

**GOVERNMENT OF INDIA  
SHIPPING  
LOK SABHA**

UNSTARRED QUESTION NO:3792  
ANSWERED ON:14.12.2009  
CAPTIVE USE POLICY AT PORTS  
Majhi Shri Pradeep Kumar

**Will the Minister of SHIPPING be pleased to state:**

- (a) whether the Government has constituted a committee to examine the policy for captive use at the Major Ports;
- (b) if so, the details and composition thereof alongwith the term and reference of the said committee;
- (c) whether the said committee have submitted their report;
- (d) if so, the details of the recommendations made by the said committee and the action taken by the Government thereon; and
- (e) if not, the time by which the said committee is likely to submit their report.

**Answer**

MINISTER OF THE STATE IN THE MINISTRY OF SHIPPING (SHRI G.K. VASAN)

(a): Yes, Madam. A committee was constituted in January 2009 to recommend various steps for increasing the efficiency of the ports. In addition to other policies, the Committee considered the policy on Captive Use at the Major Ports.

(b): The Committee was constituted to comprehensively look into the details and recommend various steps for increasing the efficiency of the ports and at the same time, for encouraging the private enterprise to take part in the functioning of the ports with a view to providing efficient and economic end-to-end solutions to the ultimate customers. The composition of the committee is as under:

1. Shri Vijay Chhibber, AS&FA, Ministry of Shipping - Chairman
2. Shri Rahul Asthana, Chairman, Mumbai Port Trust - Member
3. Shri Ajay Kallam, Chairman, Visakhapatnam Port Trust - Member
4. Shri G.J. Rao, Chairman, Tuticorin Port Trust - Member
5. Capt. Subhash Kumar, Dy. Chairman, Chennai Port Trust - Member
6. Shri A. J. Rao, Managing Director, IPA - Member

The Committee co-opted Dr. A.K. Chanda, Chairman, Kolkata Port Trust and Shri Rakesh Srivastava Joint Secretary (Ports), Deptt. of Shipping as its other members. The Committee was assisted by Shri P. Krishnam Raju, Chief Administrative Officer, Indian Ports Association.

(c) to (e): Yes, Madam. The details of the recommendations on captive policy are enclosed at Annexure-I. The recommendations have been examined and those found fit are being implemented.

#### Annexure I

##### Recommendations of the Committee on Captive Policy

(i) In case there is no competition for creation of captive facilities, and requests for such captive/dedicated facilities are received from individual units to service for their own needs, the price discovery shall be determined higher of the following :

50% of the wharfage and handling charges of the port as applicable;

OR

15% of the ROI of the investment made by the private enterprise on captive facilities including berth and handling equipment installed within the port area;

OR

A negotiated rate between the port and the entrepreneur.

(ii) If a captive facility has been constructed by the captive users and not fully utilised, the port shall have the right to assign the use of the facilities to other users and collect charges such as wharfage, port dues, pilotage etc. from such other users. The berth hire charges shall also be collected by the port and passed on to the captive user. The cargo so handled for other users through such captive facility shall also be counted for the purpose of determining the MGT in that particular year. However, the berth hire charges will accrue to the port in addition to wharfage, port dues and pilotage, if the berth is constructed by the port.

(iii) The security arrangements in respect of all captive facilities should be compatible with the security of the port where such projects are located.