

**GOVERNMENT OF INDIA
SHIPPING
LOK SABHA**

UNSTARRED QUESTION NO:4054
ANSWERED ON:10.08.2017
Development of Shipping Sector
Mahtab Shri Bhartruhari

Will the Minister of SHIPPING be pleased to state:

- (a) whether the Government has chalked out any plan for renovation of ports and development of shipping sector in the country and if so, the details and the present status thereof;
- (b) whether a large number of ongoing shipping projects with private participation have missed their deadline for completion in the country and if so, the details thereof, along with the reasons therefor, projectwise;
- (c) whether the Government proposes to review such projects;
- (d) if so, the details thereof along with the time by which the process of such review is likely to be completed; and
- (e) the steps taken/being taken by the Government for strengthening the shipping sector and make it internationally competitive?

Answer

MINISTER OF STATE IN THE MINISTRY OF SHIPPING
(SHRI PON. RADHAKRISHNAN)

(a) In 2013, the National Transport Development Policy Committee submitted a report, inter-alia recommending that the Major Ports should follow the Landlord Model of port governance. In pursuance of this recommendation Public Private Partnership (PPP) has been adopted as the preferred mode of implementation of port projects in the Major Ports. Government has also launched Sagarmala Programme to promote port-led development, under which master plan for all the 12 major ports have been prepared. 142 port capacity expansion projects (estimated cost: Rs. 91,434 Cr and capacity creation of 884 MMTPA) have been identified in the master plan for implementation over next 20 years and out of these the identified projects, 58 projects (project cost: Rs. 28,767 Cr approx.) have already been approved. In 2015, an international benchmarking consultant conducted a study of Major Ports which recommended 116 initiatives for various Major Ports to enhance their efficiency & productivity to international benchmarks and unlock capacity. Of the 116 initiatives, 85 initiatives have already been implemented. The Ministry of Shipping has also engaged a consultant for assisting in formulation of policies on shipbuilding, ship repair and ship breaking industries. To create a country wide waterway network and to optimize the full potential of Inland Water Transport (IWT) mode, Government has declared 111 inland waterways (which include 5 national waterways declared earlier) as National Waterways (NWs) under the National Waterways Act, 2016.

(b) to (d): The port and shipping projects are monitored regularly at various levels in the concerned organisations as well as in the Ministry to ensure timely completion of the projects. A list of projects with private participation which have missed their deadline for completion along with reasons therefor is annexed.

(e) In order to strengthen the shipping and ports sector and make it internationally competitive, the Government of India has taken various steps. The important steps are as hereunder:-

- (i) Exemption of Customs and Excise Duty leviable on bunker fuels used in Indian flag vessels for transportation of mix of EXIM, domestic and empty containers between two or more ports in India.
- (ii) Abatement of service tax of 70% for transportation of goods by Coastal shipping and Inland Waterways transportation.
- (iii) In April 13, 2016, the Ministry of Finance notified inclusion of stand-alone shipyards undertaking activities such as shipbuilding and ship-repair in the Harmonized List of Infrastructure sectors.
- (iv) To promote manufacture of sea-going vessels by Indian shipyards, Shipbuilding Financial Assistance Policy was approved for contracts signed during a ten year period, viz. 2016-2026.
- (v) Customs and Central Excise duty exemption on inputs used in manufacture of ships to provide a level playing field between indigenously built ships vis-à-vis imported ships.
- (vi) Shipping enterprises based in India have been permitted to acquire ships abroad and also flag them in the country of their convenience. This policy initiative of "Indian Controlled Tonnage (ICT)" has facilitated Indian ship-owners to gain access to cheaper funds abroad and also save on costs of setting up subsidiaries abroad to acquire and maintain such tonnage.

Annexure

Projects with private sector participation which missed the deadline for completion

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SL. No. Project Name Reason of delay in implementation

1 Setting up of Floating Barge jetty at Haldia Dock Complex Late receipt of Environmental Clearance.

2 Development of two Floating Crane facilities at Sagar Delay in Clearance for sailing by DG shipping.

3 Development of Hardstand area msg about 1.13 lakh sq. meters inside Haldia Dock Complex Non availability of adequate sand in the recent past.

4 Barge handling facility at Bharati Dock at Chennai Port Non-fulfillment of the Conditions Precedent in the concession agreement by the concessionaire resulting in termination of the concession agreement by the Port.

5. Offshore Container Terminal at Mumbai Port Trust On account of BOT operator:

There has been a delay in achieving financial closure, commencement of construction, security clearance for the procurement of equipment. The Project has been declared NPA (Non-performing asset) by lenders and is at standstill due to non release of funds by bankers.

On account of MbPT:

Delay in award of work as the offer necessitated sanction to revised cost estimate and poor performance of dredging contractor resulting in termination of contract.

6. Development of Container Terminal (Phase - I) at Kamarajar Port Due to effect of "Vardha Cyclone" which occurred on 12.12.2016.

7. Development of Multi Cargo Terminal at Kamarajar Port Due to effect of "Vardha Cyclone" which occurred on 12.12.2016

8. Construction of North Cargo Berth II for handling bulk cargoes at V.O Chidambaranar Port Non-Availability of sufficient fund with the Concessionaire to complete the project.

9. Conversion of 8th berth as Container terminal at V.O Chidambaranar Port Denial of Security Clearance and Non arrangement of finance by the Concessionaire for the project

10. Development of EQ-1A berth for handling thermal coal and steam coal in inner harbour at Visakhapatnam Port Lack of infusion of funds by the Concessionaire.

11. Up-gradation of the existing facility in outer harbour and crating new facility in inner harbour for handling iron ore at Visakhapatnam Port Delay in placement of orders of major bulk material handling equipments by the Concessionaire.

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