the relationship of income to expenditure. The working of a port is judged by the surpluses or losses it makes after providing for operational expenditure, depreciation and debt charges. The position in respect of Kandla Port in this regard is explained in the two statements at appendices I & II showing the traffic handled and the financial results achieved.

In a written note furnished to the Committee it has been stated that the Reserve Fund position of the Port as on 31-3-71 and as anticipated on 31-3-1972 is given below:—

Name of the fund	(In lakhs of Rupees)	
	As on 31-3-1971	As anti- cipated on 31-3-1972
General Reserve Fund . . .	118.06	89.06
Pilotage Reserve Fund	(—)13.03	(—)20.54
Depreciation Reserve Fund . .	265.68	295.77
TOTAL	370.71	364.29

The outstanding debt of the port payable to the Government of India at the close of the year 1970-71 in respect of loans taken after the formation of the Port Trust on 29-2-1964 was Rs. 252 lakhs. The capital amount spent on the port before the setting up of the Port Trust was Rs. 18.78 crores. The Port Trust has been paying to the Government of India only a lump sum of Rs. 15 lakhs per annum as interest on this amount pending a final decision in the matter. The Port Trust, however, has been meeting its debit liabilities in respect of post-Port Trust loans out of its current earnings.

(1) Pre-1964 debts

4.15. In the written note furnished to the Committee it has been stated that the financial position of the port is fairly satisfactory if the pre-1964 debts are not taken into account. However, on the basis of their current surplus they would find it difficult to meet the full liability in respect of principal and interest for the pre-1964 investments. During the course of oral evidence, the Secretary, Ministry of Shipping and Transport stated that the total debt was

over Rs. 21 crores. He added that the Major Ports Commission, to whom that question had been referred, had examined that and had made the following recommendations:—

- (i) Provided an outright grant to the extent of 20 per cent of the capital cost of civil works including berths, breakwaters, reclamation, capital dredging etc. but exclusive of the expenditure on mechanical handling plants and equipment.
- (ii) Limit the obligation to the payment of interest and repayment of the principal to only 50 per cent of the capital outlay after deducting the cash grant. The Port would be required to pay an appropriate rate of interest as applicable to all long-term loans advanced by Government during that year.
- (iii) Permit the interest to be capitalised during the constructions stage of the Project.
- (iv) Apply a repayment schedule for the loan during a period of 30 years, the first instalment of repayment to commence from the 11th anniversary of the commissioning of the Project.
- (v) Treat the balance of 50 per cent of the capital outlay after deducting the cash grant as "deferred redeemable" capital which will carry no obligation to the payment of interest nor have any regulated schedule of re-payment. The Port would, however, be required to pay Government the reasonable return if there is a surplus in the port's financial working after meeting the obligations of the working expenses, depreciation and a return of 6 per cent on the capital employed. The "deferred redeemable capital" would also be eligible for redemption after the loan capital portion is repaid. The repayment period visualised is 20 equal annual instalments but this would be subject to review by Government in consultation with the port authorities.
- (vi) Review the general financial and traffic situation at the port at intervals of 10 years with a view to making such adjustments as may be necessary in the circumstances then prevailing.

4.16. The Secretary of the Ministry of Shipping and Transport stated further that the Chairman of the Kandla Port Trust had also made a strong plea that, instead of only 50 per cent, the entire investment of 100 per cent of the capital outlay should be treated as a non-repayable and non-interest bearing capital investment. No decision had, however, been taken in the matter so far. They were going to place the recommendations of the Major Ports Commission and the plea of the Chairman, Kandla Port Trust, before the Ministry of Finance and the whole matter would have to await their decision. In reply to a question whether a similar problem had arisen in respect of any other port in the country, the Secretary, Ministry of Shipping and Transport replies in the negative. Explaining further the present financial commitments of the Kandla Port, the Secretary, Ministry of Shipping and Transport stated that, at the moment, the Kandla Port was paying to the Government an *ad hoc* amount of Rs. 15 lakhs a year as interest charges. It had been calculated that, on the basis of the Major Ports Commission's recommendations, the interest charges would "come to Rs. 41 lakhs, and Rs. 39 lakhs would be the repayment of capital. That would amount to Rs. 80 lakhs per year." The Committee asked the witnesses to comment on certain statistical data, furnished to them by the Ministry of Shipping and Transport from which it could be observed that the Kandla Port had to incur a deficit during the years 1970-71, 1971-72 and 1972-73. The Chairman, Kandla Port Trust explained that according to their assessment they would be "turning round the corner in 1973-74. The deficit in the next one or two years includes Rs. 15 lakhs payment as *ad hoc* interest which we are making to the Government. If you take it out, you will find that in 1970-71 and 1971-72 we almost even out." Asked to further elucidate the statement of the Government that the financial position of the Port was "fairly satisfactory" the Chairman Kandla Port Trust explained that the Port would not run deficit. "We are struggling not to have a deficit. Our burden has become heavy with the implementation of the Award given by the Government on the Wage Board Report. Ours is a small Port and it is a heavy burden. We may be able to overcome this after three or four years time." The Chairman, Kandla Port Trust, however, admitted that unless the pre-1964 investment was adjusted or some thing was done about that "for many years to come the financial position will not be sound."

(2) *Future rate of return*

4.17. As regards the future rate of return, the Major Ports Commission has recommended that the ports should aim at a return of

not less than 12 per cent on the capital employed arrived at as follows:—

6 per cent towards interest charges.

3 per cent towards replacement, rehabilitation and modernisation of the capital assets, and

3 per cent towards reserve for development, repayment of loans and contingencies.

In cases where a cash grant is extended by the Government the Commission has recommended that the Ports should endeavour to earn 5 per cent on the grant portion of the advance and the 12 per cent on the balance capital employed. The Commission has suggested that Kandla should attain a return of not less than 6 per cent by 1973-74, not less than 9 per cent by 1976-77 and not less than 12 per cent by 1978-79.

4.18. In a written note furnished to the Committee it has been stated that the realisation of the returns envisaged by the Commission is linked up with a final decision on the adjustment of the capital debt of the port and realisation of more traffic. A final view about the financial self-sufficiency of the port would be available only after decisions have been taken on the Commission's recommendations.

4.19. During the course of oral evidence of the official witnesses, the Committee enquired whether a return of 12 per cent was feasible in the case of Kandla Port. The Chairman, Kandla Port Trust stated that they would not be able to earn 12 per cent. The Secretary, Ministry of Shipping and Transport explained that what the Major Ports Commission had recommended was "a sort of an objective or an ideal. They have said that 6 per cent should be towards interest charges, 3 per cent towards replacement and rehabilitation etc. and 3 per cent towards reserve for development, repayment of loans and other contingencies. This is a worthwhile objective. We are asking all ports to work towards it. Their projection is that 12 per cent should be attained in Kandla by 1978-79. As the Chairman of the Port Trust has explained, we are looking forward to more fertiliser raw materials etc. being handled. It will depend on the actual growth of traffic and actual earnings."

4.20. Asked to state the action being taken on the recommendations of the Major Port Commission, the Joint Secretary, Ministry of Shipping and Transport explained that the recommendations of

the Commission, were considered by the Chairman's Conference held in May. At that meeting we had associated the Finance Ministry also. Broadly, the view was that we should accept these objectives and try to reach them. These are now being formally referred to Finance Ministry for their acceptance. They have also meanwhile asked us to work out the financial implications of the acceptance of these recommendations. We are having it done and sending it to the Finance Ministry."

(3) *Annual financial allocations and expenditure*

4.21. The Committee desired to know the annual allocation and expenditure respectively of the Kandla Port during the Third and Fourth Plan periods. The following statement has been furnished to the Committee:

(Crores of Rupees)

Plan Year(s)	Approved Outlay	Actual Expenditure	Shortfall	Remarks
3rd Plan:				
1961-62 to 1963-64	3.40	2.29	1.11	
1964-65	0.89	0.75	0.14	
1965-66	0.69	0.67	0.2	
Total	4.98	3.71	1.27	
Annual Plans:				
1966-67	0.45	0.29	0.16	
1967-68	0.45	0.32	0.13	
1968-69	1.04	0.84	0.20	
Total	1.94	1.45	0.49	
4th Plan:				
1969-70	1.18	0.88	0.30	
1970-71	0.66	0.46	0.30	
1971-72	1.50	0.15	1.35	(upto September 1971)
1972-73	.	.	.	}*
1973-74	.	.	.	
Total	9.45	1.49@		

*Not yet sanctioned.

@Progressive Expenditure upto September 1971 only.

E. Facilities at the Port

(1) Existing facilities

4.22. In a written note furnished to the Committee by the Ministry of Shipping and Transport, it has been stated that the following facilities are available at the Kandla Port:

(a) Berthing facilities:

(i) 4 alongside berths—total quayage: 2700 ft. 5th berth of 1125 ft. constructed excepting dredging, draft alongside designed for 32 ft. at low water.

(ii) 3 General cargo mooring berths:

No. (i) General cargo mooring: Ships drawing upto 23.0 ft. maximum length (overall) 500 ft.

No. (ii) General cargo mooring: Ships drawing upto 25.0 ft. maximum length (overall) 500 ft.

No. (iii) General cargo mooring: Ships drawing upto 29.00 ft. maximum length (overall) 600 ft.

One deep draft mooring berth for vessels drawing upto 36 ft.

One salt mooring: Ships drawing upto 29.0 fts. maximum cargo each.

One special mooring for handling explosives: Ships drawing upto 25.0 fts. maximum length (overall) 500 fts.

(iii) 3 Wharves at the Bunder Basin:

South Wharf for loading and unloading lighters by quay cranes.

North Wharf for loading and unloading sailing vessels.

West Wharf where 60 ton electric gantry crane has been installed for loading and unloading heavy lifts from lighters.

A fishing jetty for handling fresh fish traffic.

(iv) An R.C.C. Pier for handling P.O.L. and other liquid Chemical tankers—Permissible draft 30 ft.

Second Oil Jetty also constructed and necessary modifications are in progress—Permissible draft 32 ft.

Electric and diesel Booster Pumps provided for accelerating discharge rate of P.O.L.

3 Oil Pipe Lines 12", 14", & 16" dia. for pumping P.O.L.

(v) *Tuna Port*: Small minor Port 15 miles south of Kandla, being used for loading and unloading sailing vessels.

(b) *Storage Facilities*

(i) 3 single storeyed transit sheds at cargo jetty at first 3 berths—450 ft. x 140 ft. each capacity 5,000 tonnes general cargo each.

2. *Temporary transit sheds*

One north of Transit shed No. I measuring 150 ft. x 132 ft. capacity 2,000 tonnes.

One between Nos. 1 and 2 Transit sheds measuring 200 ft. x 132 ft. capacity 2,600 tonnes.

(ii) 4 double storeyed warehouses 500 ft. x 120 ft. each capacity 15,000 tonnes for uniform type of cargo each. These provided with 4 electric cargo lifts each, 2 of 2 tons and 2 to 4 tons capacity.

Automatic water sprinkler arrangements with fire alarm system provided in Warehouses 'C' for storage of Cotton.

Bonded warehousing facilities also provided.

(iii) Open storage yards in transit area as well as in rental storage area served with Railway lines: Total open storage areas for rental purposes: 15,56,300 sq. ft. of this 4,41,300 sq. ft. is pucca built with asphaltting.

(iv) 3 Vegetable Oil tanks—total capacity 650 tonnes.

(v) Dangerous cargo sheds of 320 tonnes capacity admeasuring 1,800 sq. ft. and a Calcium Carbide Shed of 48 tonnes capacity admeasuring 350 sq. ft.

(vi) Two transit sheds at Bunder basin measuring as under:—

South Wharf 200 ft. x 120 ft.

North Wharf 100 ft. x 60 ft.

(c) *Transport arrangements*:

All transit sheds, warehouses and open yards liberally served with Railway Lines both by Broad-gauge and Metre-gauge and with good roads.

(d) Cargo Handling Equipment:

- (i) 21 electric level luffing quay cranes at cargo jetty berth—
16 of 3 tons, 4 of 6 tons and one of 10 tons capacity.
- (ii) 4 electric level luffing quay cranes at South Wharf
Bunder, 2 of 3 tons, 1 of 6 tons and 1 of 10 tons capacity.
- (iii) One 60 tons gantry crane at West Wharf.
- (iv) One 2 tons crane at Fishing Jetty.
- (v) 26 Vac-u-vator machines of DK 168 Tupe for discharging
grain in bulk.

(vi) Mobile Equipment:

2 numbers mobile cranes—Capacity 6 tons each.

2 numbers mobile cranes—Capacity 3 tons each.

(vii) Fork lifts:

1 number Capacity 6 tons.

3 Number Capacity 2-1/2 tons each.

(viii) 4 tractors and 4 trailers.**(ix) 9 lighters as under:—**

Steel, 4 Nos. capacity 80 tons each.

Steel, 2 Nos. capacity 150 tons each.

Wooden, 3 Nos, capacity 70 tons each.

(e) Water supply to ships:

- (i) by shore points at all cargo berths, R.C.C. Pier and Bunder.
- (ii) by heavy-up-cum-water barge 'BALWAN' of 90 tons capacity and by barge 'TUSHAR' of 200 tons, capacity.

(f) Other facilities:

- (i) Facilities for fumigating of cotton.
- (ii) Two storage tanks—capacity 2,500 tonnes each for storage
of liquid chemicals or Soyabean Oil.
- (iii) Floating dry dock for repairing craft upto 240 ft. length.
- (iv) Cold storage for fishing industry provided by the Gujarat
State.

- (v) Night Navigation introduced with effect from 26th December, 1969.

(2) *Future plans*

4.23. The Committee desired to know the future plans for further development of the Kandla Port. In a written note furnished to the Committee by the Ministry of Shipping and Transport, it has been stated that the major schemes for the development of Kandla Port already in hand or contemplated in the near future are as follows:—

- (1) Commissioning of the Fifth Berth.
- (2) Modifications to new oil jetty and its commissioning.
- (3) Acquisition of a second dredger for the port.
- (4) Construction of a slipway.

The proposed 5th berth is intended to be utilised by the Ministry of Agriculture for setting up of a mechanical unloading plant for fertilisers. These facilities are also proposed to be utilised for unloading of Rock-phosphate and sulphur. According to the Ministry of Agriculture, it is anticipated that a total quantity of about 0.8 million tonnes of cargo will be available for handling by this mechanical plant. The imports of P.O.L., at this port have been increasing according to the latest estimates furnished by the Ministry of Petroleum and Chemicals, the anticipated traffic in mineral Oils through Kandla will be 1.8 million tonnes in 1972 and over 2 million tonnes thereafter till the new refinery proposed to be set up in North West India goes in stream. The Indian Farmers Fertilisers Co-operative Ltd., will also be importing about 2 lakh tonnes of Phosphoric Acid for their Fertiliser Plant which is being set up in Kandla. The new Oil Jetty will cater to this additional traffic. The new dredger will help the port to maintain the channel in a more efficient manner and improve the depth of water over the bar and thus enable quicker movement of ships. Slipway will enable the port craft to be maintained properly because the existing floating drydock has outlived its life.

F. Traffic handled

(1) *Original traffic projections*

4.24. In a written note furnished to the Committee by the Ministry of Shipping and Transport, it has been stated that the anticipated

traffic projections at the time of sanctioning the Kadla Port Project were as follows:

(i) During the first 5 years	0.85	million tonnes
(ii) In 10 years	—1.3	„ „
(iii) In 20 years	—1.6	„ „

The traffic handled in the fifth year of the port operation was 1.39 million tonnes, in the tenth year it was 2.66 million tonnes and in the 20th year it is expected to be above 2.5 million tonnes. The traffic projections as anticipated when the Project was sanctioned have materialised. However, for a few years around the tenth year, the traffic jumped up due to spurt in import of foodgrains.

(2) *Decline in traffic*

4.25. Although the Port has been handling more traffic than estimated in the project stage, at present it has a spare capacity available for handling more cargo.

The traffic handled at the port from 1957-58 is given below:—

(In lakh tonnes)

Year	Import	Export	Total
1957-58	6.09	2.35	8.44
1958-59	8.82	1.88	10.70
1959-60	8.28	2.95	11.23
1960-61	12.30	3.42	15.72
1961-62	11.14	2.72	13.86
1962-63	14.09	3.34	17.43
1963-64	14.91	2.88	17.79
1964-65	20.54	2.58	23.12
1965-66	23.36	1.69	25.05
1966-67	24.24	2.37	26.61
1967-68	22.60	2.05	24.65
1968-69	17.09	3.26	20.35
1969-70	18.04	3.05	21.09
1970-71	14.74	1.38	16.12
1971-72 (upto 30-6-72)	3.42	0.44	3.86

4.26. In a written note furnished to the Committee by the Ministry of Shipping and Transport it has been stated that this decline in traffic has been mainly due to a drastic reduction in the imports of foodgrains due to the Green Revolution in the country. The maximum quantity of foodgrains imported through Kandla was about 1.2 million tonnes, which came down to about 3.26 lakh tonnes in 1970-71. During 1971-72 there have so far been no imports of foodgrains through Kandla. This decline is not a special feature of Kandla only but applies also to the other major ports where imports of foodgrains have declined considerably. The decline in foodgrains imports in Kandla looks more pronounced because at one time these imports constituted almost about 50 per cent of the total traffic of the port. This traffic was generated by the serious food scarcity in India during the years 1964-67 and could not be stated to be normal feature of the port's traffic. In fact the Ministry of Agriculture (Department of Food) have recently advised this Ministry that in view of increased production of foodgrains in the country and in pursuance of Government's policy to stop imports of concessional foodgrains by the end of 1971, the quantity of imported foodgrains, if any would decrease further. In view of this, that Department have stated that it is not possible for them to assure any given volume of traffic in imported foodgrains at any of the ports.

4.27. In the written note furnished to the Committee, it has been pointed out that except in the case of iron ore and POL, the traffic passing through all other ports has also generally shown a decline during the last few years.

4.28. It has been added that the capacity of Kandla Port to handle dry cargo on the basis of the existing facilities has been estimated to be about 1 million tonnes taking into account the present pattern of traffic. This excludes about 1 million tonnes of oil which is handled at the oil jetty, making a total capacity of about 2 million tonnes per annum. The port's capacity was used to the optimum extent till 1969-70 and it was only in 1970-71 that the traffic fell below the capacity by about 4 lakh tonnes. During 1971-72 the total traffic is expected to be about 17.5 lakh tonnes, but it is anticipated that in 1972-73 this figure will increase to 20 lakh tonnes, when the port facilities will again be fully utilised. These projections are based on the assumption that the traffic in some of the commodities which were already being imported or exported will increase, and traffic in some additional non-traditional commodities would also start flowing through this port. It has been further added that the S.T.C. have already stepped up their exports of soyabean oil through Kandla and are considering the question of channelising imports and exports in other items also through this port. The Indian

Farmers Fertiliser Cooperatives Limited, who are putting up a fertiliser plant at Kandla, will also need imports of substantial quantities of rock phosphate, phosphoric acid etc. and will in turn be exporting finished fertilisers to coastal and foreign destinations. This plant is expected to be commissioned in 1974 and would add substantially to the traffic of the port. For handling additional traffic, the provision of an additional berth and the modification to the new oil jetty are already in hand.

4.29. During the course of oral evidence of the representatives of the Ministry of Shipping and Transport etc., the Committee referred to the statistical data of the commodity-wise traffic handled at the Kandla Port from 1957-58 to 1971-72 (*Appendix I*) and enquired the reasons for a sharp decline in the import of fertilisers during 1970-71 as compared to 1969-70 and also up to July, 1971, the representative of the Department of Agriculture admitted that there was a fall in imports of fertiliser during 1970-71, but he pointed out that that "was a general fall and not applicable only to Kandla Port. The reason for that fall in import in that particular year was that we had a heavy carry over of stock of the previous year and our anticipation of fertiliser consumption in some of the States did not materialise. So, we had to cut the imports for the next year. But it is purely a temporary phase and the imports are expected to pick up again. In 1971-72 we estimate that it will go up to 24 lakh tonnes for the country as a whole." In reply to another question, the witness stated that the other ports through which fertilisers were imported were Bombay, Calcutta, Vizag and some smaller ports. He added that the import of fertiliser through the Kandla Port was about nine per cent of the total. Asked whether it was possible to divert some more imports of fertilisers to Kandla Port, the witness stated that "that is the plan which we have in mind. By developing this bulk mechanical rapid un-loading facility at Kandla, we expect the proportion of Kandla will still go up."

4.30. The Committee also enquired why there had been no movement through Kandla of rice bran, cotton, formal dehyde, raw wool, fertiliser, ores sugar, soapstone and scrap during 1971-72 (upto July). The Chairman, Kandla Port Trust stated that in regard to rice bran some problems had arisen recently due to increase in the shipping freights. Discussions were going on as to how the increase in rates should be shared between the sellers and the buyers. As soon as the question was resolved, the exports would take place. However, in the month of August, about 350 tonnes of rice bran had been exported.

4.31. Asked to explain the reasons for a sharp decline in the export of ore through Kandla, the Secretary, Ministry of Shipping and Transport, stated that the ore exported through Kandla came from Rajasthan but it was not of high quality. The prices of the ore were however, high. The Minerals and Metals Trading Corporation could not find any buyers for the ore at those prices.

4.32. In regard to sulphur, the Chairman, Kandla Port Trust, stated that about 70,000 tonnes, which constituted one third of the total import passed through the Kandla Port.

4.33. Asked why there had been no import of rock phosphate during 1970-71 and its import upto July, 1971, had been only of the order of 8600 tonnes, the representative of the Department of Agriculture stated that since deposits of rock phosphate had been found locally at Udaipur, which was within the hinterland of Kandla Port, its import through that Port had come down. The representative of the Minerals and Metals Trading Corporation stated that two new factories were being set up at Mithapur and Kalol, which were likely to commence production from 1973-74. Those factories would need to import sulphur and rock phosphate. Their imports, which were likely to be about 8 lakh tonnes per annum, would be made through the Kandla Port. The witness further informed the Committee that about five per cent of the total import of sulphur and rock phosphate, which was of the order of about six to eight lakh tonnes during the last three years, had been made through the Kandla Port.

4.34. Asked what were the reasons for the sharp decline in the export of salt through the Kandla Port, the Chairman, Kandla Port Trust stated that Japan, which had been the traditional buyer of our salt, had not renewed its contract with the State Trading Corporation. The representative of the State Trading Corporation added that efforts were being made to export salt to other countries also. It was the high freight rates which had adversely affected the salt exports. There was a special characteristic of salt and loading rate came in the way. "Japan always insists on higher loading rate and more mechanised facilities for loading etc."

G. Role of Railways in securing traffic for the port

(1) Movement of Cotton

4.35. The Committee desired to know why there had been no export of cotton since 1966-67 through the Kandla Port, as would be seen from the statement showing commodity-wise traffic handled at

the Port from 1957-58 to 1971-72 (Appendix I). During the course of oral evidence of the representatives of the Ministry of Shipping and Transport etc., the Chairman, Kandla Port Trust explained that there was the problem of railway freight. He explained that Bombay enjoyed concession in railway freight from 23 stations, as against from 11 stations to Kandla. The bulk of cotton went from 12 stations for which concession rates were not quoted for Kandla. Therefore, most of the cotton was exported through Bombay. He pointed out that, in fact, all those stations were nearer to Kandla than to Bombay. The Kandla Port Trust authorities had written to the Railways to make it at par with Bombay by giving concessions for all the 23 stations to Kandla Port. The representative of the Ministry of Railways, however, stated that under section 28 of the Indian Railways Act the Railways were not permitted to nullify the geographical advantage of one station over an other. They were not permitted to quote special rates from other areas to Kandla for the above reasons. He added that they had "given concessions from those stations for which Kandla is the nearer port." He added that "we would be happy to go into specific suggestions, and we are quite willing to examine them".

4.36. During the course of their on-the-spot study tour to Kandla Port, the Chairman of the Port informed the Committee that about 3 lakh bales of exportable variety of cotton i.e., Bengaldeshi was exported annually from Punjab and certain districts of Rajasthan and Haryana within the economic hinterland of Kandla. These exports were mainly to Japan and also United Kingdom Continental countries and U.S.A. Part of that traffic started moving through Kandla Port in 1961-62 and it gradually increased to over 27,000 bales in 1964-65. However, it abruptly ceased thereafter. That adverse development in Cotton exports through Kandla was due to station-to-station concessions in railway freight granted from the stations in Punjab, Haryana and Rajasthan to Bombay. Those concessions took away the economic advantage, which Kandla otherwise enjoyed over Bombay on account of shorter railway lead. The initial saving in Railway freight varying from Rs. 25.77 to Rs. 31.47 per tonne for export of Cotton through Kandla had been completely eliminated consequent on the grant of special concessions. The entire traffic of cotton from Punjab therefore, now passed through Bombay Port. The reason for granting the concession for movement of cotton to Bombay, as given by the Railway Board, was to attract cotton which was moving by road from Rajasthan and Punjab to Bombay. They further stated that since there was no road movement of Cotton to Kandla, they could not consider any concession in freight for Kandla.

4.37. It was suggested that in order that the exports of cotton were developed through the Kandla Port, proportionate station-to-station concessional railway freight should be sanctioned for that Port also so that the advantage accruing to Kandla on account of favourable geographical location was retained. Additional advantage from developing cotton export traffic at Kandla would be that regular shipping services to South-East Asian and Japanese Ports could be established, which would encourage the development of other general cargo traffic. Several empty wagons were brought to Kandla daily from Northern India and those could be advantageously utilised for moving cotton, even though at concessional rate.

4.38. It was further stated that recently the Railways had reduced freights on cotton moving to Kandla from the following 11 stations:—

Destinations	Reduced railway freight for Kandla (Per quintal)
1. Baidhada	11.23
2. Rampuraphul	12.29
3. Abohar	12.40
4. Malout	12.08
5. Gidarbha	11.72
6. Uklana	10.69
7. Nabha	12.33
8. Khanna	12.32
9. K tkapura	12.21
10. Jaitu	11.92
11. Bhattu	11.02

(Note:—These freights include haulage charge between Gandhidham-Kandla @ Rs. 11.52 per 4 wheeler MG wagon).

4.39. The freights to Bombay and Kandla had thus become equal, leaving no advantage to the exporter in using Kandla Port, although the producing centres were nearer to Kandla as compared to Bombay by more than 500 Kms.

4.40. Moreover, 18 other important stations from where bulk movement of cotton took place were not at all considered for reduction of freight for movement to Kandla Port. Those stations were as under:—

- | | |
|-------------|----------------|
| 1. Bhatinda | 2. Barnala |
| 3. Bhuchhu | 4. Gajsinghpur |

- | | |
|------------------|------------------|
| 5. Hansi | 6. Kesrisirghpur |
| 7. Palanawali | 8. Muktsar |
| 9. Mandi Dabwali | 10. Maur |
| 11. Mansa | 12. Raisinhiagar |
| 13. Raman | 14. Srigaragar |
| 15. Srikaranpur | 16. Sirsa |
| 17. Sadhoo Garh | 18. Sargaria |

Further, an exporter bought his cotton from suitable manufacturers from all cotton producing area. If concession for movement of cotton to Kandla was given only from a limited number of Cotton producing stations, the exporter would not be interested in bifurcating his shipment, that is some cotton *via* Kandla and the rest *via* Bombay. The concession should therefore be available from all cotton producing centres on proportionate basis.

4.41. It was suggested to the Committee that in all fairness, it was desirable that the freights chargeable for Kandla should be proportionately lowered according to distance involved as compared to Bombay so as to retain geographical advantage of Kandla Port. A comparison statement showing the distance and Railway freight charged on cotton for Bombay and Kandla, as prepared by the Kandla Port Trust authorities, is enclosed (*Appendix III*).

(2) *Movement of Sugar and Steel*

4.42. During the course of oral evidence of the representatives of the Ministry of Shipping and Transport the Committee referred to a statement, contained in the written notes furnished to them by the Ministry of Shipping and Transport, that the Indian Sugar Mills Association had requested the Ministry of Railways to grant concession in railway freight on sugar moving from mills in U.P. to Kandla for export but the Railway authorities had not accepted the request. The Committee enquired about the reasons for not agreeing to the proposal. The representative of the Ministry of Railways stated that "what was asked for was the same rate from U.P. for Kandla as is given for Bombay and near stations which are very much nearer Bombay. We were asked to quote the same rate for distance which are three times more. Here again it is a question of geographical advantage." The representative of the Ministry of Railway further stated that the position was similar in regard to the movement of steel from Bhilai for export through the Kandla Port. The port of Vishakhapatnam was nearer as compared to Kandla.

(3) Shortage of Railway wagons

..

4.43. During the course of oral evidence of the representatives of the Ministry of Shipping & Transport the Committee asked the witnesses to comment on the statement of the Ministry of Foreign Trade that since more wagons were not available imports of soyabean were made at Bombay, the representative of the Ministry of Railways stated that it was not correct. He added: "we supply wagons against all the indents which have been registered." The Director (Transport) Ministry of Foreign Trade stated that "the question is not one of short supply, but of wagons not being supplied at the time they were required. The representative of the Ministry of Railways, however, emphasised that "certainly, we undertake to supply wagons in time, and we are doing it." In reply to further questions, the representative of the State Trading Corporation stated that "it is true that there were difficulties in regard to registration of wagons. There is an established mechanism for registration. However, what we did was that when individual indentors had problems, the State Trading Corporation took upon itself to liaised with the Railway Ministry and through their help and assistance, we were able to coordinate the movement, very effectively, so that rakes after rakes were organised and moved. But it does happen at times that because of floods or on account of other specific requirements, like priority for the movement of foodgrains or other things difficulties do arise from time to time. But we have the facility of going over to the Railway Ministry and organising effective movement. There is always room for improvement, and I am sure that with the co-operation of the Railway Ministry's officers we would be able to lay on the necessary *bandobust*. We are interested in utilising Kandla Port more and more; and indeed State Trading Corporation have gone into individual items with the officers of the Kandla Port authority to see what diversions can take place. We have been doing our best."

4.44. During the on-the-spot study visit of the Committee to Kandla Port; the Chairman, Kandla Port Trust regretted that the supply of Railway wagons to the Port fell far short of the actual requirements. Recently, there had been considerable deterioration in the supply position.

4.45. The number of wagons supplied daily for the clearance of import cargo from Kandla Port registered a decrease from about November, 1970 That decrease was very significant from January, 1971. As against the average daily wagon supply of about 137

wagons in October, 1970, the average daily supply from January to October, 1971, was as under:

Month	Demand			Supply			Quantity of import cargo lying un-cleared as on the 1st of the month.
	MG	BG	Total	MG	BG	Total	
January, 1971	86	62	148	38	44	82	79,329
February, 1971	44	40	84	17	26	43	44,320
March, 1971	22	67	89	22	25	47	35,318
April, 1971	78	48	126	23	18	41	79,621
May, 1971	59	43	102	27	11	38	84,597
June, 1971	88	64	152	24	10	34	80,747
July, 1971	84	28	112	37	8	45	77,091
August, 1971	104	43	147	45	15	60	93,497
September, 1971	252	74	326	66	9	75	80,367
October, 1971 (upto 20th)	244	108	352	81	19	100	1,02,122

That situation resulted in the accumulation of goods lying in the port premises thereby congesting the transit area which resulted in delay to the ships working at the berths. Consequently some ships which were scheduled to call at Kandla had to be reluctantly diverted to the other ports.

The port were aware of the diversion of the following ships:—

1.	s.s. Akbar Jayanti	35,000	T. Wheat	23-12-1970
2.	s.s. Viswa Tirth	12,000	T. Potash	2-12-1970
3.	s.s. Elion	10,000	T. CAN	30-11-1970
4.	s.s. Indian Trust	10,000	T. Urea	15-12-1970
5.	s.s. Jag Laxmi	12,000	T. Potash	18-10-1970
6.	s.s. Faresstus	8,600	T. Urea	28-3-1971
7.	s.s. Jag Angeli	15,900	T. Fertiliser	2-5-1971
8.	s.s. Bishwa ratap	1,178	T. „	15-7-1971
9.	s.s. Bharat Jayanti	34,000	T. Wheat	2nd week of August, 1971
10.	s.s. Lindes	14,231	T. Potash	26-8-1971

4.46. In addition to the above, ships which were originally scheduled to call at Kandla, there might have been other instances where

ships were diverted even before they were officially declared for discharge at Kandla Port.

4.47. In a written note, the Kandla Port authorities also brought to the notice of the Committee the following difficulties experienced by the private parties while indenting the wagons:—

- (i) A deposit of Rs 25/- for a Mere-gauge wagon and Rs. 35/- for a Broad-gauge wagon was required to be paid alongwith the indent. If the destination for which the wagons were indented remained closed for a long period, the money paid as deposit remained locked with the Railways. The parties were, therefore, hesitant to place indents for large number of wagons.
- (ii) If the parties placed indents for their requirement at a time and if a large number of wagons was available, say, due to non-acceptance of wagons by the Food Corporation of India etc., the Railways placed the entire number of wagons available irrespective of the siding capacity and expected the indenter to load those wagons within the free period of 5 hours, failing which heavy demurrage was incurred. To illustrate the point, if say the Indian Potash Limited placed an indent for 100 MG wagon: on the 10th of October, they had in the first instance to pay a deposit of Rs. 2,500 and might not get a single wagon for a number of days, then if on a particular day the Food Corporation of India were not able to load any wagon due to strike or some such reason, the Railways would place all the available wagons at or near the siding originally indicated by the Indian Potash and expected them to load those within the free period of 5 hours, failing which heavy demurrage was incurred. It was physically impossible for a single private party to load such a large number of wagons. Since the only demurrage, the private parties chose to place indents for small number of wagons at a time.

(4) Night Shuttles to and from Kandla

4.48. During their on-the-spot study visit to Kandla Port etc. it was submitted before the Committee by representatives of certain non-official organisations that nearly all the goods imported at and exported from Kandla were moved by the Railways to and from their destinations. The Railways thus earned a substantial revenue in the nature of railway freight. The port worked round the clock

in 3 shifts. Several workers and the staff employed by the Port as well as a number of others connected with the Port stayed in the localities 10 to 15 miles away from the Port. They had to go to the Port by using the local railway trains. However, Western Railway authorities suddenly stopped one of the shuttle trains viz., the mid-night shuttle service reaching Kandla at 11.20 P.M. and leaving Kandla at 1.00 A.M., on the plea that these trains were not running economically. They had further demanded payment of Rs. 280/- per day from the Port Trust in case those trains were to be run. Since not only the Port's own staff but other persons connected with the Port work were also inconvenienced, the Port had to agree to pay that amount. The Railways had further given an alternative that the Port should ensure the sale of tickets worth Rs. 300 in order to avoid the payment of Rs. 280 to the Railways. The stand of the Railways in demanding money from another organisation for carrying passengers which belonged not only to that organisation but also to several other organisations was unjust, more so when the Railways were recovering so much of freight from the goods handled at the Port. If the Port was obliged to stop working in one shift because of that particular liability, the output of the goods would be proportionately reduced which would also affect the revenue of the Railways. That would further discourage the ship owners from sending their ships to Kandla as all other Major Ports were working round the clock.

4.49. During their discussion with the Kandla Port authorities, the Committee enquired about the payment being made to the Railways for running the night shuttles to Kandla Port. The Chairman, Kandla Port Trust stated that the Divisional Superintendent, Western Railway by his circular No. I-425/22/2 dated 8th February, 1971 had notified the cancellation of Shuttle Trains 179 Up and 180 Down running between Adipur and Kandla Port Stations.

4.50. Train 179 Up brought staff and workers to Kandla Port for reporting for duty for the first shift commencing at midnight and train No. 180 Down took home staff and workers relieved from the third shift which terminated at midnight

4.51. The staff and workers who used those trains belonged not only to the Port Trust but also to the various other organisations connected with the Port work viz., the Food Corporation of India, the Dock Labour Board, the Customs, the Clearing and Forwarding Agents Stevedors, Shipping Agents and also the casual workers who reported at the call stand to find out if some work was available.

4.52. With discontinuation of those trains, all those staff and workers had been greatly inconvenienced and agitated.

4.53. The Railways had discontinued the trains on the grounds that the trains were not sufficiently occupied with the result that they were running in loss. They were further sending the bills to the Port Trust at the rate of Rs. 230/- per day to cover their loss. Those bills were returned to the Railways on the grounds that the Railways had not indicated as to how they arrived at that loss. It was also pointed out to the Railways that they should not consider the earnings from few stray passenger trains to justify the running of trains carrying the staff and workers required in the port area. In fact, the Railways were earning a considerable amount of freight due to the goods which were being imported or exported at the Port of Kandla. If the trains were discontinued and if the Port was obliged to reduce their work to less number of shifts, the turn over of cargo would be very much less directly affecting the Railway's freight earning.

4.54. Further, the occupation of those trains was checked jointly by the Asstt. Traffic Manager, Kandla Port Trust and the Chief Ticket Inspector of the Western Railway daily from 24th July, 1970. This Survey had indicated that the occupation varied from 70 to 100 per cent.

4.55. The case was taken up by the Hon. Minister of Shipping and Transport with the Hon. Minister of Railways. It was agreed that Kandla Port Trust will compensate the Railways for running midnight shuttle train at the rate of Rs. 280 per day. The midnight shuttle train service has been restored with effect from 15-7-70.

H. Shipping Services

4.56. During their on-the-spot study visit to Kandla Port etc. the Committee were informed that one of the major problems that the Kandla Port faced was inadequate and irregular shipping service. The main difficulty in the calling of liner vessels was the lack of sufficient export cargo. The vicious circle of "no shipping—no cargo and no cargo—no shipping" continued. An interesting feature of the problem at Kandla Port was that while the liner vessels which touched the Port were generally bound for European countries and the Americas, the export cargo which came to Kandla Port from the hinterland was mostly meant for the Middle East and African countries. Unless substantial traffic was generated in the immediate proximity of the port itself, regular liner services could not

be attracted to call with greater frequency. Once the frequent regular liner services were established, traffic in small consignments from farther points in the hinterland would automatically follow. At present, regular liner services were available once a month for U.K. & Continental Ports, Persian Gulf Ports and U.S.A. Ports. The frequency for U.K. Continental Ports increased during the Tea season to offer 2 to 3 sailings a month

4.57. In a written note furnished to the Committee by the Ministry of Shipping and Transport, it has been stated that the Kandla Port Administration have been making efforts to coordinate the requirements of exporters and shipowners. A meeting of ship-owners and exporters was convened by them for this purpose and they have been in touch with different shipping Conferences. As a result of these efforts, it has been possible to arrange for regular liner services as indicated below:—

For U.K. and Continental Ports	Once a month and more often during year.
For U.S. Ports	Once a month
For Persian Gulf Ports	Once a month

As soon as the programme of Liner visiting Kandla is known, the Port authorities circulate this information widely amongst the exporters in the hinterland in order to enable them to take advantage of the calling of the liner vessel and to send their export goods for shipment to Kandla. It has been added that the main difficulty in the calling of the liner vessels is lack of export cargo. In fact, on some occasions, the calling of the liner vessel had to be cancelled for want of sufficient import/export cargo. In the long run, the establishment of regular shipping services at any port is related to the regular availability of cargo.

I. Role of Government Undertakings

4.58. The Committee desired to know the import/export potential of the various Government Undertakings/Agencies within the economic hinterland of the Kandla Port. In a written note furnished to the Committee it has been stated by the Ministry of Shipping and Transport that the economic hinterland of Kandla covers North Gujarat, Rajasthan, Haryana, Punjab, Himachal Pradesh, Jammu & Kashmir, Delhi and part of Western U.P. and a part of Western Madhya Pradesh. All the exports/imports from this region are not, however, necessarily routed through Kandla. These areas were being served by the Ports of Bombay and Calcutta before the Port of Kandla was set up. In fact due to the time lag between the

loss of Karachi and the setting up of the Port of Kandla a large part of the traffic which was being handled through Karachi from the hinterland of Kandla was diverted to Bombay and trade links had got established there before the port of Kandla came into being. It is, therefore, difficult to say with any amount of precision as to what would be the export/import potential of the various Government Undertakings/Agencies within the economic hinterland of Kandla unless a specific study is made for this purpose.

4.59. It has been added that the Kandla Port authorities have been in touch with the Undertakings in the hinterland and some of them have already started routing their imports and exports through Kandla. For example, imports of zinc ore and rock phosphate by Hindustan Zinc Limited, imports of soyabean oil by S.T.C. and some imports of sulphur and rock phosphate by M.M.T.C. have already started moving through Kandla. Traffic in mineral oils by I.O.C. is also progressively on the increase. The imports of fertilizers would increase appreciably when the new mechanical unloading facilities are commissioned.

4.60 The Committee desired to know whether the Government Undertakings/Agencies could provide additional traffic to the Kandla Port and if so, what special measures were being taken in that direction. In the written note furnished to the Committee by the Ministry of Shipping and Transport, it has been stated that it is true that Government Undertakings/Agencies located in the hinterland of Kandla can provide additional traffic to Kandla Port. One of the recommendations made by the Kandla Committee was that the Ministries concerned may be requested to ensure that the Public Undertakings in the hinterland of Kandla route their imports and exports through Kandla wherever it is economical to do so. In pursuance of this recommendation this Ministry has already requested the Ministries concerned to issue suitable instructions to the projects/undertakings under them to route their imports and exports through Kandla wherever economical. As a result of this and the follow up action taken up by the Port Trust, some of the undertakings have started making use of Kandla Port to some extent. Efforts continue to be made to persuade other undertakings and especially the State Trading Corporation to make more use of Kandla Port. In this connection, the Ministry of Foreign Trade have also furnished some additional information regarding the scope of diverting traffic to Kandla Port by S.T.C. and M.M.T.C. are attached. The Ministry of Foreign Trade have stated that the possibilities of utilisation of Kandla Port by S.T.C. are indicated below commodity-wise:—

(i) *Mutton-Tallow*:—

Total imports for this item are 45,000 tonnes, out of which about 14,000 tonnes are meant for Kandla's hinterland. Each shipment constitutes 4/5000 tonnes.

The problems of having this traffic diverted through Kandla have been categorised by the S.T.C. as given below:—

- (a) Tankage with heating arrangements; and
- (b) Nominating Kandla as one of the Ports of discharge, in addition to the present 4 ports viz; Bombay, Madras, Cochin and Calcutta may result in the increased shipping freight.

(ii) *Soyabean Oil*

Target of imports through Kandla is set at about 40,000 tonnes. This is already flowing through Kandla.

(iii) *Copra*

Imported from Ceylon, Sicily and Zanzibar to the extent of 18|20,000 tonnes for the entire country. Out of this only 2000 tonnes are meant for Kandla's hinterland. This traffic can be routed through Kandla if the ships lifting this cargo agree to call at Kandla.

(iv) *Benzena*: 12,000 tonnes

Alcohol: 10,000 tonnes

Exported to Australia.

Exported to Japan & European countries.

These are already passing through Kandla.

4.61 It has also been added that rock phosphate and sulphur are entirely canalised through Minerals & Metals Trading Corporation and distribution is also arranged by the Corporation. Rock Phosphate and sulphur are bulk items and transported to up-country areas in loose condition. Bulk quantities of these two raw materials are used by the consumers who are situated in Ahmedabad, Baroda and Surat which are nearer to Bombay and Bhavanagar ports than Kandla Port. Moreover, though Kandla Port is connected with Motor/Broad guage railway in some cases it required transshipment which becomes more costly. As such, it is difficult to divert any quantity for the time being from Bombay Port as well as Bhavnagar port to Kandla. However, whenever it is possible those two raw materials are shipped to Kandla Port.

4.62 During the course of oral evidence before the Committee of the representatives of the Ministry of Shipping and Transport etc. the Chairman, Kandla Port Trust suggested that the Public Sector Undertakings like State Trading Corporation, Minerals and Metals Trading Corporation, etc. might be persuaded to make greater use

of the Port of Kandla. The Gujarat Chamber of Commerce could also be persuaded to that end. The State Trading Corporation had been approached in the matter. The Director (Transport), Ministry of Foreign Trade also said that "there is nothing wrong in persuading Public Undertakings to use more Kandla Port and efforts are directed in that way. We will do our bests. We are actually making efforts in that direction."

J. Study of the problem of declining traffic

4.63 The Committee desired to know the steps taken by Government to study the causes of decline in traffic during the past few years. In a written note furnished to the Committee it has been stated that the Government had set up a high level committee under the chairmanship of the Secretary, Ministry of Shipping and Transport to consider the problems relating to Kandla Port which submitted its report in 1969. A statement indicating the recommendations of that Committee and action taken thereon by Government may be seen at Appendix IV.

K. Incentives and publicity work to secure additional traffic

4.64 The Committee desired to know the incentives offered to the trade by the Kandla Port authorities to attract more traffic. In a written note furnished to the Committee it has been stated that the following incentives are provided to the trade:

- (i) 20% rebate on wharfage charges is allowed to cargo exported to foreign countries. Similar concession is also available for export cargo in storage charges.
- (ii) A free period of 7 days is allowed in transit area for export cargo as against the free period of 4 days for import cargo.
- (iii) Liner vessels calling at this Port for export cargo for foreign destinations are given berthing priority over other vessels provided sufficient advance notice of the arrival of such vessels is given.
- (iv) To attract liner vessels to call regularly at this Port, the Port Trust may consider giving concession in Port charges to such vessels.

If a vessel has to work stream for want of an along-side berth for handling packaged cargo, lighterage and towage is supplied by the Port, free of charge.

- (vi) Whenever instances are brought to the notice of Port Administration that a particular commodity cannot be exported due to its inability to compete in the International Market, such cases are taken up with the Export Promotion Council as well as with the Railway Authorities for consideration of giving a suitable rebate in Railway freight.
- (vii) Port charges including wharfage, demurrage, storage charges etc. have been fixed at a comparatively low rate as compared with the charges at other Major Ports in order to attract the trade.

4.65 The Committee also enquired about the publicity work undertaken to acquaint the trade and industrial interests with the port facilities offered at the Kandla Port. In another note furnished to the Committee it has been stated that Port Administration has been giving publicity to the port facilities offered at Kandla through publicity folders, brochures, press supplements, advertisements, circulars etc. issued to different Chambers of Commerce, Government undertakings and other concerned interests in the hinterland of the port. In addition to this, the Chairman, Traffic Manager and other officers of the Port also visited different areas periodically to effect liaison with the commercial interests and to acquaint them with the facilities provided and the advantages offered by the port. Visits by Press parties to the Port are also organised with a view to publicise the Port. The Port has appointed a whole time Trade Promotion Officer to promote traffic through the port. They have also a Public Relations Officer.

L. Berthing facilities

(1) Existing facilities, their utilisation and future Plans

4.66 The Committee desired to know whether the existing berthing facilities at the Kandla Port were adequate. In a written note furnished to the Committee it has been stated that existing berthing facilities viz. four alongside general cargo berths, one oil berth, six moorings are adequate for the present quantum of traffic except in times when there is a bunching of vessels. When the 5th alongside berth and the 2nd Oil Pier are ready, the aggregate facilities are considered adequate at least for the next 10 years to meet the requirements of the traffic which will be obtaining.

4.67 In a written note furnished to the Committee by the Ministry of Shipping and Transport on the extent of utilisation of the port facilities at Kandla Port it has been *inter alia* stated that the

peak berth occupancy was achieved during the years 1964-65 to 1967-68 when the traffic was of the order of about 2.5 million tonnes. Subsequently due to decline in traffic in foodgrains, the berth occupancy has come down to about 50 per cent. The decline in the rate of berth occupancy is not entirely due to fall in traffic. It is partly due to ships becoming larger, quicker rate of discharge etc.

4.68 During the course of oral evidence the Committee asked the witnesses to comment on the statement of the Ministry of Foreign Trade that for bulk imports of commodities such as soyabean oil, mutton tallow, newsprint, tractors and wool, regular imports could be planned through Kandla Port provided necessary priorities for berthing of their chartered tankers/vessels were accorded by the Port authorities as was being done for the tankers carrying kerosene oil. According to the Ministry of Foreign Trade many times their chartered tankers had to wait for berthing for a considerable time resulting in losses towards demurrage in terms of foreign exchange, particularly for the reasons that at Kandla there was only one tanker berth which on many occasions remained occupied. The Chairman, Kandla Port Trust explained that "we have one berth known as the oil berth. We are giving priority only to the tanker bringing kerosene oil. Barring that tanker, we do not give priority to any ship unless there is some special need for which priority is to be given. Priority is given by me personally, considering special reasons, and it may be done in a year. We follow the 'first-come-first served' principle."

4.69 In reply to a question, the Committee have been informed in a written note that the existing working berths at Kandla provide an easy approach to the latest type of ships and that they are adequately equipped for handling the cargo speedily. Ships up to 30|31 ft. draft can be brought alongside the cargo jetty berths conveniently. Cargo offered by the ships can also be handled by the shore cranes provided on the wharf in an expeditious and safe manner.

4.70 In regard to the projected estimates of the berthing requirements for the next say 25 years, it has been stated that estimates have not yet been prepared for the berthing requirements for the next 25 years. However, the tentative Master Plan of the Port provides for the construction of 30 berths with an impounded dock.

(2) Dry docking facilities

4.71 The Committee desired to know whether the dry docking facilities and the arrangements for repairs of ships provided at Kandla Port were adequate. In a written note furnished to the Committee it has been stated that there is one floating dry dock

having a capacity of 800 tons capable of docking all the Port vessels except the dredger "Kandla". The dry dock is equipped with small workshop which affords facilities to attend the repair work of Port Craft.

4.72 The Port has also its own workshop equipped with modern type of machines to undertake the repairs to all Port Craft and other equipment. The repairs job is being carried in the workshop as and when indented by the Shipping Companies.

4.73 In reply to a question whether the dry docks can take ships of all sizes, it has been stated that the present dry dock is capable of docking the ships/craft upto a capacity of only 800 tonnes.

4.74 In regard to future plans for expansion of these facilities, it has been stated that it is planned to construct the slipway to meet the requirement of docking the Port Craft. For the purpose of siting the slipway and designing thereof, a proposal to appoint the consulting engineers has been approved by the Government and further action is in hand. A provision of Rs. 55 lakhs has been approved by the Government in the Fourth Five Year Plan programme for the scheme which has been planned to be completed by 1973-74.

M. Loading/un-loading facilities

(1) Fertiliser handling

4.75 The Committee to consider problems relating to Kandla Port (1969) had *inter alia* suggested that the Kandla Port should allow a reduction in the rate of port charges on fertilisers in respect of traffic exceeding a slab. In a written note furnished to the Committee by the Ministry of Shipping and Transport, it has been stated that Kandla Port Trust have introduced a slab system of port charges for fertilizers from 22-1-1970, as recommended by the above-mentioned Committee. In spite of this, however, the imports of fertilizers through Kandla have not shown any increase. This is mainly due to the fact that there is no congestion at other ports like Bombay and Cochin and some of the traffic which was previously coming to Kandla due to congestion at other ports is being sent direct to those ports now as it is meant for consumption centres nearer to those ports. The Ministry of Agriculture has, however, undertaken a special project for mechanical discharge of fertilisers at Kandla Port. This facility is likely to be completed by 1973-74 after which the traffic in fertilisers, sulphur and rock phosphate is expected to be of the order of about 1 million tonnes.

4.76. The Committee desired to know the justification for setting up of the mechanical devices for handling of fertilisers in the face

of declining traffic in fertilisers at the Kandla Port. In the written note furnished to the Committee it has been stated that the total quantity of fertilisers imported through Kandla during 1963-64 to 1970-71 is as shown below:

	Tonnes
1963-64	69,135
1964-65	49,128
1965-66	1,08,203
1966-67	2,46,579
1967-68	2,69,978
1968-69	3,12,471
1969-70	3,09,868
1970-71	1,76,338

These data show that the traffic of fertilisers through Kandla was increasing steadily from 1963-64 to 1969-70. During 1970-71, however, the import of fertilisers was considerably less than the previous year i.e. 1969-70. This was one of the reasons for less quantities of fertilisers imported through Kandla. In addition, the shortage of wagons and absence of adequate quantum of covered storage space were operational handicaps which were responsible for taking less number of fertiliser vessels to Kandla.

4.77. It is, however, expected that with the completion of the project, there will be adequate storage for fertilisers and raw materials for fertilisers at Kandla. In addition, with the decline in food-grain imports larger number of covered wagons are expected to be available for these materials.

4.78. During 1969-70 when the Government of India sanctioned this project, it was estimated that at the end of the Fourth Five Year Plan, there would be very little import of nitrogenous and phosphatic fertilizers. However, it is now observed that even in respect of these two types of fertilisers, the gap between consumption and indigenous production is likely to be as follows:

	(Figures in 000 tonnes)		
	Consumption	Indigenous production	Likely to be imported
N	3,200	2,000	1,200
P	1,400	606	794
K	900		900

In terms of material, the import of nitrogenous fertiliser works out to 3.6 million tonnes, that of phosphatic fertilisers, 1.99 tonnes and that of potassic fertilisers 1.5 million tonnes. However, in the projections of traffic for this project, only potassic fertilisers have been taken into account and it has been estimated that the following quantities of potassic fertilisers will be arriving at Kandla, in addition to one lakh tonnes of sulphur every year:

Year	Fertilisers	Raw materials (Sulphur)	Total
1973-74	5.40	1.00	6.40
1974-75	6.17	1.00	7.17
1975-76	7.14	1.00	8.14
1976-77	8.22	1.00	9.22
1977-78	9.44	1.00	10.44
1978-79	10.86	1.00	11.86

4.79. After completion of the project, the turn-round period of the ships will be much less than the existing period. It will also be possible to bring the fertilisers in bulk and in bigger ships. These will enable the Government to achieve savings on freight. It has been estimated that the average saving per tonne on this account is likely to be @4.73 per tonne. There will also be saving by avoiding bagging in the exporting countries. The average saving per tonne on this account is estimated about @11.5 per tonne. In addition to the direct savings in foreign exchange, the installation of the equipment will also help in releasing of more than 2 berths at Kandla Port. Normally by manual operation it is possible to handle 3 lakh tonnes of cargo per annum in one berth at this port. With the installation of the equipment and handling, one million tonnes of cargo per annum will be handled in one berth. Thus there will be an increase in the effective availability of berths in Kandla. It is understood that the capital investment for one berth at this port is about Rs. 2 crores.

4.80. It is estimated that the net saving for fertilisers per tonne is Rs. 94.49 and for raw materials Rs. 25.62 per tonne. The estimated total savings during the period from 1973-74 to 1978-79 works out to Rs. 46.19 crores against the capital investment of Rs. 3 crores only. According to the present estimate the entire investment will be ploughed back in less than one year. If, however, there is a short-fall of traffic to some extent, the ploughing back period may increase to 2 years.

4.81. The estimated capital investment on this project is Rs. 3 crores out of which foreign exchange component is estimated to be Rs. 70 lakhs. The Canadian Government have agreed to give an interest-free loan to be repaid in 20 years to cover expenditure in foreign exchange. Repayment will start after 10 years of the date of execution of the loan which is 12-8-1971.

(2) *Salt handling*

4.82. During their on-the-spot study tour to Kandla Port, it was pointed out to the Committee by the Trustees of the Kandla Port that till recently Indian salt was being exported to Japan. But due to lack of mechanised loading/unloading equipment at the Kandla Port, Japan did not find the Indian salt competitive and, therefore, Japan was now importing salt from Mexico and Australia. It was explained that while the loading rate at the Kandla Port was only about 2,000 tonnes of salt per day, Mexico could load about 40,000 tonnes of salt per day. Thus at Mexico the ships could save many days at the loading stage and thereby a huge amount of foreign exchange too.

4.83. During their discussion with the Kandla Port authorities, the Committee were informed that salt was normally exported in big quantities and always in ship loads. It was, therefore, advantageous to the buyers to charter ships for that purpose. The freight payable was, therefore, dependent on the time spent by the ship in the Port and consequently on the rate of loading. Higher the rate of loading less the freight payable. Since the freight was paid by the foreign buyers, slow rate of loading added to their cost of salt and they would naturally prefer to buy salt from countries where faster loading rates were available. In Mexico and Australia the rate of loading of salt was over 1,000 tonnes per hour.

4.84. The Kandla Port authorities stated that it was possible to increase the loading of salt in two ways. The first was to simultaneously load salt from the wharf using shore cranes and also from overside, by using lighters. The second method was to implement some scheme for mechanisation of loading of salt. That could be done by using conveyor arrangement and would involve keeping huge stocks of salt, ready at a convenient place near the port area. The conveyor would have to be sufficiently long to feed the ships from the stock yard. If that was done the rate of loading could go up considerably depending upon the capacity of the conveyor arrangement. The matter was being discussed with the State Trading Corporation.

(3) Heavy machinery

4.85 The Committee desired to know whether there were adequate arrangement for clearing heavy machinery so as to minimise payment of demurrage charges by the consignors/consignees and to keep the Port free from congestion. In a written note furnished to the Committee, it has been stated that heavy lifts weighing upto 10 tonnes can be handled by the wharf cranes at the cargo jetty berths and also at the south wharf of the bunder basin. Heavy lifts over 100 tonnes are handled by the 60 ton gantry crane situated at the bunder basin. All these cranes are situated at places which are served by dual guage railway lines and also by good road-ways. It is possible to remove these heavy lifts to and from these points expeditiously. So far, the port has handled heavy lifts weighing upto 75 tonnes meant for Rajasthan Atomic Power Project, Thermal Power Project and Fertilizer Factories in Assam and also in Barauni (Bihar) and Gorakhpur (UP). All these packages were handled very safely and have reached their destination in good condition within the shortest possible time.

N. Warehousing facilities

4.86 During the Committee's on-the-spot study visit to Ahmedabad the representatives of the Ahmedabad Millowners' Association stated that the warehousing facilities provided at Kandla Port were not adequate. In their opinion, Bombay had a distinct advantage of having a number of well built warehouses, which were partly responsible for increasing the traffic. Imports of cotton to the extent of 25 lakh bales could be imported presently at Kandla Port provided adequate warehousing facilities were available there. At present the importers preferred to import the cotton through Bombay Port. In order to make the Kandla Port attractive to the shippers, it was suggested that prompt measure should be taken to build more warehouses. Some other non-official organisations also pointed out to the Committee that Kandla Port provided inadequate storage facilities to the importers and exporters which was essential with a view to avoid undue delay to the ships. It was, therefore, necessary that either the Kandla Port Trust or the Central Warehousing Corporation should undertake construction of more warehouse near about the Port of Kandla to provide storage facilities to the Trade and industry.

4.87 During the discussion with the Kandla Port authorities at Kandla, the Committee were informed that there were seven

spacious warehouses at the port. Two of the warehouses were being used exclusively by the Food Corporation of India; they were using four warehouses till recently. Three other warehouses were being utilised for storing fertilisers. The Committee were further informed that additional warehousing facility was being created in the Port area. The Central Warehousing Corporation was likely to send a team shortly to make a survey for the purpose. The Port authorities were also prepared to help setting up of warehouses by the interested private parties.

O. Dredging

4.88. During their on-the-spot study visits to Ahmedabad, Kandla Port etc., it was pointed out to the Committee that the foremost difficulty facing the Kandla Port was in regard to the dredging operations. Continuous dredging operations were necessary for removing silt from the sea for ensuring efficient working of the Port. The existing number of dredgers, it was stated, was not adequate and it was necessary that more dredgers should be provided to the Port. Only about half a decade ago vessels with 35 feet draft could be berthed at the cargo jetty. Now only vessels with 30/32 feet draft could negotiate the bar during favourable tides. Vessels with deeper draft, therefore, had perforce to seek other harbours. The breadth of the channel was continuously narrowing down and channel drafts during lean tides came down to as low as 26 feet. It was suggested to the Committee that early provision of another suitable dredger would go a long way to check the deteriorating position of the channel.

4.89 During the course of oral evidence of the representatives of the Ministry of Shipping and Transport, the Committee enquired whether the channel was big enough for berthing of bigger ships, the Chairman, Kandla Port Trust, stated that normally there was no difficulty for ships above the capacity of 20,000 tonnes which took a draught upto 30 to 31 feet. Asked to comment on the point made out by the Ministry of Foreign Trade that the restriction of channel draught at Kandla was causing great concern to charterers like the State Trading Corporation and, therefore, the Port authorities might consider a continuous dredging for keeping the channel open for normal tankers of 16,000 to 20,000 tonnes, the Secretary, Ministry of Shipping and Transport stated "So far, Kandla had only one dredger which has been maintaining the channel in its present position. We have felt that we must make efforts to dredge intensively so that the depth on the bar could increase. For this, the purchase of a new dredger has been sanctioned, and tenders have been called for. As you know, nowadays we are getting them made indigenously. So,

we have to wait till a powerful dredger is available to Kandla Port to go on gradually dredging the bar and reducing it so that ships are in a position to come more often."

4.90 During their discussion with the Kandla Port authorities at Kandla, the Committee were informed that an order had been placed on the Mazagon Docks for supply of a big dredger at an estimated cost of Rs.4 crores. That dredger would take considerable time. Meanwhile it had been arranged that dredger No. 3 belonging to the Central Government, which was presently lying at the Paradip Port, would be placed at the disposal of the Kandla Port. That dredger would come to the Kandla Port during the next about four months, as it had been held up there due to the recent cyclone in Orissa.

P. Welfare facilities

(1) Medical facilities

4.91 During their on-the-spot study visit to Kandla Port etc. it was represented before the Committee by the various non-official interests that the existing dispensary in the Port area was not enough in case of serious illness as well as industrial accidents. The Government Hospital was at a distance of about 20 K.M. and the ambulance charge recovered by the Kandla Port Trust per trip was Rs. 52/s in case of workers other than the Kandla Port Trust, Food Corporation of India and the Kandla Dock Labour Board—the three main employers in the area—might jointly provide a full fledged hospital within the port area.

4.92 The Kandla Port authorities, however, informed the Committee that there was a 20-bed hospital with three doctors, within the Port area although there were no arrangements for major surgical operations in that hospital. For major surgery one had to go to the Government hospital which was fully equipped but that was located at Gopalpuri at a distance of about 20 Kms. From the Kandla Port.

4.93 In reply to a question, the Committee were informed that during the 12-month period from November 1970 to October, 1971, there were 67 accidents, out of which only one could be classified as a major accident. Details of those accidents and their causes were as follows:

- (i) Injury to a shore worker due to the falling of a Tea chest from loaded sling as the hook of the sling slipped from the ring of the tray while the sling was heaved up for loading into the vessel. The worker sustained serious injury to his right arm resulting in partial disability;

- (ii) Injury to a stevedore worker due to accidental fall while cleaning a tank of a Foodgrains tanker. Worker sustained serious injury but it was not fatal.
- (iii) 37 minor accidents while handling tea chests. Such as falling of chests accidentally on the hand or toes and other parts of body of workers while preparing slings and stackings.
- (iv) 28 minor accidents, minor injuries to the worker while handling General cargo/bagged cargo, accidental fall of worker from stacks, slipping of the labourers while carrying head loads.

(2) Housing facilities

4.94. During their on-the-spot study visit to Kandla Port etc. it was represented to the Committee by the various non-official interests that there was an acute shortage of houses for all categories of employees in the Kandla Port and others living around.

4.95. During their discussion with the Kandla Port authorities, the Committee were informed the 71 per cent of employees of the Kandla Port had already been provided with residential accommodation. The remaining 29 per cent of the employees would also be provided such accommodation by the end of the Fifth Five Year Plan. It was pointed out to the Committee that there was a demand all round that the Port authorities should also construct houses for the employees of various other organisations/employers in the Port area, as those organisations were very much linked with the activities of the Port. It was, however, clarified that the Port could not take upon themselves that additional responsibility as that would be beyond their purview.

(3) Schooling facilities

4.96. During their on-the-spot study visit to Kandla Port etc., it was represented to the Committee that the Kandla Port Trust had provided a High School for its employees. But, in view of the growing student population, the same was found insufficient inasmuch as in some of the classes, a hundred or more students were compelled to squat on the ground. The lower classes had not been provided with benches and the writing desks. There was no other High School. The employers in the Port area might jointly provide some schools.

4.97. The Committee feel that a representative of the Steamship Agents should be included in the Board of Trustees of the Kandla Port to make it fully representative.

4.98. The Committee are of the opinion that the representative of the Railways on the Board of Trustees of the Kandla Port should be of a higher rank so that he may be able to take quick decisions at his own level and ensure their implementation insofar as they relate to the Railways.

4.99. The Committee feel that the suggestion of the Kandla Port authorities that the Government of Gujarat should be represented on its Board of Trustees by the Secretary of the Public Works Department merits careful consideration by the Government.

4.100. The Committee desire that early decision should be taken to implement the recommendations of the Major Ports Commission in regard to the pre-1964 debts payable by the Kandla Port Trust to the Government of India. They cannot over-emphasise the need for making the Kandla Port a financially self-sufficient organisation run on commercial lines. The Port should gear up its activities and organise its finances with a view to achieving the objective of a return of twelve per cent on the capital employed, as recommended by the Major Ports Commission.

4.101. From the statement of financial allocations and expenditure made by the Kandla Port Trust during the Third Plan period and subsequent years, the Committee note that the Kandla Port has not been able to utilise fully the allocations made to them. The Committee wish to emphasise the need to manage the finances of the Port more carefully and suitable steps may be taken for a proper phasing of their developmental activities.

4.102. The Committee feel concerned at the steep decline in the volume of traffic handled at the Kandla Port during the past few years. While the Committee appreciate that the decline in import traffic has been largely due to a drastic reduction in the imports of foodgrains on account of the Green Revolution in the country, the Committee feel that adequate steps should have been taken well in advance to secure additional traffic for the Port in view of the continuing decline in the volume of import of foodgrains in the country.

The Committee are of the opinion that vigorous efforts should be made to secure additional traffic in respect of the traditional items of import and export. The possibility of routing some non-traditional items through the Kandla Port should also be explored.

4.103. The Committee cannot over-emphasise the role that the Public Undertakings/Government Agencies can play in boosting the

traffic of the Kandla Port. While agreeing that these Undertakings/Agencies will be guided mainly by commercial considerations in choosing the particular port through which they should route their imports/exports, the Committee would recommend that the Undertakings located in the hinterland of Kandla Port should take a lead in patronising the Kandla Port so that private trading interests may also follow suit. The Government should persuade the various Public Undertakings/Government Agencies, particularly those in the economic hinterland of the Kandla Port to identify the commodities that could profitably be exported through Kandla Port.

4.104. The Committee notice that the Railways have granted concessions for the movement of cotton from 23 stations to Bombay as against from 11 stations to Kandla. The Committee have been informed that there are statutory limitations on the Railways under which they cannot nullify the geographical advantage of one station over another station. However, the Committee feel that in view of the rapid decline in the traffic of the Kandla Port, a change or relaxation in the relevant statutory rules is called for so as to allow necessary concessions being given for movement of cotton, not only from stations which are nearer to Kandla Port than to the Bombay Port but also from other stations so as to improve the position of Kandla Port vis a vis the Bombay Port. The suggestion of the Kandla Port authorities that the freights chargeable for Kandla Port should be proportionately lowered according to the distance involved as compared to Bombay is justified and merits serious consideration, so that there is improvement in the traffic handled by the Kandla Port.

4.105. The Committee find that there has been a continuous decrease in the supply of Railway wagons for the clearance of import cargo from Kandla Port since November, 1970. From the figures furnished by the Kandla Port authorities, it appears that there has been an appreciable drop in the supply of wagons during the period January to October, 1971 when it ranged between 82 and 100 at an average per day, as compared to an average daily supply of 137 wagons in October, 1970. The Committee desire that the Ministry of Railways should look into the question of irregular and short supply of railway wagons for the Kandla Port and take effective steps to remedy the situation.

4.106. The Committee note that the running of night shuttles to and from Kandla Port, which was stopped with effect from the 8th February, 1971 on the ground that the trains were not sufficiently occupied and resulted in loss, was restored with effect from the 15th August, 1971, on the condition that the Kandla Port authorities

would make a payment to the Railways at the rate of Rs. 280 per day. Since the night shuttles are serving the needs of not only the staff of the Kandla Port, but also of other organisations connected with the Port, namely, the Food Corporation of India, the Dock Labour Board, the Customs, the Clearing and Forwarding Agents, Stevedors, Shipping Agents and the general public, the Committee are of the view that there is no justification for this payment by the Kandla Port to the Railways. The Ministry of Railways should reconsider the matter and waive this payment of Rs. 280 per day by the Kandla Port authorities.

4.107. The Committee find that one of the main difficulties faced by the Kandla Port is the inadequacy of shipping facilities. While the Committee appreciate that there is a vicious circle of "no cargo-no shipping and no shipping-no cargo", they feel that the Government should consider the provision of adequate shipping services at the Port as part of the infra-structure facilities and bear the extra expenditure involved thereon for some time, until there is a regular flow of traffic through the Port. The advantages thus obtained are likely to outweigh the expenditure incurred in the long run. This may be examined by the Government in detail.

4.108. The Committee note that the Ministry of Agriculture have undertaken a special project for mechanical discharge of fertilizers at Kandla Port which is likely to be completed by 1973-74. They further note that with the improved equipment being available for handling fertilisers at the Port there will be an increase in the effective availability of berths. The Committee hope that necessary steps would be taken well in advance to secure more fertiliser traffic for the Port so that the additional facilities created at the Port are utilised to the maximum.

4.109. The Committee note that there is great scope for export of salt which is produced in abundance in the close proximity of the Kandla Port. In fact, this is one of the items which can provide perennial bulk cargo for the Port. However, the existing methods of handling salt at the Port are not conducive to attract foreign importers. The Committee have been informed that as compared to 40,000 tonnes of loading per day in Mexico, the Kandla Port can load only 2,000 tonnes of salt per day. Thus, Japan, one of our bulk buyers of salt till recently does not find it competitive enough to import salt from India any longer and has started its import from Mexico and other countries. The Committee feel that there is an urgent need to step up efforts to improve the rate of loading of salt at the Kandla Port not only to give a fillip to the export trade of the country, but also to make more extensive use of the port facilities available at Kandla.

4.110. The Committee are happy to note that the Kandla Port authorities are taking necessary steps to create additional warehousing facilities and the Central Warehousing Corporation are likely to send a team to make a survey for the purpose, so that no traffic gets diverted to other competing ports simply due to inadequate warehousing facilities at Kandla.

4.111. The Committee note that continuous silting of the entrance channel is one of the major problems faced by the Kandla Port. They, however, note with satisfaction that both the Ministry of Shipping & Transport and the Kandla Port Trust Authorities are conscious of the problem and that energetic steps are being taken to provide adequate dredging facilities at the Port. Pending supply of a new dredger by the Mazagon Docks for which an order has already been placed on them, the Committee hope that dredger No. 3 belonging to the Central Government, which has been placed at the disposal of the Kandla Port, would be brought quickly from the Paradip Port which had been held up there on account of the recent cyclone in Orissa.

4.112. The Committee desire that arrangements should be made to provide adequate medical, housing and educational facilities for the employees of the Kandla Port.

DEVELOPMENT OF KANDLA FREE TRADE ZONE

A. Working of the Zone

5.1. The Scheme for the establishment of the first free trade zone in India at Kandla was approved by the Cabinet at their meeting on the 22nd March, 1963. In a written note furnished to the Committee by the Ministry of Foreign Trade, it has been stated that the main objects of the scheme as originally approved by the Cabinet are:—

- (a) To promote Indian exports and earn more foreign exchange;
- (b) To bring about fuller utilisation of the facilities already developed at Kandla Port; and
- (c) To increase the employment potential of Kandla-Gandhi-gham.

5.2. The area of the Zone has been segregated by double fencing and is under Customs control with adequate arrangements to prevent smuggling etc. The scheme provides for customs as well as Central Excise duty free import/supply of plant and machinery, component parts and raw materials into the Zone. The scheme is at present governed by the provisions of the exemption notification pertaining to Customs and Central Excise issued by the Ministry of Finance (Department of Revenue and Insurance) and as amended from time to time. The goods manufactured in the Zone are exempted from the levy of Central Excise duty as well. The Kandla Free Trade Zone scheme is 100 per cent export oriented i.e. all goods produced in the Zone have to be exported out of India except certain per centage of wastage to be fixed industry-wise. Items like Diamonds, Gold and Silver, watches and Narcotics etc. are not permitted for import into the zone.

5.3. Eighteen industrial establishments have been set up in the Zone so far, out of which 14 units are working at present. The

particulars of their fixed capital assets in the Zone, their out-put in 1970-71 and yearly exports are as indicated below:

Year	Total exports from the zone (Rs. in lakhs)	Number of units working in the zone
1966-67	7.49	1
1967-68	8.95	1
1968-69	51.81	6
1969-70	60.18	9
1970-71	34.44	10
1971-72 (April--June)	14.05	14

Position of units as on 26-7-1971:

Number of units in production	14
Number of units approved but not yet in production	33
Number of approved banks and warehouses	4

Exports from the Zone increased from Rs. 7.5 lakhs in 1966-67 to Rs. 60.18 lakhs during 1969-70. The set back in exports during 1970-71 has been stated to be due to shortfall in the production of a single firm viz. M/s Simac Group producing Hand Knitting Machines which had some difficulties of their own. As reported by the Development Commissioner, Kandla Free Trade Zone, the firm was not able to make any exports of its products after August, 1969 due to the fact that earlier exports made by them were found defective. In view of this, the firm was not in a position to secure fresh export orders from the foreign buyers. It appears that the firm had subsequently succeeded in getting orders on condition that pre-shipment inspection of its hand knitting machines was made before export. The firm has reported to the Development Commissioner that it has been able to secure orders on the basis of pre-shipment inspection and that it would be able to make exports from June, 1971. From the data furnished by the Development Commissioner, it is found that the firm has succeeded in exporting goods worth Rs. 7.5 lakhs in the period April-June, 1971. It has been stated by the Ministry of Foreign Trade that as the Zone gets more broad based and more units come into operation, there would be less danger of such sharp variation in performance depending on the fluctuations of one or two units. Exports from the zone have, however, shown improvement during the year 1971-72.

5.4. The goods under production in the Zone are stainless steel utensils, water-proof tarpaulins, art silk fabrics, hand knitting machines, embroidered fabrics, pharmaceuticals and medicines, in packed processed peanuts and polylined jute fabrics etc. Two units manufacturing tin-packed processed peanuts and cashewnuts and polylined jute fabrics and bags have recently gone into production. With these two bigger units functioning, exports are expected to exceed Rs. 1.5 crores in 1971-72. Another three to four units are expected to commence their production shortly.

5.5. It has been stated that there are about 50 parties on the approved list at present. All the development works are now nearly complete as works costing Rs. 80.40 lakhs have already been completed up to the end of 1970-71. Kandla is now linked with a broad gauge railway line also. Out of the total 200 plots, 33 plots have already been allotted besides 16 Government constructed industrial sheds which are also all occupied by entrepreneurs. A sum of Rs. 8.07 lakhs has been provided in the budget estimates for 1971-72 to meet the expenditure on the development of the Zone which includes security arrangements, road, water supply and internal distribution lines, drainage system etc. and cost of administration. The provision made for works during 1971-72 is Rs. 3.66 lakhs as compared to Rs. 3.50 lakhs for the year 1970-71.

5.6. Import licences issued during the year 1970-71 for raw materials and components were worth Rs. 29,45,172. Similarly, in respect of machinery import licences were issued during the year for Rs. 4,26,868 thus bringing the total from the inception of the zone to Rs. 96,11,360 as against the aggregate exports worth Rs. 1,76,92,476 ending June, 1971.

5.7. The Ministry of Foreign Trade have added that while the progress has been satisfactory considering the various odds and the fact that this was the first free trade zone of its kind in India, the Free Trade Zone at Kandla would have fared.

5.8. The various concessions/facilities available to entrepreneurs in the Zone are indicated at Appendix V. With a view to attracting investment from non-residents of Indian or non-Indian origin, special facilities were announced in 1969 for stepping up export production in the Zone such as 100 per cent foreign investment, liberal re-patriation rules, practically unrestricted import of plant and machinery etc.

5.9. In the written note furnished by the Ministry of Foreign Trade it has been stated that representations have also been received in the Ministry from time to time for further concessions to units

in the zone. The Ministry has also been reviewing the position constantly in order to see what further facilities are required. A step that has recently been taken (in March, 1971) is to set up a highpowered Committee called the Kandla Free Trade Zone Committee which will consider applications for the setting up of new units in the Zone, import of capital goods and raw materials by those units and various other connected matters. This high powered committee consists of representatives of the Ministry of Industrial Development, Department of Economic Affairs, Revenue & Insurance, Expenditure, Transport and Shipping, CCI&E and State Government of Gujarat etc. under the chairmanship of Additional Secretary, Ministry of Foreign Trade. Proposals in regard to grant of soft loans, higher tax concessions etc. to the entrepreneurs in Kandla Free Trade Zone are also being pursued. It has also been decided that the units in the Kandla Free Trade Zone from 30th March, 1971 onwards be treated as recognised Export Houses for the purpose of grants-in-aid under the code of grants-in-aid for export efforts for assistance from Marketing Development Fund provided the project/proposals get the prior approval of the MDF Committee. It has further been decided to engage the Indian Institute of Foreign Trade to enquire into the difficulties and problems affecting the development of the Kandla Free Trade Zone and to make realistic recommendations which would lead to a quicker and significant development of the Zone. The report of the Indian Institute of Foreign Trade is expected shortly.

5.10. The Ministry of Foreign Trade have also added that while the full potential of Kandla Free Trade Zone is yet to be realised, the results achieved so far are not unsatisfactory and in coming years, it is hoped, that the response from the entrepreneurs will be more positive. On the success of Kandla Free Trade Zone would also depend whether there should be more such Free Trade Zones in other parts of the country as at Goa, Pondicherry and Haldia.

5.11. During the course of their on-the-spot study visit to Ahmedabad, Kandla etc., the representatives of the trade and industry located in the Kandla Free Trade Zone stated before the Committee that the concessions and incentives prevailing today in Kandla were not adequate and the basic objects to boost exports, to capture international markets, and to provide employment to the people of the region had not been achieved; and those would not be achieved unless the Government put the Kandla Free Trade Zone at par with similar other Zones in the world. It was further pointed out to the Committee that when the Zone was established in the year 1965, the Government offered to the entrepreneurs, liberalised imports,

port facilities, easy financing, stock piling, diversion of certain percentage of production to the local markets etc. Considering the facilities offered by the Government, the scheme received a fairly good response i.e. about 500 applications were received. Out of those applications, after scrutiny, the Government approved 50 licencees decided to take the plots in the zone, out of which at present only 18 units had been set up. But as far as real functioning was concerned, it would be pointed out that actually only 2½ to 3½ units were functioning. Against the total investment of about two crores in the zone, there had been export of only 1.8 crores during six years i.e. about Rs. 30 lacs per year.

B. The shortcomings

5.12. The representatives of the trade and industry located in the Kandla Free Trade Zone pointed out to the Committee the following drawbacks which contributed the decay of the Zone:

- (i) In the absence of the shipping facilities at the Kandla Port, the units in the Zone had to use the Bombay Port for importing their raw materials and for exporting their consignments. Besides, there were many cumbersome and costly formalities of executing various types of bonds and guarantees required by the Free Trade Zone authorities, Kandla Port authorities and the Bombay Port authorities. All that resulted in extra expenditure of 10 to 15 per cent which made the units in the zone less competitive in the world market.
- (ii) Skilled labour was not available and, therefore, higher wages were required to be offered, which added to the cost of production.
- (iii) The Kandla Free Trade Zone being located in an under developed area, machinery maintenance facilities were absent and, therefore, the entrepreneurs had to depend on facilities available in far off places like Rajkot or Ahmedabad which also added to the cost and resulted in stoppages of the plant for long periods.
- (iv) Exemption on certain items under local Sales Tax and on all items against Central Sales Tax was not made available to the Zone industries.
- (v) Due to burdensome customs formalities it took weeks or sometimes months for import consignments received through Bombay to reach the Zone. Those formalities

upset the shipping schedules of exports and finally resulted in loss of the future tenders from overseas buyers.

- (vi) Units in the Zone were 100 per cent export-oriented. But it was always difficult and time consuming and expensive to develop overseas markets and it was natural that the production capacity of the industries in the Zone was always under-utilised, which added to the cost of production. Hence, if there was a backing of internal sales, the units in the Zone would be quite competitive in their export markets.
- (vii) The wrong interpretation put on the facilities offered to the industries in the Zone, as stated in the booklet published by the Kandla Free Trade Zone authorities, had resulted in the provision of less incentives than those available to the industries located outside the Zone. For example, the pharmaceutical industry outside the Zone was given 20 per cent cash incentives but the industry located inside the Zone got only 15 per cent cash assistance. That would make the units uncompetitive in the international markets.

Suggestion for improvement

5.13 Asked what measures were necessary for improving the functioning of the Kandla Free Trade Zone, the representatives of trade and industry located in the Zone made the following suggestions:

- (i) A minimum incentive of 10 per cent should be offered to all units inside the Zone. Cash incentives to the Zone units should be 100 per cent more than that given to units outside.
- (ii) At least 25 per cent of the production should be allowed to be diverted to internal markets for fuller utilisation for production capacity, which could help the industry to more competitive in the international market.
- (iii) Until Kandla started functioning regularly, an agency should be created which would deliver the imported consignments to the Zone from Bombay and also took export consignments from the Zone by issuing a through bill of lading. That should be considered as one of the infrastructure facilities like electricity power, land etc. In the

absence of that vital infra-structural facility, the industries in the Zone had to spend at least 10 to 15 per cent extra transshipment charges which always made the exports from Zone expensive in international markets.

- (iv) Regular shipping services, at least two times a month, should also touch Kandla Port as it would help not only the Zone but also importers and exporters of the hinterland.
- (v) The industries in the zone had to suffer greatly due to inordinate delays in the clearance of their proposals. There should be a High Power authority consisting of top ranking officials of the Central and State Governments who should take decisions in respect of the industries of the Zone. The authority should also include representatives of the Zone industries. That type of authority was very vital to the effective functioning and fulfilment of the purpose for which the Zone was set up, namely, increase in exports.
- (vi) Exemptions from income-tax for at least 10 years should be given. The units established in the zone should be treated as separate entity and considered as priority industry for the purpose of development rebate.
- (vii) Exemptions for a period of ten years should also be given in Central and State Sales Tax duties, fees etc.
- (viii) Facilities for easy loans and all advances whether hypothecated, packing credit or pledges from commercial Banks and financial institutions at concessional interest should be made available to the Zone industries.
- (ix) All the cumbersome formalities like bank guarantees, execution of bonds, Kandla Customs formalities and Port formalities should be done away with. The post of Customs Appraiser should be filled forthwith. The demand of bank guarantee on market value had proved a great hindrance to the exporters of the Zone.
- (x) Feasibility of introducing scheme of drawback of excise and import duty on raw materials secured from indigenous sources should be evolved, as it was not possible to import all the items and that too in a very small quantity from abroad. In view of cumulative need for the use of such indigenous raw materials, the units were put to unavoidable loss in the absence of such a scheme. The above facility might, therefore, be introduced at the Kandla Free Trade Zone.

- (xi) The Ministry of Foreign Trade should make lump sum market development fund grants to the Zone Administration for being given to the zone units on the basis of individual requirements and merits.
- (xii) Recognised export houses and agencies often requested for samples on behalf of their overseas customers. Provisions should be made to allow clearance of such samples without payment of duty in India.
- (xiii) With a view to ensure expeditious disposal of scrap and waste it was essential that Section 66 of the Customs Act be made applicable to the Zone. Moreover, definite policy for disposal of scrap and waste be evolved and implemented for the Zone as early as possible.
- (xiv) With a view to encourage and assist organic growth and development of industries in the Zone, it was essential that adequate housing facilities should be provided in the vicinity. Moreover, necessary provision for training of labour and other welfare amenities should also be provided there. In addition to that, facility for internal transport should be made available so as to ensure quick movement of people to and from their work.

5.14. The Committee are unhappy to note that the Kandla Free Trade Zone, which is the first of its kind in the country, has not been able to achieve its objectives of promoting exports, making fuller utilisation of the facilities developed at the Kandla Port and increasing the employment potential in the Kandla—Gandhidham area. Instead of expansion, the industrial activity in the Zone has slowed down considerably during the past few years. As against 50 parties on the approved list of the Government, only 18 industrial units, have been set up in the Zone so far. Out of those 18 units only 14 are actually working at present, as stated by the Ministry of Foreign Trade. The industrialists in the Zone have, however, pointed out to the Committee that only 2-1/2 to 3-1/2 units are engaged in actual production.

5.15. The Committee find that in the absence of adequate shipping facilities at the Kandla Port, the industrial units in the Kandla Free Trade Zone have to resort to Bombay port for import of raw materials and export of finished goods. On this account they have to undergo cumbersome and costly formalities and incur an additional expenditure of 10 per cent to 15 per cent. The Committee desire that the Government should consider the feasibility of setting up a single unified agency under the Government which should undertake all the responsibility for handling the import/export cargo between

the Kandla Free Trade Zone and the Bombay Port and deliver the goods to the parties at the Kandla Free Trade Zone so that the parties are not required to incur the additional expenditure to the tune of 10 per cent to 15 per cent.

5.16. The Committee note that the industries in the Kandla Free Trade Zone are not permitted to dispose of their scrap/sub-standard goods for utilisation within the country which has resulted in large scale accumulation of such material in their premises, besides blocking up of their capital. The Committee suggest that the Government should evolve a definite policy for the disposal of scrap/sub-standard goods so that the above difficulties of the entrepreneurs in the Zone are removed. In this connection the Government may examine are removed. In this connection the Government may examine plicable to the industries in the Zone.

5.17. The Committee have given their careful consideration to the other problems faced by the industrialists in the Kandla Free Trade Zone. The Committee recommend that the Government may set up a study team consisting inter alia of the representatives of industrialists in the Zone to undertake a comprehensive review of the working of the Zone, in the light of the experience gained so far and to make definite proposals to realise quickly the original objectives of the Kandla Free Trade Zone. It is imperative to make a success of this scheme so that the setting up of more free trade zones to boost the exports from the country may be expedited as in other foreign countries.

VI

DEVELOPMENT OF TUNA PORT

A. Introductory

6.1. Tuna is situated in the Gulf of Kutch west of Kandla Port. It is at a distance of about 35 Kms. from Kandla.

6.2. Before 1955, Tuna was one of the minor ports in the erst-while Kutch State. On 1st April, 1950 when Kandla was taken over by the Government of India for the construction of a Major Port, Tuna fall within the limits of the Port of Kandla controlled by Kandla Port Organisation. The Administration of Tuna is with the Kandla Port Trust.

6.3. Tuna is a tidal port and the channel in which the sailing vessels are tied gets completely dried when the tide recedes. It has, therefore, never been possible even in the past for the sailing vessels to enter into or sail out of the port except on high waters. The sailing vessels approaching Tuna normally drop their anchor at south Tekra Light House awaiting favourable tide conditions. Sailing vessels upto 100 DWT can navigate the channel.

B. Facilities available

6.4. Tuna port offers *inter alia* the following facilities:

- (i) Tuna has been provided with a long wharf where about 20 sailing vessels can be conveniently tied at a time.
- (ii) At one end of this wharf an open plot and a storage shed of 200 tonnes capacity have been provided for the storage of cargo.
- (iii) A narrow-gauge trolley track runs along the entire length of the wharf to facilitate transport of goods between the sailing vessels and storage places mentioned above.
- (iv) Facilities are also available for beaching sailing vessels for repair purposes as also for storage of large quantities of timber.

C. Traffic handled

6.5. In a written note furnished to the Committee by the Ministry of Shipping and Transport, it has been stated that prior to

the construction of Major Port of Kandla, the sailing vessel traffic at the minor ports in Kutch was considerable. This was mainly due to the fact that Kutch was not connected to the rest of the country either by road or by rail and all the goods from rest of India had to be brought to Kutch by sea. The first rail connection from Kutch to Rajasthan and Gujarat via Palanpur was established in 1952 when the metre-gauge line was inaugurated. Since then movement by rail|road is found to be more convenient and economical than transport by sea.

6.6. The main commodities of traffic which were being handled at Tuna prior to the taking over by Kandla Port Organisation were as follows:

Imports

Timber, Cement, Jaggery, coir, coconuts, spices, ground-nuts, groundnut oil and mineral oil in drums and tins.

Exports

Wool, cotton, hides, etc.

The annual traffic, imports and exports separately, from 1950-51 till the first quarter of 1971-72 is given in Appendix VI. The Ministry of Shipping and Transport have stated that the traffic has fallen considerably from 1956-57 when Kutch was connected by road to the rest of country, and has reached the lowest figure of 2630 tonnes in 1970-71.

6.7. It has been stated that Kutch was connected by metre-gauge railway in the year 1952. All wheather roads across the Rann of Kutch came into use from about 1965. These two facilities, viz., the railways and the roadways took away quite a considerable portion of the sailing vessel traffic handled at the minor ports in Kutch. There are obvious advantages of the land transport as compared to the sailing vessel transport, the main being that there is less risk of the goods being damaged or lost in transit. Similarly, the time taken in transit is much less and there could be a more or less correct estimate as to the date on which the goods can reach the destination. This is not possible in the case of sailing vessels as their progress is governed by several factors like the weather, the availability of stores the crew etc. The National Highway connecting Kutch to Gujarat over the Rann of Kutch was completed in 1970. Since that time again there has been further decline in the sailing vessel traffic as the road traffic is more advantageous since it moves the goods from warehouse to warehouses minimising not only the time in transit but also losses due to damage or pilferage on the way.

6.8. In regard to the steps taken for the development of traffic at the Tuna Port, it has been stated that the Minor Ports normally cater to the traffic of the area in the immediate promimity of these ports. The most important township near Tuna is Anjar which is about 19 Kms. away from Tuna. The Anjar Merchants Chamber of Commerce which has a representation from the sailing vessels owners, has approached the Kandla Port authorities on several occasions suggesting steps to be taken for the development of traffic at Tuna. Their suggestions have been considered and the following steps have been taken from time to time to augment the use of Tuna:—

- (i) When the rules applicable at the Port of Kandla became applicable to Tuna, it was eobserved that the working hours at Tuna were from 7 A.M. to 11 A.M. and from 11.30 A.M. to 3.30 P.M. The trade operating at Tuna had, therefore, to pay overtime beyond the above prescribed working hours. The port working hours for sailing vessels were therefore, amended to 8 A.M. to 12 noon and 1 P.M. to 5 P.M. In addition to amending the above working hours, it was also declared that the work done during recess hours will be free of payment of overtime charges. The sailing vessels are at present charged over-time only for work performed on Sundays and holidays and also for night which is a specified as 5.30 P.M. to 9.30 P.M. and 10.30 P.M. to 2.30 A.M.
- (ii) Since the rates prescribed for various services at the port of Kandla are higher than the rates prescribed by the Gujarat State for services of the minor ports in the State, the entire structure of the rates applicable at Tuna was completely revised and the Scale of Rates was prescribed for Tuna. The revision came into force with effect from 3rd December, 1970.
- (iii) The beaching for the entire length of the wharf at Tuna has been improved and a number of bollards have been provided for the safe mooring of the sailing vessels.
- (iv) The channel at Tuna is dredged manually on several occasions incurring; a substantial expenditure to improve the navigation facilities.
- (v) A wireless set has been kept at Tekra light House which is near to Tuna and this station is in constant touch with wireless station at New Kandla so that in case any help is

required by any sailing vessel approaching Tuna, the same can be brought to the notice of the Navigation authorities at New Kandla.

- (vi) In order to ensure supply of fresh water to the sailing vessels at Tuna, the Kandla Port Authorities are subsidising the village Panchayat for engaging a Water Carrier to transport sweet water from a well which is about 1 Km. away from the port.

6.9 The Ministry have stated that despite the above facilities provided at Tuna and the steps taken from time to time at the request of the trade using Tuna, the traffic at Tuna is registering a step decline in recent years. As stated above, this is mainly due to the fact that the sailing vessel traffic is now gradually being replaced by road transport system which is quicker and safer and consequently more economical. Similarly certain commodities which were being imported at Tuna like Ground-nuts, spices, P.O.L. etc., are no more required to be imported. Ground-nut and spices are now grown in the district of Kutch to a sufficient extent and as far as P.O.L is concerned all the major Oil Companies have their storage installations located at Kandla where oil is imported in large ocean-going vessels. There is, therefore, no need for sailing vessels to bring this commodity from other coastal port.

6.10. The Ministry of Shipping and Transport have also added that traffic by sailing vessels has been coming down during the last 10 years all over Gujarat Ports and not only at Tuna. The percentage of traffic carried by sailing vessels to the total sea-borne traffic of Gujarat was 31 percent in 1959-60 but this had decline to 13 percent in 1968-69. The figure is likely to have gone down still further since then and this is a situation which cannot be helped.

6.11. The Committee note that despite various steps taken to augment the use of Tuna Port, the traffic handled at the Port has registered a steep decline in recent years. They also note that the traffic by sailing vessels has been coming down during the last ten years at all the Gujarat Ports. The percentage of traffic carried by the sailing vessels to the total sea-borne traffic of Gujarat which was 31 percent in 1959-60, declined to 13 percent in 1968-69. Since the administration of Tuna Port rests with the Kandla Port Trust, the Kandla Port authorities should take effective steps to arrest further decline in the traffic handled by the Tuna Port.

ANANT PRASAD SHARMA,

Chairman

Committee on Petitions

NE; DELHI;

The 20th January, 1972.

APPENDIX II

(See para 4.14 of the Report)

Statement showing Income and Expenditure of Kandla Port from 1957-58 to 1970-71 and as anticipated from 1971-72 to 1973-74

Year	Income	Expenditure	Surplus/ Deficit
1957-58 .	47,96,012	29,50,222	(+) 18,45,790
1958-59 .	68,06,815	30,45,888	(+) 37,60,927
1959-60 .	66,40,726	46,49,777	(+) 19,90,949
1960-61 .	86,93,078	77,50,897	(+) 9,42,181
1961-62 .	84,20,804	71,53,905	(+) 12,66,899
1962-63 .	1,12,83,393	89,91,812	(+) 22,91,581
1963-64 .	1,17,22,365	98,99,696	(+) 18,22,669
1964-65 .	1,24,89,762	1,70,64,295	(-) 45,74,532
1965-66 .	1,56,01,643	1,25,53,933	(+) 30,47,710
1966-67 .	1,84,86,004	1,48,79,289	(+) 36,06,715
1967-68 .	1,88,95,006	1,79,82,476	(+) 9,12,530
1968-69 .	2,10,97,549	1,88,84,586	(+) 22,12,963
1969-70	2,60,63,178	2,53,91,563	(+) 6,71,615
1970-71 .	2,41,48,558	2,59,55,891	(-) 18,07,423
1971-72 . (Budget Estimates)	2,40,50,300	2,77,13,900	(-) 36,63,600
1972-73 . (Anticipated)	2,33,64,000	2,48,00,000	(-) 17,64,000
1973-74 . (Anticipated).	2,67,23,000	2,57,50,000	(+) 9,73,000

APPENDIX III

(See para 4.41 of the Report)

Comparative Statement showing the distance and railway freight charged on cotton for Bombay and Kandla

S. No.	Station from	Distance to		Existing Freight Charged for		Proportionate Freight chargeable at Kandla on distance Basis
		Bombay	Kandla	Bombay (Per Tonne)	Kandla	
(1)	(2)	(3)	(4)	(5)	(6)	(7)
		(in Km.)	(In Km.)	Rs. P.	Rs. P.	Rs. P.
*1.	Bhudhlada	1752	1235	11.15	11.23	8.84
*2.	Rampuraphul	1861	1207	12.21	12.29	9.67
*3.	Abohar	1900	1245	12.32	12.40	8.09
*4.	Uklana	1808	1092	10.61	16.69	6.41
*5.	Nabha	1807	1239	12.25	12.33	8.35

contd.

*6. Khanna .	1843	1307	12.24	12.32	10.79
*7. Kotkapura	1870	1217	12.13	12.21	7.89
*8. Jaitu .	1854	1219	11.84	11.92	7.78
*9. Bhattu .	1845	1113	10.95	11.03	6.61
*10. Malout	1872	1228	12.00	12.08	7.87
11. Bhatinda	1828	1231	13.31	12.29	8.96
12. Barnala	1893	1239	14.93	12.29	9.77
13. Maur .	1794	1200	13.64	11.94	9.12
14. Mansa	1775	1219	13.51	12.11	9.28
15. Bhuchhu .	1846	1192	14.75	11.94	10.61
16. Muktsar	1903	1249	14.02	12.29	9.20
17. Mandidabwali .	1863	1139	12.94	11.54	7.91
18. Sriganganagar .	1957	1150	13.23	11.54	7.21
19. Sangaria .	1890	1109	13.00	11.35	7.57
o. Kesrisinghpur	2001	1175	11.74	11.74	6.89

1	2	3	4	5	6	7
21.	Roesinghnagar	2058	1232	12.56	12.29	7.52
22.	Srikarsapur	2023	1197	12.37	11.94	7.37
23.	Gajsinghpur	2044	1218	10.95	10.11	6.52
24.	Hansi	2008	1068	11.10	10.96	5.85
25.	Palanawali	1745	1828	11.89	9.18	5.64
26.	Raman	1856	1169	13.32	11.74	8.40
27.	Sirsa	1903	1249	13.01	12.29	8.54
28.	Sachoo Garh	1774	1366	12.60	13.16	9.70
29.	Gidorba	1856	1282	11.64	11.72	8.05

NOTE: 1. Col. 6, freights for Kandla include special haulage charges @Rs. 11.40 per 4 wheeled Metre Gauge, Wagons from Gandhidham to Kandla.

***NOTE: 2.** Stations from which concessions are available for Kandla are marked (*).

(1)

(2)

offered by the port in respect of imports and exports from and to the hinterland of this port. As a result of these discussions a list of the goods which could be economically imported or exported through Kandla was prepared. The S.T.C. have since been importing some of their Soyabean Oil requirements through this port and are also organising export of Salt which is produced locally at Kandla.

The Chairman of S.T.C. visite Kandla on 27-1-1971 and had detailed discussions with the Chairman and officers of the Kandla Port Trust, the Development Commissioner, Free Trade Zone and various trade interests including the President of the local Chamber of Commerce. He assured that all consideration will be given to make increased use of this port by the S.T.C. as far as it was practicable and economically feasible to do so.

The Port Trust have appointed a Trade Promotion Officer to maintain liaison with the S.T.C. and other trade interests and to explore the possibility of channelising imports and exports of other items through Kandla.

The Gujarat Chamber of Commerce recently organised a seminar to discuss *inter-alia* the problems pertaining to the S.T.C. and also to a certain the possibilities of increased use of Kandla Port by the S.T.C. for their imports and exports. This seminar was attended by the Chairman and other officers of the Kandla Port Trust. The follow-up action in this regard is being taken by the Port's Trade Promotion Officer.

3. The Ministries concerned may be requested to ensure that the public undertakings in the hinterland of Kandla route their imports and exports through Kandla wherever it is economical to do so.

3. The Ministry of Shipping and Transport have already requested the Ministries concerned to issue suitable instructions to the Projects/Undertakings under them to route their imports and exports through Kandla wherever it is economical to do so. As a result of this, Hindustan Copper Ltd., Khetri (Rajasthan) have already contacted Kandla Port Trust and they are considering to route their imports through this port. The Fertiliser Corporation of India and Zinc Smelting Factory, Udaipur are already making use of this port to some extent. The Trade Promotion Officer of the Port is taking necessary follow up action and is also in touch with the other undertakings in the area.

4. The Government of Gujarat and the Chambers of Commerce concerned should make a study of the movement of traffic from their areas and persuade the importers and exporters to route their cargoes through Kandla according to a programme. This would also ensure regular shipping schedules being drawn up.

4. This recommendation has been brought to the notice of the Government of Gujarat and the Chambers of Commerce concerned.

The Government of Gujarat in the Industries Department assisted by the Gujarat Vepari Maha Mandal had convened a Conference in Ahmedabad on 22-6-1970 where the facilities and advantages offered by Kandla Port were highlighted by the Chairman and his officers so that traders in Gujarat are attracted to use this Port. The meeting was attended by the Minister for Revenue and Ports and the Minister for Finance of the State and several importers and exporters along with representatives of shipping.

Some suggestions were made at the said conference for increase in the traffic of Kandla port. It was also decided at this Conference to form a small Working Group to take the necessary follow-up action. The State Government is considering the suggestions made in the conference.

On the request of the Government of Gujarat, the Gujarat Chamber of Commerce and Industry has appointed a Study Group on utilization of Ports of Gujarat and to study the movement of traffic originating and terminating at various ports, of Gujarat including the major Port of Kandla. The Chamber is also taking up the question with the importers and exporters in Gujarat falling within the hinterland of Kandla Port to route their cargoes through Kandla.

A Conference of trade interests in the Punjab was convened at Amritsar in May, 1970 jointly by the Industries Department, Punjab and Northern India Chamber of Commerce where the Chairman and Traffic Manager, Kandla Port Trust were present. The then Deputy Minister, Ministry of Shipping and Transport addressed this Conference high-lighting the advantages offered by Kandla Port to importers and exporters of the area. Exports of Rice-bran and guar gum from Punjab and Haryana region have since commenced through Kandla. Further efforts to attract traffic from the Northern region continue to be made.

A similar seminar is being organised at Jaipur.

5. Having considered all aspects, the Committee recommends that specific requests for railway concessions which the commercial interests may make to the Railway Board may be considered sympathetically keeping in view the need for development of traffic for Kandla.

5. The recommendation has been brought to the notice of the Ministry of Railways (Railway Board) as well as the Chambers, of Commerce concerned, for necessary action. A joint delegation comprising of the members of the Chambers and Associations concerned met the Minister of Railways on 13-4-70 and submitted to him a representation for granting concessional freight rates by the Railways for exportable items to be shipped from Kandla. Kandla Port Administration also has been pressing for these concessions.

As a result of these representations, the Western Railway have notified station-to-station freight rate concessions for movement of cotton (raw) full pressed for export through Kandla Port. The Railways have also granted concessions on railway freight on the following commodities to the extent indicated against each on specific requests being made by the trade interests concerned:—

Sl. No.	Commodity	Date from which concession is granted	Remarks
1.	Mica Waste	1-1-69	Concession granted to the extent of 25% for cargo from Bhilwara.
2.	Iron Ore	1-4-70	Concession ranging from Rs. 10 to Rs. 13 per tonne for ore coming from Rajasthan. This concession is upto 30-9-71. These concessions have been widely circulated among the concerned trading interests by Kandla Port Trust, but no traffic in these commodities had yet started moving through Kandla.

6. Once regular exports start flowing through Kandla, shipping services will automatically grow. With a view to break the vicious circle of 'no-shipping-no-cargo', 'no-cargo-no-shipping', the Kandla Port authorities should continue their efforts to co-ordinate the requirements of the exporters and the ship-owners.

6. The Kandla Port Trust convened a meeting of shipowners and exporters with a view to co-ordinate the shipping schedules of the exporters with the availability of liner services. Further, as soon as liner programme is known, the port authorities circulate this information widely amongst the exporters in the hinterland in order to enable them to take advantage of the calling of the liner vessels and send their export goods for shipment to Kandla. However, on some occasions the exporters did not offer adequate cargo with the result that calling of the liner vessels had to be cancelled.

Due to the continuous efforts made in coordinating the requirements of the exporters with the shipping companies, it has been possible to arrange for regular liner services as indicated below:

For U.K. & Continental Ports: Once a month for export of Rice-bran and Crushed bones. (During Tea Season 2 to 3 times a month.)

For U.S. Ports: Once a month for export of Guar-gum.

For Persian Gulf Ports: Once a month for export of Engineering goods.

In spite of the above, in certain cases liner coverage is not available to the extent required by the exporters concerned. This question is being pursued with the West Coast India/West Asia (Gulf) Conference.

7. The Director General of Shipping should ensure that the construction of a Seamen's Club at Kandla is expedited.
7. The Kandla Port Trust has leased out on a nominal rent a fully developed plot of land admeasuring 4043 sq. metres to the Director General of Shipping for the construction of Hostel-cum-seamen club at Kandla. The Government of India have also since accorded administrative approval and expenditure sanction to the construction of this hostel-cum-club at a cost of Rs. 6.09 lakhs and the work has been entrusted to the C.P. W.D. It is likely to be completed by the end of 1972.
8. The Port Trust should allow a reduction in the rate of Port Charges on fertilizers in respect of traffic exceeding a slab, the limits of which the Port Trust may fix after discussions with the Ministry of Food and Agriculture. Similar slab system can be introduced in cases where considerably large bulk traffic in any commodity is assured over and above the peak traffic in those commodities which the Port Trust had been hitherto handling.
8. Kandla Port Trust have introduced a slab system of charges for fertilisers from 22-1-1970, as recommended by the Committee. In spite of this, however, the imports of fertilisers through Kandla have not shown any increase. This is mainly due to the fact that there is no congestion at other ports like Bombay and Cochin and some of the traffic which was previously coming to Kandla due to congestion at other ports is being sent direct to those ports now as it is meant for consumption centres nearer to those ports.
- The Ministry of Agriculture has however, undertaken a special project for mechanical discharge of fertilisers at Kandla Port. This facility is likely to be completed by 1973-74 after which the traffic in fertilisers, sulphur and rock phosphate is expected to be of the order of about 1 million tonnes.
9. The Port Trust should look into the wharfage charges (including Pipeline charges) on petroleum products in general and on Naphtha in particular to see whether any reduction is possible.
9. The Kandla Port Trust have suitably amended the wharfage charges on export of petroleum products including Naptha. This has resulted in increased exports of Naptha in the year 1969-70. However, subsequently these exports have reduced considerably due to non-availability of surplus Naptha in the Koyali Refinery. POL products are generally being imported through Kandla Port and such imports have been on the increase. However, there have not been any exports of any other petroleum products through Kandla.

10. A general comparison of the port charges alone at Kandla with Bombay would be of real significance only in respect of commodities in which there is a potential for building up of traffic at Kandla. The Kandla Port Trust should, therefore, identify items where cargo could be generated by making suitable reductions in port charges. In respect of these commodities, the port charges have to be made sufficiently attractive in order to make diversion of traffic to Kandla possible.

11. The Port Trust should review their Port charges keeping the aforesaid considerations in view and revise them where it is necessary to do so for generating more traffic.

12. In order to attract coastal traffic, the Port Trust should consider the grant of a suitable rebate in Port charges, except for any specified commodities where it is not considered necessary to give the proposed rebate.

13. The availability of adequate warehousing space for general cargo should be publicised among the commercial interests concerned.

10 and 11. In accordance with the Committee's recommendations, the Kandla Port Trust have reviewed the wharfage rates on crushed bones, soapstone, gypsum and benzene and reduced the charges on these commodities suitably in order to making exports in these commodities through Kandla more attractive. As a result of this, exports of crushed bones have increased and export of benzene through Kandla has started. The export of soapstone has stopped because of lack of international market. The port charges are being constantly kept under review by the Port Trust and suitable changes are made whenever necessary depending upon the requirements of traffic.

12. This recommendation has been examined by the Port Trust. They invited suggestions from the Chambers of Commerce in the hinterland regarding reduction or alteration of port charges for any commodities moving as coastal cargo. No such suggestions have been received. Apart from this, coastal traffic is declining due to competition from rail and road transport and there is not much scope to attract this traffic by revision of port charges.

13. Kandla Port Trust have circulated widely the availability of warehousing space and the economic rents for the same, to all the trade interests in the hinterland. The warehousing accommodation provided by the port remains practically fully-occupied.

14. The Port Trust should ensure that the covered storage space required for storage of fertilisers is constructed on a priority basis. Pending this construction, the request of the Ministry of Food and Agriculture to be allotted as much of the present accommodation as possible may be considered by the Kandla Port Trust favourably.
15. The Port Trust should make all efforts to ensure that the new oil jetty is put into commission without delay.
16. As furnace oil is a non-dangerous product and can be handled at any other berth pending the completion of the new oil jetty, by providing a suitable pipe-line connection, the Port Trust should examine the possibility of arranging this if adequate long term traffic can be assured.
17. The Port Trust should expedite the commissioning of the fifth general cargo berth.
18. The Committee feels that the long waiting period at Palanpur for passengers travelling between Kandla and places in the North constitutes a discouragement for those interested in visiting Kandla for business and trade and recommends that the Railway Board should re-consider the matter and reduce the waiting period at Palanpur in the larger interest of the development of Kandla.
14. The construction of three storage sheds for fertilisers has been completed and the sheds have already been handed over to the Food Corporation of India for the storage of fertilisers and are in use.
15. The tenders for the modification to the second oil jetty at Kandla were reinvited and opened on 4-6-1971. These are under consideration.
16. The Chief Inspector of Explosives has agreed to the berthing of furnace oil tankers at any of the existing cargo berths provided the ship under bunkering observes a 30 metre safety distance from any other ship. The matter has been referred to the I.O.C. requesting for detailed layout plan for getting the approval of Chief Inspector of Explosives and the same is awaited from I.O.C.
17. Work on the fifth berth is in progress and will be commissioned after the completion of the work of construction of the diaphragm wall and dredging. So far 82 % of the work of diaphragm wall has been completed. The remaining work is likely to be completed by end of 1971, and dredging operations will be undertaken thereafter.
18. This matter was taken up with the Ministry of Railways (Railway Board). They have stated that the implications of reducing the present delay at Palanpur will include radical changes in the timings of the branch line or main line services and that such changes would cause hardship to a much wider section of the travelling public and are, therefore, not desirable.

19. The I.A.C. should be requested to provide regular air services between Kandla-Jamnagar-Ahmedabad-Bombay and Bhuj--Rajkot-Ahmedabad-Bombay and the fares between any two stations on these routes should be calculated on point-to-point basis without taking into consideration the diversion to Ahmedabad.
20. The Port Trust should carry out a sustained publicity campaign for the Port so as to enable the importers and exporters in the hinterland to become aware of the facilities and advantages which the port offers.
19. The recommendation was brought to the notice of the Ministry of Tourism and Civil Aviation for necessary action. They have intimated that there is no sufficient traffic to justify the introduction of regular air services between the places mentioned especially as the Port has now been connected with the Broad Gauge Railway System also. The Indian Airlines have, however, promised to keep in mind the need for air-linking some of the Saurashtra stations with Ahmedabad for consideration in the future when their fleet position improves. However, on a suggestion from the Committee, the timings of the Bombay-Kandla flight were changed to provide a connection with one of the flights from Delhi to avoid a night halt at Bombay for Delhi-Kandla passengers. This facility has been withdrawn in the latest Time Table and the matter is again being taken up with the Ministry of Civil Aviation.
20. Detailed information regarding the facilities available at the Port of Kandla is published in a brochure which is being widely circulated to the trade interests in the hinterland, as well as to the important shipping lines all over the world. Shipping news relating to Kandla are published regularly in important English and Indian language newspapers and periodicals. Press publicity is also made by special newspaper supplements, articles and press advertisements. A number of press parties sponsored by the Central and State Governments have visited Kandla and seen the facilities provided at the port and the township.

The Chairman and other officers of the Port have also been maintaining regular contact with the trade and industrial interests,

export promotion councils etc. A number of seminars on export and import trade and shipping have been attended by the Chairman and officers of the port with a view to acquaint the participating interests with the facilities provided by the port.

21. If the proposal for the setting up of an additional oil refinery in the area is found feasible, the claims of Kandla should be considered.
22. A co-ordinated housing scheme with provision of adequate funds is absolutely necessary for the area. The Government of Gujarat may be requested to pay urgent attention to this problem.
23. A State Level Committee set up by the Government of Gujarat is making a detailed study of the problems in connection with industrialization of the Distt. of Kutch with special reference to Kandla-Gandhidham region. In order to encourage the industrialization of the area, some preferential treatment in the matter of financial assistance, allotment of scarce raw materials and other incentives may be necessary, on the lines of the incentives suggested in the Report of the Working Group set up by the Planning Commission under the Chairmanship of Shri N. N. Wanchoo to recommend fiscal and financial incentives for starting industries in backward areas. The Export Committee appointed by the Government of Gujarat should, therefore, make specific recommendations regarding the special incentives and assistance which should be afforded by the Central as well as the State Governments in this matter. On receipt of the recommendations of the Export Committee, the Governments concerned should take urgent action to
21. This recommendation has been brought to the notice of the Ministry of Petroleum and Chemicals, so that, the claims of Kandla are kept in view if and when it is decided to locate an oil refinery in that sector.
22. This recommendation has been brought to the notice of the Government of Gujarat. They have intimated that the State Level Committee for the Development of the Kutch District, which has been set up by them, is examining this question. The report of this Committee is expected to be received soon.
23. The Government of Gujarat appointed a State Level Committee (Intensive Study Group) on 22-6-1969 to study the resources, prospects and potentialities for industrialisation of Kutch in general and Kandla-Gandhidham Region in particular with a view to coordinate future planning and development of resources in all sectors of economy and work out an integrated Master Plan for economic and industrial development of the Distt. The report of this Committee is expected to be received shortly. Considering the backwardness of the Kutch District in general, its strategic position and investment already made in the Kandla area, the State Level Committee recommended in the meantime that some of the incentives recommended by the Wanchoo Committee should be made available to the Kutch District in general and the Kandla-Gandhidham area in particular. It has been confirmed by the Planning Commission that Kutch Distt. (excluding Kandla Free Trade Zone has been selected to qualify for concessional

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implement them. In doing so, both the Governments should consider the problems of this area as of special importance as the optimal functioning of the Kandla Port would to a great extent depend upon the industrial development of the area.

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finance for promotion of industries, from financial institutions, as recommended by Wanchoo Committee.

APPENDIX V

(See para 5.8 of the Report)

Facilities/concessions available to entrepreneurs in the Kandla Free Trade Zone

The main substantive concession available in Kandla Free Trade Zone is that the industrialists can import plant and machinery without payment of customs duty. This is not admissible to industrialists outside the Zone.

2. In addition, there are other facilities which are available in some shape or the other to industrialist outside the Zone, but the procedure has been simplified for the industrialists in the Zone. For example:—

- (i) While the industrialists outside can pay duty on raw materials and get drawback later on, or can work 'in bond' under special arrangements, industrialists in the Zone can straight away import raw materials etc. without paying duty.

3. Some other concessions, apart from taxes, which are given to the industrialists in the Zone are as under:—

- (i) The policy for the import of raw materials in the Zone is quite liberal. Only a few items such as Diamonds, Gold and Silver, watches and narcotics etc. are not permitted for import into the Zone.
- (ii) Requests for import replenishment at a higher rate than that permissible under the registered exporters policy are considered on merits.
- (iii) Special facilities of blanket permits for foreign exchange for visits abroad for export promotion, without any condition of export performance are available to entrepreneurs in the Zone.
- (iv) Approved industrialists in the Zone are treated as equivalent to recognise export houses for the purpose of assistance from the MDF.
- (v) *Non-residents* who wish to set up industries in the Zone with their own foreign exchange resources are allowed the following facilities:—

- (a) Investments can be made in any form or organisation that they like, including partnership, proprietorship etc.
- (b) Investments in purely trading or commercial activities can be permitted in the Zone.
- (c) The condition of progressively associating reside Indian participation is not applicable.
- (d) Repatriation of profits after taxes is freely allowed up to half of the next export earnings in any one year.
- (e) Plant and machinery import into the Zone is allowed against the applicant's own foreign exchange without DGTD clearance.

APPENDIX VI

(See para 6.6 of the Report)

Statement showing the quantity of cargo imported and exported at Tuna Port from 1st April, 1950 to 30th June, 1972.

Year	Imports in tons	Exports in tons	Total	Remarks
1950-51	15,448	835	16,283	
1951-52	16,117	1,029	17,146	
1952-53	11,613	930	12,548	
1953-54	9,355	1,085	10,440	
1954-55	13,456	2,513	15,974	
1955-56	14,631	2,700	17,340	
1956-57	7,469	1,401	8,870	Traffic declined on account of road connection with North Gujarat and North West India.
1957-58	7,357	807	8,344	
1958-59	4,761	1,704	6,465	
1959-60	4,478	2,074	6,552	
1960-61	6,098	3,777	9,875	
1961-62	3,731	3,427	7,158	
1962-63	2,743	3,248	5,991	
1963-64	3,283	1,076	4,358	
1964-65	3,093	1,737	4,830	
1965-66	4,374	2,054	6,428	
1966-67	6,446	2,624	9,070	
1967-68	8,626	1,729	10,355	
1968-69	7,806	1,164	8,970	
1969-70	4,474	90	4,564	Further decline in traffic following openings of National Highway connecting Saurashtra with rest of India.
1970-71	2,514	116	2,630	
1971-72 April to June)	670	..	670	