

**TWENTY-EIGHTH REPORT**  
**ESTIMATES COMMITTEE**  
**(1985-86)**

**(EIGHTH LOK SABHA)**

**MINISTRY OF TRANSPORT—DEPARTMENT OF**  
**SURFACE TRANSPORT—CONGESTION IN PORTS**



*(Presented to Lok Sabha on 21st April, 1986)*

**LOK SABHA SECRETARIAT**  
**NEW DELHI**

*April 1986 (Chitra, 1985-86)*

*Price : Rs. 5.50*

## C O R R I G E N D A

28th Report of Estimates Committee (1985-86)  
on M/o Transport - Deptt. of Surface  
Transport Congestion in Parts

.....

<u>Page</u>	<u>Para</u>	<u>Line</u>	<u>For</u>	<u>Read</u>
9	1.28	3	Class II	Class III
25	2.22	12	our	ore
34	2.53	1	Singular	Singular
36	2.60	1	incharge	discharge
40	2.74	1	1983-84	1983-85
42	2.75	17	post	port
64	3.51	3 from below	wokk	work
74	4.2	2 from below	in stall	install
76	4.9	-do-	operationing	operating
105	6.7	-do-	of	or
106	6.9	6	brough	brought
126	S1.38	11	acceptuate	accentuate
177	S1.39	4	a part	apart

# CONTENTS

	PAGE
COMPOSITION OF ESTIMATES COMMITTEE (1985-86) . . . . .	(iii)
INTRODUCTION . . . . .	(v)
<b>CHAPTER—I</b> <b>ORGANISATIONAL SET UP OF THE PORTS</b>	
(A) Organisational set-up at the Centre . . . . .	1
(B) Coordination between Centre and Major Ports . . . . .	2
(C) Central Ports Authority . . . . .	6
(D) Administrative set-up in Ports . . . . .	10
(E) Dock Labour Boards . . . . .	15
<b>CHAPTER—II</b> <b>CONGESTION</b>	
(A) Nature and magnitude . . . . .	16
(B) Waiting period per ship . . . . .	18
(C) Turn-Round time of ships . . . . .	20
(D) Capacity-utilisation . . . . .	23
(E) Rationalised Distribution of Cargo . . . . .	27
(F) Handling of Fertiliser/Sugar ships by FCI . . . . .	30
(G) Use of ships as warehouses . . . . .	33
(H) High-Sea-Sales . . . . .	36
(I) Dredging operations in Major Ports . . . . .	40
(J) Role of Intermediate/Minor Ports . . . . .	43
<b>CHAPTER—III</b> <b>CARGO CLEARANCE</b>	
(A) Time limit for cargo clearance . . . . .	48
(B) Central Documentation Centre . . . . .	52
(C) Port Procedures . . . . .	54
(D) Customs Procedures . . . . .	55
(E) Cargo Handling Agencies . . . . .	59
(F) Labour Problems . . . . .	61
(G) Storage Facilities . . . . .	69
(H) Accommodation for clearing agents . . . . .	71
<b>CHAPTER—IV</b> <b>CARGO HANDLING EQUIPMENT AND DEVELOPMENT SCHEMES</b>	
(A) Lack of Cargo Handling Equipment . . . . .	73
(B) Cost Escalation in Development Schemes . . . . .	77
(C) Expenditure under Sixth Plan . . . . .	86

	PAGE
<b>CHAPTER—V</b>   <b>RAIL-ROAD LINKS</b>	
(A) Rail-road Facilities at Bombay Port . . . .	88
(B) Rail-road network at Calcutta Port . . . .	89
(C) Rail-road link at Paradip Port . . . .	90
(D) Conversion of Mormugao Hospet/Miraj and Tuticorin-Trunelveli Lines . . . .	91
(E) Inadequate Supply of Railway Wagons . . . .	94
(F) Return of Empty Wagons from Ports . . . .	96
(G) Port Railways and Trunk Railways . . . .	97
(H) Containerisation . . . . .	99
<b>CHAPTER—VI</b>   <b>NEW PROJECTS</b> ]	
(A) [Nhava Sheva Project] . . . . .	102
(B) New Major Ports . . . . .	105
<b>APPENDIX—Statement of Recommendations/Observations . . . .</b>	<b>107</b>

**ESTIMATES COMMITTEE  
(1985-86)**

**CHAIRMAN**

**Shri Chintamani Panigrahi**

**MEMBERS**

2. Shri Jai Prakash Agarwal
3. Shri Sarfarz Ahmad
4. Shri T. Basheer
5. Shri Manoranjan Bhakta
6. Shri Birinder Singh
7. Shri Saifuddin Chowdhary
8. Shri Somjibhai Damor
9. Prof. Madhu Dandavate
10. Shri N. Dennis
11. Shrimati Sheila Dikshit
12. Shri G. L. Dogra
13. Shri H. N. Nanje Gowda
14. Shri M. R. Janardhanan
15. Shri Keyur Bhushan
16. Shri Lal Duhoma
17. Shri Mahavir Prasad
18. Shri Hannan Mollah
19. Shri Ajay Narayan Mushran
20. Shri Ram Pyare Panika
21. Shri Uttamrao Patil
22. Shri Jagannath Patnaik
23. Shri B. B. Ramaiah
24. Shri Navin Ravani
25. Shri Bholu Nath Sen
26. Prof. Nirmala Kumari Shaktawat
27. Shri Satyendra Narain Sinha
28. Shri P. K. Thungon
29. Shri Nissakara Rao Venkataratnam
30. Shri D. P. Yadav

(iv)

**SECRETARIAT**

1. Shri N. N. Mehra—*Joint Secretary*
2. Shri Bipin Behari—*Chief Financial Committee Officer*
3. Shri Ram Kishore—*Chief Financial Committee Officer*
4. Shri J. C. Malhotra—*Senior Financial Committee Officer*

## INTRODUCTION

1. The Chairman of Estimates Committee having been authorised by the Committee to submit the Report on their behalf, present this Twenty-eighth Report on the Ministry of Transport—Department of Surface Transport—Congestion in Ports.

2. The Committee took evidence of the representatives of the Ministries of Transport (Departments of Surface Transport and Railways), Agriculture, Commerce, Food & Civil Supplies and Finance on 31st October, 1985 and 1st November, 1985. The Committee wish to express their thanks to the Officers of these Ministries and Departments for placing before them material and information which they desired in connection with the examination of the subject and for giving evidence before the Committee.

3. The Committee also wish to thank the Shipping Corporation of India Ltd., Bombay, India Steamship Company, Bombay and All India Exporters' Chamber, Bombay for giving evidence and making valuable suggestions before the Committee.

4. The Committee also wish to express their thanks to all other institutions, associations, bodies and individuals who furnished memoranda on the subject to the Committee.

5. The Report was considered and adopted by the Committee at their sittings held on 26th, 28th February and 15th April, 1986.

6. For facility of reference the recommendations/observations of the Committee have been printed in thick type in the body of the Report and have also been reproduced in a consolidated form in Appendix to the Report.

CHINTAMANI PANIGRAHI

*Chairman,  
Estimates Committee.*

NEW DELHI;

15th April, 1986

Chaitra 25, 1908 (S)

## CHAPTER I

### ORGANISATIONAL SET UP OF THE PORTS

#### *A. Organisational set-up at the Centre*

1.1 Under the overall control and supervision of the Secretary Department of Surface Transport, the Department has a Ports Wing headed by the Additional Secretary (Port) to look after the affairs of the Major Ports and administer the Major Port Trusts Act, 1963, and the Indian Ports Act, 1908. The main functions of the Ports Wing are to deal with parliamentary work, policy and other matters involving administration, management, labour, finances, development of Major Ports, etc. For advising on technical matters relating to ports, the Department has a separate Development Wing under the Development Adviser.

1.2 The Department exercises control in respect of delegation of authority in the ports, approves Budgets, Annual and Five-year Plans of the ports, plans and estimates of works and award of contracts beyond certain limits, scrutinises the proposals for fixation of Rates charged and accords approvals as per the Acts, raising of loans by the ports, etc. Appointments to the posts of Chairman, Deputy Chairman, Heads of Departments and other senior officers as specified within the framework of the provisions of the Major Port Trusts Act, 1963 are made by the Central Government. The Trustees of the Port Trusts Boards of the various major ports are appointed/nominated by the Central Government. One senior officer of the Department has been approved as a Trustee on Board of Trustees on each of the Major Ports. This arrangement was started from July/August, 1980.

1.3 Rules are made by the Central Government, and the Regulations made by the Ports are approved by the former. However, first regulations are invariably made by the Central Government.

1.4 In respect of labour matters, discussions and settlements on wage revision take place with the Port and Dock Workers at all-India level under the auspices of the Department to achieve uniformity of service conditions, etc.

1.5 The relationship between the Central Government and the individual major ports is defined by the Major Port Trusts Act, 1963. This Act specifies the matters which require prior approval of Central Government and matters which fall within the purview of the Central Government. Besides these provisions, Central Government also issues at times guidelines

on matters of policy so as to ensure that Port Trusts also fall in line with policies and practices prescribed for various organisations under the control of Government.

**B. Coordination between the Central Government and major ports and among the major ports inter-se.**

1.6 The Department of Surface Transport has stated in a note furnished to the Committee that with a view to finding solutions to the important problems, discussions are held in the Department of Surface Transport with Chairmen/Deputy Chairmen and other senior officers of the ports from time to time. In addition, there are regular Review Meetings held by the Department for reviewing the performance of the ports and considering important matters.

1.7 The Department has also been holding Conferences of the Chairmen of the major ports. The user Government agencies like MMTC, STC, FCI, etc. and the concerned Ministries are also invited to take part in the deliberations of these Conferences. Important matters of topical interest are discussed at the Conference. Besides, the difficulties experienced by the user agencies are discussed with a view to finding solutions.

1.8 There is also a National Harbour Board constituted by the Central Government to advise on matters of general policy relating to port management and development including their effect on industry, commerce, shipping, railways etc. The National Harbour Board is headed by the Minister of Transport and has representatives of the maritime State Governments, Labour, Shippers, Shipowners, concerned Ministries etc. The Board meets once a year.

1.9 Coordination among the Major Ports *inter-se* is achieved through the Indian Ports Association (IPA), a registered Society, of which all the major ports are members. Matters relating to more than one major port are discussed and debated at the meetings of the Governing Body of the Association (comprised of the Chairmen of the major ports). Such meetings are held generally every month. The matters of common interest are discussed and a uniform line of action is evolved. The Headquarters of the IPA is at Delhi.

1.10 *Multiplicity of Administrative Bodies* : Asked during evidence as to what extent the functions of the National Shipping Board, the National Harbour Board, Conference of Chairmen of Major Port Trusts and Indian Ports Association (the Governing Body of which comprises of the Chairmen of Major Ports Trusts) were overlapping and whether it was really necessary to have so many bodies to administer and coordinate the activities of Major Ports, the Additional Secretary in the Department of Surface Transport explained that the main instrument for achieving coordination among

the ports were the Department of Surface Transport and Port Authorities. The National Shipping Board was a statutory authority under the Merchant Shipping Act, mainly to advise the Government on shipping matters. National Harbour Board was a non-statutory body and Indian Ports Association a voluntary organisation of the Ports.

1.11 Asked whether National Shipping Board was concerned with ports also, the witness replied :—

“It is one of the essential elements in shipping chain. To that extent they look into the aspects of ports also.”

1.12 On the Committee's query that instead of having so many bodies why should there not be a single integrated board, the witness clarified :—

“This (NHB) is the only forum where the representatives of the State Governments are represented. It is the only forum where States views get projected regularly. . . . The National Harbour Board has 33 members. If it is merged with the N.S.B., the membership will become too large. . . . So far as NHB is concerned, it deals with Ports including minor and intermediate ports, whereas NSB is mainly concerned with shipping.”

1.13 The representative of the Department further informed the Committee that the last meeting of the National Harbour Board was held in 1983. It had met in 1981 and 1982 also. In November, 1984, a meeting of the Board had been fixed, but it was postponed because of elections.

1.14 With regard to the role of Indian Ports Association, the Chairman Calcutta Port Trust explained :—

“The Indian Ports Association is a registered society having 11 members. All the 11 members are Chairmen of 11 Ports. This was formed 22 years back. For first 15 years the main work that this Association was doing was running a guest house in Delhi where the officers of all the ports could come and stay. Only during the last four years, Government suggested that this Association could also render some other functions. We are today building a data bank in respect of all the major ports. We have installed a small computer and daily figures of ships, cargo handled, congestion, waiting of ships, are sent and pooled in the central data bank. It is quite often that individual ports go outside for consultancy service. Government suggested to build up some consultancy expertise within the IPA. We are doing that. We have recruited two or three research officers and some statistical analysis in the organisation. Every major port is required to prepare a master plan giving projection upto 2000 A.D. The Master Plan has been prepared by IPA

for Tuticorin. Master Plan for Madras Port is under preparation—  
 ————. This (organisation) has no representative either of the  
 Central Government or the State Governments.”

1.15 Asked whether these functions could not be performed departmentally, the Chairman, Calcutta Port Trust further explained :—

“The Indian Ports Association is funded by the Ports themselves, there are 11 ports. There is a formula under which big port pays certain percentage and others certain percentage. Bombay, Calcutta, etc. pay 17½ per cent. Madras pays 15 per cent. Like that it works. If it is part of Government, let us imagine what will happen; if it is a budget of upto Rs. 1 crore, everything taken together that Budget will have to come from Central resources. There are several subsidiary bodies. One is called, the Central Purchase Coordinating Committee for Purchases. One of the Chairman, by turn, is made Chairman Controller of Stores of all the ports are members of the Central Purchase Coordination Committee. What this Committee does is just like what the DGS&D does for rate contracts. They pool various requirements; they go into requirement of certain basic commodities like marine wire ropes, winches, carbon papers etc. which are common to all the ports; they take quotations on All India basis. They fix the rate contract. It is like the DGS&D rate contract system. They get things at cheaper rates. There is another body—Major Ports Sports Control Board. One Chairman is President. Sports Welfare Officers of ports are members there. There are experts in swimming, in athletics, football, hockey etc. We know who are our own inter-port competitors. We seek representation like Railways on National Boards also. The Ministry has no authority to draw up rate contract for our purchases. We are autonomous bodies under Major Port Trusts Act. Ministry can't do it. Will they do these functions? These are sports functions, purchase contracts, maintenance of guest houses and similar other activities.”

1.16 The Addl. Secretary in the Department added that the Association was also running two training Institutions, namely, Institute of Port Management, Calcutta and National Institute of Port Management, Madras as a collective effort of all the ports and that the IPA was a “very useful organisation to get the collective point of view (of Ports Trusts) which is necessary from the point of view of Port Management. You can't have all the 11 Chairmen at one place all the time. So this is necessary.”

1.17 With regard to the Conference of Chairmen of Major Port Trusts, the representative of the Department informed the Committee :—

“We have an annual meeting of the Port Chairmen and the common problems pertaining to all the ports are discussed in these meetings.”

1.18 In a note, the Department have intimated that the expenditure incurred during the last 3 years on the activities of the various Boards etc. was as under :—

Sl. No.	Name of Board	1982-83	1983-84	1984-85
1	2	3	4	5
1.	National Shipping Board	1,46,917.20	1,69,998.30	1,14,946.00
2.	National Harbour Board	2,25,617.87*	1,06,428.49*	Nil
3.	Indian Ports Association	26,20,000.00	48,81,000.00	55,04,000.00
4.	Port Chairman's Conference.	5,061.00*	5,357.00**	6,525.00
		28,50,678.87	49,92,785.49	55,10,525.00

\*The expenditure incurred by the participants on their TA/DA is not included.

\*\*The amount shown relates to the expenditure incurred directly by the Department and does not include expenditure on TA/DA incurred by the participants.

1.19 The Committee find that at present coordination of matters pertaining to Ports is the concern of several bodies with varying compositions and overlapping functions. This is probably because these bodies were created at different points of time with specific objectives in view which have either become blurred or have expanded with the passage of time. The Committee note with regret that the National Harbour Board on which all the maritime State Governments are represented and where their views get projected has remained more or less dormant for the last about 2 years. It met last in 1983. Conferences of Chairmen of all the major ports are being held once a year to discuss matters of topical interest. The Indian Ports Association (IPA), a society of major ports, financed by contributions from Port Trusts has come to play a vital role in coordinating the working of the major ports. It is ironic that crucial matters like procurement of supplies, consultancy services, data banks, training of personnel, promotion of sports and perspective planning for Major Ports have been left by the Government to this Association. Incidentally, the Governing Body of the IPA comprises of Chairmen of all the Major Ports Trusts. The Committee would like the Major Ports Reforms Committee, to whom this matter has been stated to have been referred, to go deeply into the question whether there should be a single statutory apex body to administer the major ports, or the existing system of management of each Major Port through a Trust and having many bodies, for coordination and providing common services may be continued. It appears to the Committee that the existing system of management of major ports is costlier, cumbersome and far from satisfactory.

1.20 The Committee note that the expenditure on the Indian Ports Association is mounting year after year. Whereas it was Rs. 26.20 lakhs in 1982-83, it jumped to Rs. 48.81 lakhs in 1983-84 and to Rs. 55.04 lakhs in 1984-85. For obvious reasons the Committee do not subscribe to the view that since the expenditure of the Indian Ports Association is being funded by the ports themselves, there should be no limit on the expenditure incurred by the Association. The Committee would like the Government to examine as to what extent this expenditure could be economised without sacrificing the services provided by the IPA to the Major Ports, keeping in view the fact that expenditure on the Indian Ports Association comes out of the earnings of the Ports and naturally affects adversely the profitability of the ports.

### *C. Central Ports Authority*

1.21 In their 32nd Report (1981-82) the Estimates Committee had observed that the National Transport Policy Committee (1980) had suggested the setting up of a Central Ports Authority for overall planning and development of ports but the Ministry of Shipping and Transport had not accepted this suggestion. The main objections raised by the Ministry were, first that the ports were having different problems requiring development of a special kind and a single authority could not be entrusted with the responsibility of planning the development of all the ports and that this planning was already being supervised by the Ministry of Shipping and Transport through the Development Adviser. Secondly, that such an Authority would reduce the autonomy of the Ports. Having gone into this matter in the light of the Ministry's views the Committee had observed that the objections raised by the Ministry against such an authority were too feeble to carry conviction with them. The Committee felt that the major ports should be run like commercial and result-oriented units and not as a sort of attached offices as they appeared to be running at present. The present set-up with each Port Trust being a separate entity with traditional procedure oriented approach directly controlled by the Ministry through bureaucrats, was in the Committee's opinion not ideally suited to encourage business-like efficiency in the port operations and inter-port coordination.

1.22 The Committee had expressed the view that Port Trusts should be declared commercial enterprises and controlled and managed at the apex level, not by the Ministry direct, but a professionally manned Public Sector Organisation (viz. Central Ports Authority) on the lines of International Airports Authority of India. This would not only bring in commercial outlook in port administrations and business like efficiency in port operations with emphasis on results rather than rule biased procedures, but also make for an integrated development, coordinated operation and optimal utilisation of resources of the ports. The Central Ports Authority might be under the administrative jurisdiction of Ministry of Shipping and Transport (now

Department of Surface Transport) for the purpose of policy framework and accountability, but should otherwise be autonomous like other public sector enterprises, within the allotted sphere. The Committee, had recommended that the Government should consider setting up the Central Ports Authority as early as possible.

1.23 In their action taken reply, Government had stated :—

“Government have carefully re-considered the matter and reiterate their earlier view that it is not necessary at this stage to set up a Central Ports Authority.”

1.24 In their 41st Report (1982-83) the Committee reiterated their earlier recommendation as follows :—

“The Committee’s Report should have convinced the Ministry of the need for unified institutional arrangement for the major port Trusts to make for integrated development, coordinated operation and optimal utilisation of resources. The Committee see no reason why the concept of an Integrated authority adopted for the management of the major air ports could not be adopted for the management of major sea ports. They would therefore reiterate their recommendations.”

1.25 The Department has intimated that in February, 1982, the Bureau of Industrial Cost and Prices, which was asked to undertake a study of the rate structure in the 10 Major Ports, made the following recommendations :—

“It is necessary to look at Ports in India in totality from the point of view of management (both administrative and financial), equipment planning and utilisation, man-power deployment, and future development. This function is at present discharged by the Ministry, but at the operational level in the Ports, there is some amount of insularity. It is, therefore, recommended that a National Ports Board be set up (on the lines of the Railway Board), to manage and administer all the Major Ports. This would lead not only to financial integration and inter-port financing/subsidisation (as may be necessary), but would also pave the way for inter-port transfer of competent personnel and resources, overall integrated planning for equipment and facilities, planned man-power development, deployment and other benefits. This may require a second look at Indian Ports and Major Port Trusts Acts. Indeed the very concept of Port Trusts may have to be changed in order to enable integrated economic management of all the Ports, both from the national point of view and from the point of view of Ports’ viability.

The above does not mean that individual ports should lose their independent identity. The Zonal Railways in India have considerable freedom and flexibility. And yet overall planning of the railway system becomes a national responsibility. Long term efficiency of the totality of port operations calls for such a unified approach. With such an integration of port operations and management, it would be easier to tackle the major problems of efficiency and revamp all port operations”.

1.26 The Department has stated that “while examining the above recommendation, the thinking in the Department has not been in favour of the above recommendation”.

1.27 In their Report for the years 1983-84 and 1984-85, the National Shipping Board, which went into the infrastructure of the Ports, recommended *inter-alia* that :—

“Major ports should run like commercial and result-oriented organisations. The present set-up with each Port Trust being a separate entity with traditional procedure oriented approach, directly controlled by the Transport Ministry is in the Committee’s opinion, not ideally suited to encourage business like efficiency in port operations and inter-port co-ordination.

The Trusts should be controlled and managed at apex level, not by the Ministry direct, but by a professionally manned Public Sector Organisation like the Central Ports Authority.....

The Port Administrations have no adequate authority to decide on appointments, negotiate on labour problems, purchase of equipment. All these deficiencies could be removed and streamlined by the Apex body called the Central Ports Authority.”

1.28 During evidence, the Chairman, Calcutta Port Trust first dwelt on the advantages of setting up a Central Ports Authority as recommended in the past by various bodies, including Estimates Committee. Giving his own views on the issue, he *inter-alia* stated :—

“.....There are certain other problems. For example, some of these ports like Calcutta, Bombay and Madras have grown up in their own historical settings. In all the five or six major ports which have completed more than 50 or 60 years, namely, Calcutta, Bombay, Madras, Cochin, Vishakhapatnam and Goa, the traditions of labour are entirely different. Therefore, to bring them under one organisation and to be able to run them on that basis will not be an easy task. The International Airports Authority, in my opinion,

is very much different. After all these airports are new. Also the number of people working there is very much less; they are run mostly by officers. Here there are a very large number of Class-II and Class-IV employees who are working. There are large number of unions. In Calcutta, for example, there are 13 Unions. Therefore, to bring them all together would be a problem. Then, if a Central Ports Authority is formed, what will be the role of the Ministry? That is one very important question. If the Central Ports Authority is to run effectively, much of the powers of the Ministry have to be delegated to it. Otherwise, there will be further centralisation. If a Central Ports Authority is formed only by taking away the powers of the Ports and it is located in Delhi, it will only lead to more centralisation and difficulties. So, logically, it should be built up by delegation of powers from the Ministry, and if that is to be done, the question will arise as to the responsibility of the Minister to Parliament; he has to answer questions in Parliament. This is a very important question. There is also another point. Subsidy is given from the Central budget to the deficit ports. But if you bring all of them together, then perhaps the surpluses of the surplus ports and the deficits of the deficit ports will have to be pooled together. This will have its own significance. There are one or two ports which have deficit. So, it will have to be first adjusted and then only Government will give money based on the net requirement. So, these are the questions. Of course, in order to achieve the advantages, the four or five reasons which I have just enumerated, some Authority should be set up. But the question will arise whether a Central Ports Authority or a National Ports Authority is the right type of body to achieve these objectives or whether they have to be achieved by setting up something in the Ministry itself. Secondly, if any such authority, separate from the Ministry, is set up, the question will raise as to what will be the relationship between that Authority and the Ministry. These questions have been referred to the Major Ports Reforms Committee of which I also happen to be a member. The Committee is actively discussing these. Government, as I understand, is awaiting its recommendations broadly on these points.

1.29 Pointing out that though each port had a history of its own and yet they had to yield to changes like recent complete merger of some Ministries into a single Ministry of Transport at the Centre, the Committee asked whether the Major Ports Reform Committee had given their recommendations on the matter in their Interim Report. The representative of the Department replied that the issue was not covered in their Interim Report.

1.30 The Committee regret to observe that Government has taken a very low-key attitude towards the pressing need of establishing a Central Ports Authority to administer and coordinate the activities of all the Major Ports even though the Committee in their 32nd Report (1981-82) and 41st Report (1982-83) had strongly recommended the establishment of such an Authority. Later, the Bureau of Industrial Costs and Prices, who had been asked by Government to go into this question in February, 1982 and the National Shipping Board in 1983-84 and 1984-85 also supported the recommendation of the Committee and suggested for the establishment of such an Authority. Instead of giving a positive response to the suggestions made by the above bodies, the Committee regret to find that Government has again chosen to refer this question to Major Ports Reforms Committee, thereby further delaying the establishment of such an Authority which has been considered by so many bodies to be so essential for the smooth functioning and development of the Major Ports in the country. While agreeing that some of the Major Ports like, Calcutta, Bombay and Madras have grown-up in their own historical settings, the Committee cannot but once again strongly recommend that a Central Port Authority is essential for better coordination and administering the Ports on the lines of commercial and result oriented enterprises. The Committee do not consider that the establishment of such an Authority will in any way hamper the functioning of the individual ports except to the extent necessary for the purposes of overall planning for integrated development of Ports. The proposed authority will also take over all those functions which are now being performed by the various bodies like National Shipping Board, National Harbour Board, Indian Ports Association etc. Now that this matter has been referred to the Major Ports Reforms Committee, the Committee would expect the Government to have the report of that Committee expedited and to take concrete action in the matter. The Committee would like to be informed of the progress on the issue within a period of six months.

#### *D. Administrative set-up in Ports*

1.31 It has been stated in a note furnished to the Committee that Major Port Trusts are statutory bodies administered in accordance with the provisions of the Major Port Trusts Act, 1963. At each major port there is a Board of Trustees representing various interests connected with port operation and shipping industry. The Board is headed by a Chairman, who is appointed by the Central Government. The Chairman is assisted by a Deputy Chairman and other Heads of Departments. In Calcutta Port, besides a Deputy Chairman at Calcutta there is a Deputy Chairman in charge of the Haldia Dock Complex under the Calcutta Port Trust. Some of the important departments for the work of a Port Trust are; Marine, Civil Engineering, Mechanical Engineering Administration, Finance and Accounting, Stores, Planning and Research, Legal, Medical etc. The appointments to the Posts of Heads of Departments and also

to other posts the pay scale of which exceeds Rs. 3700/-, are made by the Central Government in consultation with the Chairman of the Port Trust concerned.

1.32 According to the Department of Surface Transport, the administrative set up in the Major Ports has not been reviewed so far. However, some of the Port Trusts have conducted a study of the staffing pattern of their ports through certain independent agencies.

1.33 In their 32nd Report (1981-82), the Estimates Committee had recommended that action should be initiated to appoint an Administrative Reforms Committee to make a comprehensive review of the administrative system and procedures with the object of making port administration more efficient and service oriented. The Government had accepted the Recommendation.

1.34 In pursuance of the above recommendation of the Estimates Committee, the Government have appointed in January 1984, a Major Ports Reforms Committee under the Chairmanship of Shri D. D. Sathe. One of the terms of reference of the Committee is to make suitable recommendations regarding the statutory, organisational and administrative restructuring required for securing integrated and coordinated development and functioning of the ports. The Major Ports Reforms Committee has constituted a Working Group to study restructuring of port organisations and administration.

1.35 On Port Administration, the National Shipping Board of the Department of Surface Transport has observed *inter alia* in its Report (1983-85) :

“No amount of infrastructure planning and mechanisation will pave the way for modernisation if the management and the organisational structure are not suitably designed and oriented to achieve results in this sphere. In order that the port discharges its entire responsibilities as a commercial organisation, the structure has to be suitably revamped. At present there is shortage of qualified trained personnel with experience for manning essential services viz., Chairman, Deputy Chairman, General Manager, Deputy Conservator, Pilots, Marine Engineers etc. A long-term perspective plan should be drawn up.

The Port Management has become highly professionalized and competitive in the world. The changes and sophistication in the development of shipping and port facilities is changing rapidly. In India 11 Major Ports are under the chairmanship of IAS officers barring one under a technical person....Most of them may be very competent administrators but they have not handled the Shipping

or port management or handling equipment. Even to construct a new port of Nhava Sheva which is mostly engineering and development, an IAS Officer from Education or Agriculture is preferred. An IAS Officer who has no previous experience may put in hard labour to study the intricacies involved in complicated machines, unionised labour, sophisticated users and multiple commercial advantages and attend seminars and studies abroad but he is posted back to his parent department within a short span of 3 to 5 years. All his efforts and experience gained is not available to the Shipping Industry or the Port Management.

The National Shipping Board, therefore, is of the firm view that every officer who occupies the posts of importance like the Chairman, Deputy Chairman, Mechanical Engineer, Chief Personnel Manager, Commercial Manager should work for a minimum of one year as an officer on Special Duty.

The NSB also emphasizes that all senior officers should serve the ports for at least 10 to 12 years in more than one port.

The Committee recommends that the Government should consider establishing/introducing an All India Ports Service (AIPS) or the All India Maritime Service (to cover all Departments) like the Indian Administrative Service, Defence Services, Indian Police Service, Business Management, Inland Water Ways, Railways etc. as the Port Administration and Shipping in the modern times has become more specialised and sophisticated. Such a service may even extend to the maritime states, Port Department, Director General of Shipping, in general, with modalities worked to include Ministry of Shipping and Transport.

There should be a separate and independent selection Committee for screening and appointment of Chairman/Deputy Chairman, Deputy Conservator and other departmental heads of the Port Trusts, on the lines of the Public Enterprises/undertakings Appointment Board after an interview/assessment.

The National Shipping Board desires that the Government should take steps to change the present administrative system and procedures to ensure that the Port Administration is made more efficient and service and result oriented."

1.36 *All India Ports Service* :—Asked during evidence to give Government's reaction to the recommendation of National Shipping Board for establishment of an All India Ports Service, the Additional Secretary in the Department of Surface Transport stated that since the administrative and

organisational structure of the ports was one of the terms of reference of the Major Ports Reforms Committee, the Government would formulate its views on the matter with the benefit of the Committee's recommendations. Asked to give his own opinion as an experienced administrator, the witness replied :

"If you ask me personally, my personal view in the matter is that the matter bristles with certain difficulties because the IAS or IPS people belong to a service which are manning generalist posts and they may not fit in special departments like Mechanical Engineering, Civil Engineering, Traffic or Marine departments. So there cannot be a common cadre covering all the senior officers. You can have only a general cadre regarding ports administration. There is a post of Secretary in each port and the number of such posts may not be large enough to have some sort of an all India cadre. Some detailed thinking has to be gone into as to which are the posts which should be borne on the all India cadre. But I am certainly in favour of centralised recruitment. Even in other cases, suppose in Mechanical Engineers you want 10 people, let the recruitment be centralised by the Indian Ports Association or some such body so that they come upto all India standards like doctors. I would be in favour of that and not in favour of all India services. As such unless the various factors that I mentioned are examined and worked out in detail we cannot think of an all India service."

1.37 In a note the Department has intimated that the question of establishment of all India Port Service (s) was considered in pursuance of a suggestion made by the Governing Body of the Indian Ports Association held at Kandla on 25-2-1982. No final decision, was, however, taken as it was decided to await the report of the Major Ports Reforms Committee.

1.38 Asked during evidence why the administrative set up of the major ports has not been reviewed for all these years, the Additional Secretary in the Department replied that nothing of the sort had been done by the Department till the setting up of Major Ports Reforms Committee. However, some of the major ports themselves had conducted certain studies in the matter.

1.39 The Committee agree with the observations of the National Shipping Board that no amount of infrastructure planning and mechanisation will pave the way for modernisation of the ports if the management and the organisational structures are not suitably designed and oriented to achieve results in this sphere and therefore, a long term perspective plan should be drawn up for the purpose. The Committee consider that manning of the top level posts in the various major ports by the officers drawn from IAS cadre alone may not be conducive to the efficient functioning of

the ports unless these officers have been working in the various ports for sufficiently long durations and have acquired the necessary acumen to handle the diverse activities of the Ports. The Committee, therefore, would like the Major Ports Reforms Committee, to whom the question of suggesting an efficient administrative set up for the port has been referred, to review the present administrative set up in the Ports in depth and suggest ways and means to tone up the administration. The Committee would also like the Government to seriously consider whether the setting up of an All-India Ports Service is feasible so that the experience and expertise in handling of Ports could be pooled together and uniformity of approach in the administration of Ports could be achieved.

1.40 *Vacancies in Bombay and other Ports* :—In a memorandum submitted to a Study Group of the Committee which visited Bombay recently, it has been represented that many of the top posts including Chairman, Manager (Services and O&M), Chief Personnel and Industrial Relations Manager, Dock Manager and Chief Law Officer and Advocate have been lying vacant for long periods in Bombay Port Trust.

1.41 During evidence, Additional Secretary, Department of Surface Transport informed the Committee that in all 17 posts were lying vacant at senior levels of Heads of Departments and above in all the Major Ports of which 5 posts were vacant at Bombay and 12 at other ports. The witness disclosed that the post of Chief Personnel and Industrial Relations Manager at Bombay was vacant since December, 1982. After advertising the post, the witness added that, "none of the candidates who appeared for interview was found suitable for the post. We have written to the Public Enterprises Selection Board." The witness confirmed that the Post of Chairman, Bombay Port Trust was also lying vacant since 1st March, 1985 and that of Chairman, New Mangalore Port since 17th October, 1985.

1.42 Asked whether the vacancies at top levels for such long periods were affecting the efficiency of the ports adversely, the Additional Secretary stated : "I entirely agree with you that these vacancies at this level do affect the efficiency. We have now told them that at least six months prior to the occurrence of the vacancies they must send us their proposals so that action can be initiated in time."

1.43 The Committee are concerned that top level posts like Chairman of Bombay Port Trust and Chairman of New Mangalore port Trust have been lying vacant since 1st March, 1985 and 17th October, 1985 respectively. The Committee are also unhappy to learn that as many as 17 posts at the senior levels, of which 5 posts are at Bombay and 12 at other ports, are lying vacant for sufficiently long periods. The Committee are sure that the vacancies for long periods at such levels are bound to affect the efficiency of the Ports. The Committee would like the existing vacancies

to be filled up without any further delay and factors which are the cause of delay in filling up the vacancies tackled with a sense of urgency. For the future, they suggest streamlined procedures being introduced both in the Major Ports as well as the Department of Surface Transport for initiating advance action in filling up the vacancy and finalisation of appointment in a manner that the gap between the occurrence of the vacancy and the new incumbent taking over is in no case more than one month.

#### *E. Dock-Labour Boards*

1.44 The Department have stated in a note furnished to the Committee that :

“Dock Labour Boards have been set up at seven major ports namely Bombay, Calcutta, Madras, Cochin, Vishakhapatnam, Mormugao and Kandla for administering the various Dock Workers (Regulation of Employment) Schemes framed under the Dock Workers (Regulation of Employment) Act, 1948. The Scheme administered by the Dock Labour Board relate to the workers and employers who are engaged in cargo handling operations on board the vessel and also the workers and employers who are engaged in handling of bulk cargo on shore. The Central Government is responsible for setting up Dock Labour Boards as well as for framing and amending the schemes. Under the provisions of the Schemes, Dock Labour Boards are required to get approval of the Central Government in certain cases. Thus they are under overall control of the Ministry of Shipping and Transport.”

1.45 Asked during evidence why the Dock Labour Boards had not so far been set up in the remaining major ports namely, New Mangalore, Paradip, Tuticorin and Haldia the Additional Secretary in the Department replied :

“The last Dock Labour Board was set up in 1968 in Kandla. Various Committees were subsequently set up and on the basis of their recommendations, Government decided that in these new ports the DLBs need not be set up. During negotiations with the Unions in 1981, there was a demand for setting up Dock Labour Boards in these ports. The Government accepted the demand to set up a Committee to go into this question. The Committee has again recommended in 1984 that these boards need not be set up. However, the Government has not taken a final decision as yet.”

1.46 The Committee note that Dock Labour Boards have not yet been set up at New Mangalore, Paradip, Tuticorin and Haldia Ports and that the question of setting up Boards in these ports is under-consideration of Government. The Committee would like the Government to take the final decision and positive action in the matter urgently and report to the Committee within a period of 3 months.

## CHAPTER II

### CONGESTION

#### *A. Nature and Magnitude of the Problem*

2.1 It has been stated that Port congestion is generally associated with and measured in terms of pre-berthing delays suffered by the vessels. Given condition of industrial peace and fair feather, congestion at a port will surface only on arrival of vessels in bunches, beyond the capacity of the port to accommodate them on berths within a reasonable time and service them.

2.2 Bombay Port experienced acute congestion between March and October, 1979, February-July, 1981, June 1983 and again in April-June, 1984 after the call off of Port and Dock Workers strike. The number of waiting vessels had risen to 46 in March, 1979 and the waiting period for a general cargo vessel was 64 days. Between February and July, 1981, congestion again gripped the Bombay Port and the waiting time of general cargo vessels rose to 45 days. Immediately after the Port's strike was called off in 1984, 54 vessels were waiting at Bombay Port for berth and the longest waiting period on 28-4-84 had risen to 43 days; on that day 22 vessels were waiting for berth.

2.3 *Factors of Congestion* :—The Department has intimated that broadly the factors which contribute to the situation of congestion are :—

- (i) Suspension of port operations on account of strike by labour stevedores and road transport operators together or at different times;
- (ii) Strike or go slow by labour unions
- (iii) heavy rains; and
- (iv) arrival of vessels in bunches beyond the capacity of the ports to accommodate on berths within a reasonable time or due to absence or inadequacy of equipment for handling particular types of cargoes.

#### 2.4 Increase in Traffic

The Department has supplied the following figures showing the annual increase in traffic handled at Major Ports during the period 1975-76 to 1984-85 :—

(In million tonnes)

Name of Port	1975-76	1976-77	1977-78	1978-79	1979-80	1980-81	1981-82	1982-83	1983-84	1984-85
Bombay	16.79	17.39	16.90	15.60	16.62	17.57	19.63	25.31	25.02	25.77
Calcutta	7.70	8.02	7.55	7.98	8.56	9.29	9.75	10.69	10.47	10.52
Cochin	4.26	4.77	5.17	5.47	5.46	5.27	5.50	5.71	5.13	4.01
Kandla	3.20	3.41	3.82	5.87	7.27	8.82	9.53	12.65	14.16	15.74
Madras	8.20	7.84	8.07	9.70	9.99	10.40	11.41	12.00	13.32	15.01
Mormugao	12.76	13.46	11.28	10.80	14.50	13.76	14.89	12.76	13.21	14.51
New Mangalore	0.34	0.43	0.38	0.87	0.90	0.96	1.65	2.27	2.84	3.38
Paradip	3.32	3.32	2.74	2.17	2.30	2.29	2.17	1.81	1.59	2.14
Tuticorin	0.28	0.62	0.63	1.05	2.41	2.63	2.70	3.23	3.55	3.77
Visakhapatnam	8.55	8.70	9.70	10.04	10.23	10.26	10.82	11.18	11.35	12.87

### B. Waiting Period per ship

2.5 According to the figures provided by the Department the maximum waiting period per ship and average number of waiting days for ships during 1980-81 and 1984-85 were as follows :

Port	1980-81		1984-85	
	Avg.	Max.	Avg.	Max.
Bombay	0.94	38.00	3.04	39.00
Calcutta	2.32	33.00	1.60	64.00
Cochin	1.37	39.40	1.71	51.60
Kandla	3.68	27.62	2.58	34.96
Madras	1.90	35.00	1.50	43.00
Mormugao	3.02	5.97	2.37	4.21
New Mangalore	1.33	19.54	1.64	56.00
Paradip	—	34.00	—	57.00
Tuticorin	0.94	8.77	0.98	30.08
Vizag	1.01	26.03	2.10	43.01

2.6 Asked during evidence whether the increase in both average and maximum waiting periods for ships at Bombay, Cochin, New Mangalore, Tuticorin and Vizag was entirely due to increase in the volume of traffic at these ports, the Additional Secretary stated that except in Cochin there had been increase in traffic in all these ports. For example in the case of Bombay the volume of traffic had increased from 17.57 million tonnes to 22.2 million tonnes. Further there was a strike for about 12 days in March-April, 1984. Though there had not been any increase in the traffic handled at Cochin, the waiting period had increased due to fire in Cochin refinery. Asked to account for decline in both the average and maximum waiting periods at Mormugao, the Chairman, Mormugao Port Trust replied :—

“If there is any change in the average figures, it is usually because of some change in the productivity or some other parameter relating to iron ore handling. After 1980-81 we were getting much bigger vessels. In 1984-85 there were fewer vessels but much bigger vessels. And because they were bigger vessels, the rate of loading increased. There the loading rate was much faster and that is why we were able to show improvement under average pre-berth waiting time.”

### *Waiting Period at Bombay Port*

2.7 In a note furnished by the Department, the following measures are stated to have been taken to reduce waiting period for ships at Bombay Port:—

- (i) Scheme for payment of subsidy for the cargo handled in mid-stream is in force.
- (ii) Strict control is exercised over allotment of berths on priority.
- (iii) The performance of the vessels is monitored daily by a high powered committee headed by the Addl. Docks Manager. Performance of vessels is reviewed weekly by the Chairman. The vessels showing poor performance are penalised and vessels showing consistently poor performance at the berths are ordered out of the docks.
- (iv) Demurrage charges were enhanced from 24-12-1981 as to be a disincentive for keeping the discharged cargoes in the port shed and thereby create accommodation for more discharge.

### *Long term Measures*

- (i) Docks are being modernised, which will segregate the facilities for handling container and break-bulk cargo. For this a container Terminal is being developed at BPS/BPX, requisite container handling equipments are being acquired and the outlying areas at Manganese Ore Depot and Timber Pond are being developed as Container Freight Station. A separate road connecting the Container Terminal and the Container Freight Stations with fly-overs is being constructed.
- (ii) Existing sheds are being remodelled for proper storage of cargoes.
- (iii) Outlying areas are being developed, which will provide requisite back-up facilities.

### *Latest Position*

The port suffered some congestion during the months of July and August, 1985. The situation started coming back to normal from the middle of September, 1985 and has since then comeback to normal with the number of vessels waiting for berth (including oil tanks) being 14 on 13-7-1985 and 4 on 7-11-1985.

To rationalise the distribution of cargo to various ports a standing Committee has been constituted by the Government to act as a clearing house to plan all major imports and exports on Government/Public Sector account. The Committee assesses the imports/exports of various commodities well in advance and allocates the traffic for each major port.

**2.8** The Committee regret to note that the waiting period for ships at Bombay Port has more than trebled from the average of 0.94 days in 1980-81 to 3.04 days in 1984-85 whereas the traffic handled at the port has risen only from 17.57 million tonnes to 25.77 million tonnes during the same period which means that the rise in traffic handled has been less than 50% whereas the waiting period has risen by more than 300%. The Additional Secretary in the Department attributed the increase in the waiting period for ships at Bombay Port to General Strike for about 12 days in all the ports in March-April, 1984. The position in Vishakhapatnam Port is no better. Whereas the traffic handled at Vishakhapatnam Port rose from 10.26 m.t. in 1980-81 to 12.87 m.t. in 1984-85, the average waiting period per ship more than doubled from 1.01 days to 2.10 days during the same period. The Committee, however, note that at Mormugao Port while the traffic handled has increased from 13.76 m.t. in 1980-81 to 14.51 m.t. in 1984-85, the average waiting period per ship has declined from 3.02 days to 2.37 days during the same period. The Chairman, Mormugao Port Trust attributed it to "some change in productivity or some other parameter relating to iron-ore handling" and handling of "fewer but much bigger vessels they got after 1980-81." Happily the General strike in all the major ports in March-April did not have any effect at Mormugao Port and in fact the waiting period declined there. The Study Groups of the Committee which visited some of these ports also found that there has been an abnormal increase in the waiting period per ship at the major ports. The Committee do not consider that the increase in the traffic at the major ports alone warrants such an abnormal increase in the waiting period per ship and are firmly of the opinion that the waiting period can be substantially reduced. In the subsequent paragraphs of the Report, the Committee have dealt with the factors responsible for congestion in the ports, which are the main cause for the increase in the waiting period per ship at the major ports. Some of the factors causing congestion in ports, which have been brought to the Committee's notice are lack of adequate mechanisation of cargo handling facilities, inadequate berthing capacity, complicated and time taking port and customs procedures, high sea sale of cargo, strained labour relations, inadequate storage and transport facilities etc. The Committee would suggest to the Government to go into this problem in all its ramifications and take necessary corrective steps for reducing the waiting period to the barest minimum.

### *C. Turn-round time of ships*

**2.9** According to the Department the turn-round time of a ship is computed as the time taken by a ship from its arrival at a port till it sails from the port, excluding the time spent by it in dry docking and repairs, if any. As the turn-round of a ship is dependent on various factors like quantity and nature of cargo, facilities available for discharging of cargo, type of packing, parcel size, work-stoppages and strikes, number of gangs employ-

ed, number of hooks that can be operated, rate of unloading by the gangs, etc., it is not possible to work out an optimum norm for the turn-round time of ships.

2.10 The Department has further intimated that the actual turn round time per ship at all major ports during 1983-84 and 1984-85 was as under :—

Port	1983-84	1984-85
1	2	3
Bombay	8.61	9.43
Calcutta	14.30	15.30
Haldia	7.40	6.10
Cochin	4.48	5.05
Kandla	7.04	7.43
Madras	7.50	5.50
Mormugao	6.23	6.91
New Mangalore	7.92	8.21
Paradip	9.67	9.40
Tuticorin	7.96	6.56
Vizag	6.72	7.53

2.11 Asked during evidence why the turn-round time of ships was very high at Calcutta port (15.30) in contrast with other Major Ports like Bombay (9.43), especially when the cargoes handled at former port have decreased due to the development of Haldia Port, the Chairman, Calcutta Port Trust replied :

“The turn-round time in Calcutta Port is considerably higher mainly for three reasons. Calcutta is 125 miles inside the river away from the sea; all the (other) ports are on the sea. It take 2½ days in coming and going. Secondly, Calcutta has five of India’s ten functioning commercial dry docks. Therefore, ship repair in Calcutta is done more than in other ports. Therefore, ships often wait before they get their repair done . . . A third reason is in Calcutta and Madras and even in Bombay ships coming in with import cargo, . . . is after discharging the import cargo have to wait for the export cargo.”

2.12 On being pointed out that the time taken in dry-docking was not included in the turn-round time of ships, the witness clarified :—

“A ship, once it enters in the dock basin, it may have to wait for dry docks for 2 or 3 days. These . . . I submit are included (in turn-round time).”

2.13 On the suggestion that ships awaiting dry-docking should wait in outer-habour, the witness replied that there was no outer-harbour at Calcutta Port. Asked further how much of idle time component (6.59) in turn-round time at Calcutta (15.30) could be reduced, the witness assured :—

“This 6.59 is not in my control . . . . From 15.30 we may reach 14.”

2.14 With regard to the turn-round time at Paradip port (9.40) being almost as high as Bombay (9.43) which handled a far higher volume of traffic, the Chairman, Paradip Port Trust contended :—

“Actually I find that there is not much relationship between the traffic handled and the turn-round time. The turn-round time of the vessel depends upon the facilities available in the Ports to handle cargo, the type of cargo etc.”

2.15 The Additional Secretary in the Department added that in 1984-85 there was absolute stoppage of work due to General strike in Ports from 15-3-1984 to 11-4-1984.

2.16 Even conceding the peculiarity of Calcutta port of being “125 miles inside the river away from the sea” which takes ships “21 days in coming and going” as pointed out by the Chairman of the Calcutta Port Trust during evidence, the Committee feel that the turn-round time of 15.30 days at the port during 1984-85 is on the high side when compared with 9.43 days for a more congested port like Bombay during the same year. As for the other reasons attributed by the Port Chairman to the long turn-round time at the port, namely, the existence of dry docks for repairs at the port and the necessity of ships coming into the port with import cargoes having to wait for export cargoes on return, the Committee are sure that these also apply to other major ports like Bombay. The Committee are of the view that the turn-round time at Calcutta Port should have compared favourably with Bombay Port keeping in view the fact that the traffic handled at Calcutta now is much less as compared to that handled at Bombay. The Committee recommend that an expert body should go into the question of inordinately long turn-round time of ships at Calcutta port and suggest positive measures for its substantial reduction.

2.17 The Committee regret to note that the turn-round time of ships at Paradip port (9.40 days) is almost as high as that at Bombay (9.43 days). Even though the Department had stated in the material furnished by them to the Committee that the turn-round time of a ship was dependent on various factors like quantity and nature of cargo etc., the Chairman of Paradip Port Trust tried during evidence to play down the role of the quantity of traffic handled at a port in turn-round time of ships there, by saying that “ . . . . . there is not much relationship between traffic

handled and turn-round time." The Committee feel that the high turn-round time at Paradip (9.40 days) is not justifiable in view of the quantum of cargo handled at the port and necessary corrective steps should be taken to reduce it substantially. Similarly, the turn-round time at New Mangalore (8.21 days), Vishakhapatnam (7.53 days) and Kandla (7.43 days) also appears to be on the high side and merits close scrutiny with a view to reducing the same.

#### D. Capacity Utilisation

2.18 The following table furnished by the Department gives the capacity of major ports for handling various commodities and the traffic handled commodity-wise as on 31-3-1985 and also the percentage of utilisation of capacities in million tonnes.

Commodity	Capacity as on 31-3-85	Traffic handled in 1984-85	Percentage of utilisation of capacity
POL . . . . .	55.25	49.77	90.1
Iron-Ore . . . . .	41.50	26.09	62.8
Coal . . . . .	6.25	4.41	70.6
Fertilisers . . . . .	3.90	6.19	Please see Note 1
General Cargo/containers . . . . .	25.83	20.27	78.5
<b>Total . . . . .</b>	<b>132.73</b>	<b>106.73</b>	<b>80.4</b>

Notes : (i) Fertilizer capacity shown is the capacity of dedicated berths whereas fertilizers is handled at dedicated berths as well as general cargo berth. (ii) The capacity given is as on 31-3-85 while the traffic relates to the entire year.

2.19 According to the preliminary material supplied by the Department, Commodity--port-wise percentages of capacity utilisation during 1984-85 with regard to P.O.L. ranged from 173.3 at Madras and 223.5 at Vishakhapatnam to 51 at Tuticorin and 44 at New Mangalore. The percentages of capacity utilisation in respect of iron-ore during the same period were as low as 23 at New Mangalore and 40.2 at Paradip. The corresponding percentages during the same year on account of Fertilizers and Raw-materials ranged from 300 at Vishakhapatnam and 153.3 at Madras to 18 at Haldia. As for general cargo/containers, the percentages varied during the year from 186.8 at Kandla to 41 at Haldia, 42.3 at Cochin, 42.5 at Vishakhapatnam, 40 at Paradip and 36.8 at Tuticorin.

2.20 The Department has conceded that with reference to captive capacity created at the port, the utilisation of iron-ore and coal facilities has not been satisfactory. With regard to the iron-ore, the Deptt. have stated that the under utilisation of capacities is mainly due to buyers demand for large

capacity and deeper draft facilities and world-wide depression in the ore market, and Iran's failure to lift Kudremukh concentrates from New Mangalore Port as per agreement. A scheme to deepen the Bharati Docks at Madras Port to enable deeper drafted vessels (upto 1.5 lakhs tonnes DWT) has been sanctioned and is expected to be completed during 1985-86. When this is completed, iron-ore traffic is expected to go up at Madras Port. According to the Department under utilisation of coal capacity has been at Haldia. Improvements to the Coal Handling Plant were under execution during 1984-85. In the case of fertilizers and fertilizer raw-material, all the ports do not have captive capacities. In the ports which do not have captive capacities and also at Visakhapatnam finished fertilizers are handled as General Cargo. In the case of Haldia, the mechanised facilities for fertilizers are under completion.

*2.21 Capacity Expansion* : The traffic handled at the end of the Sixth Plan was 106.73 million tonnes. With reference to the traffic projection of the Seventh Plan, port capacities are being augmented wherever necessary during the Seventh Plan period keeping in view the resources constraints also. The port capacities of 132.73 million tonnes at the end of the Sixth Plan are expected to be augmented to 161.45 million tonnes by the end of Seventh Plan as indicated below :—

*"P.O.L.*

The capacity is expected to increase from 55.25 million tonnes to 71.55 million tonnes in Seventh Plan. Of this the schemes at Madras and Visakhapatnam accounting for 8 million tonnes are already under implementation.

*COAL*

Additional capacity of 2.2 million tonnes is expected to accrue from schemes proposed at Haldia and Tuticorin.

*FERTILIZERS*

The additional capacity accruing in Seventh Plan will be 4.1 million tonnes of which 1.2 million tonnes will be at Paradip and 2.9 million tonnes at the New Major Port Project of Nhava Sheva. Both these schemes are already under implementation.

*BREAK BULK CARGO/CONTAINERS*

The capacity build up during Seventh Plan will be from 25.83 to 31.75 million tonnes as a result of augmentation of container handling facilities proposed in some of the ports and also the New Major

Port Project of Nhava Sheva providing for 3 container berths. In sum, the Port capacities as on 31-3-90 will be as under :—

	(in million)	
	As on 31-3-85	As on 31-3-90
Iron Ore . . . . .	41.50	41.50
P.O.L. . . . .	55.25	71.75
Fertilizers . . . . .	3.90	8.00
Coal . . . . .	6.25	8.45
Break bulk cargo . . . . .	22.35	22.45
Containers . . . . .	3.48	9.30
	132.73	161.45"

2.22 The Additional Secretary in the Department has stated during evidence that :—

“The ports capacity is also specifically related to certain cargoes. The main problem regarding congestion arises in respect of general cargo. That means commodities handled at the general cargo berth. There is not much problem so far as POL or oil traffic is concerned. There is not much problem regarding iron ore, but regarding other commodities including fertilizers which are handled in the general cargo berths, the problem comes. In our capacity of 132 million tonnes, the capacity in iron ore itself is about 45 million tonnes. This capacity cannot be inter-changed because it can be used only for iron ore. Our traffic is only 26 million tonnes. There is excess capacity in iron ore. I cannot use it for handling any other commodity. POL capacity is 55.25 million tonnes. Iron ore is 41.50 million tonnes and Coal is 6.24 million tonnes.”

2.23 When the Committee expressed their concern over the Department's efforts to expand port capacity on the one hand and its failure to utilise the existing capacity on the other, the witness added :

“This is sometimes unavoidable. The classic case is Kundremukh project. Certain capacity was created . . . . . but finally because the deal fell through, the traffic did not materialise . . . On certain assumptions by the Ministry of Petroleum regarding POL traffic, the capacity created was 55 MT, but the actual traffic came to 49 MT during 1984-85 . . . As regards iron ore, there is recession generally in the world market. Therefore, exports from our ports are not upto the target. They have not been able to reach projected level because of recession in steel industry.”

2.24 Asked what was the point in going on expanding capacity when that capacity could not be utilised for the next three-four years, the witness stated :

“Suppose Haldia Refinery is to be expanded. . . . . The fact that we have excess capacity in Bombay is not going to help me.”

2.25 In a note on capacity utilisation at the ports of some foreign countries, the Department have stated that there are a number of recognised parameters which are used for assessing the overall performance efficiency of a port and utilisation of berth capacity is one of these. UNCTAD reports and studies which serve as a useful guide to port planners and port operators recommend that :

- for break bulk berths the utilisation rate should be 40% for a single berth and 50—70% for berth groups of 3, 4, 5, 6—10 handling general cargo only.
- for specialized berths as for example a container terminal, where the cargo handling rate is generally five to ten times more than that of a conventional break bulk berth, unutilised cargo handling requires relatively smaller number of berth(s) to operate and also in consideration of the fact that specialized container vessels are highly capital intensive berth occupancy has to be kept still lower so that the waiting time for such vessels is minimal.
- For captive berths with totally automated or semi-mechanized systems of loading/unloading, rate of berth occupancy is determined by the ship capacity on the one hand and the capacity of the shore handling equipment, stacking area etc. on the other.

2.26 In the industrialized countries port facilities are based on the principle of economic optimum between the ship size, rate of discharge, size of the buffer stock and the level of hinterland facilities and where a system of integrated transport planning is in vogue, it presents no serious problems. In other cases the objective is limited to providing port facilities and operating systems at the lowest combined cost to the port and the port users.

2.27 The Committee are distressed to find that while at some Ports captive handling capacity in respect of certain commodities, is grossly underutilised, at other ports in respect of other or the same commodities, the traffic, is far in excess of the existing handling capacity of the Port. For example, POL capacity is under-utilised at New Mangalore; iron-ore capacities are grossly under-utilised at New Mangalore and Paradip; Fertilizer/raw-material capacity also is grossly under-utilised at Haldia and general cargo container capacities are not fully utilised at Haldia, Cochin,

Vishakhapatnam, and Tuticorin. Furthermore, P.O.L. and Fertilizer/Raw-Material handling capacities are also grossly over-utilised at Madras and Vishakhapatnam. In this connection, the Committee note that even though the major ports handled a total of 106.73 million tonnes of traffic during 1984-85 against the total available capacity of 132.73 million tonnes showing capacity utilisation of 80.4 per cent, it is not of much relevance as the capacities are not inter-changeable. The Committee, therefore, suggest that the problem of gross under-utilisation and excessive utilisation of Port capacities merits in-depth examination to find out ways and means for allocation of traffic to each port in a balanced manner so as to strive for optimum utilisation of port handling capacities.

2.28 In this context, the Committee would also like to point out that one of their Study Groups which visited Lakshdweep Islands recently noticed that Cochin Port, which is stated to be already overutilised, is catering to the Lakshdweep Islands even though the distances between the Cochin Port and some of the Lakshdweep Islands are far greater as compared to the distances between those Islands and New Mangalore Port which is reported to be underutilised. The Committee would like the Government to examine the extent to which the traffic between Lakshdweep Islands and Cochin and New Mangalore Ports could be rationalised keeping in view the distances involved.

#### E. Rationalised Distribution of Cargo

2.29 The Department have stated that "the Major ports of our country form part of service infrastructure of the country's economy. The ports are however not in a position to control the arrival of vessels calling at any port, still less the type of cargoes brought for discharge."

2.30 Asked during evidence whether any criteria have been laid down for the imports and exports on governmental as well as private accounts according to the facilities available at each port, the Addl. Secretary in the Department replied :—

"No criteria as such have been laid down because most of these commodities arrive at general cargo berths where not merely Government cargo but private cargo also is received. Suppose STC sends ten ships and other parties also send ten ships, we can not turn them out. So no criteria have been laid down."

2.31 In a note furnished to the Committee it has been stated that the Standing Committee on Rationalised Distribution of Cargoes evaluates the capacities of the major ports to handle the projected, traffic in the quarter for which the programme is under consideration and thereafter allocates the traffic. This Committee does make efforts to have traffic diverted to other ports if the ports designated are not in a

position to handle the projected traffic. This Committee does not decide diversion of vessels as such which is done by "the charter parties" if the cargo is not being brought on liner term basis. In this manner an effort was being made to regulate the inflow of imports and outflow of exports through Government agencies, as per facilities available at the ports.

2.32 *Diversion of ships* : The number of vessels diverted from the destined major port to other ports during the last two years (1983-84 and 1984-85) has been stated to be as follows :—

Name of Port	1983-84	1984-85
Bombay . . . . .	4	Nil
Calcutta/Haldia . . . . .	23	25
Cochin . . . . .	8	Nil
Kandla . . . . .	45	8
Madras . . . . .	Nil	Nil
Mormugao . . . . .	Nil	Nil
New Mangalore . . . . .	2	3
Paradip . . . . .	13	Nil
Tuticorin . . . . .	11	Nil
Vizag . . . . .	3	N.A.

2.33 In a note the Department has stated that there are no provisions/regulations as such for diverting ships to ports other than the destined ones or to alternative ports with a view to easing congestion. There is no possibility of diversion of the vessels plying on liner terms as Conference Lines operate as per their own schedule. This can be done only in the case of chartered vessels if in the charter party terms, provision enabling the charterer to divert the ship according to his requirement exists. This function is not exercised by the Ports. It may also be added that the diversions usually take place on the high-seas and are not reported to the Ports. It may however, be added that the diversions which were resorted to during the period of the strike of Port and Dock Workers in March-April, 1984 were on the advice of the Government and these diversions were effected from the reporting stations.

2.34 *Arrival of Vessels in Bunches* :—The Department has stated that Port congestion is generally associated with and measured in terms of pre-berthing delays suffered by the vessels and given conditions of Industrial peace and fair weather, congestion at a Port will surface only on arrival of vessels in bunches, beyond the capacity of the Port to accommodate them on berths within a reasonable time and service them.

2.35 Asked during evidence to state the circumstances under which ships arrived in bunches at a particular Port and whether it could not be avoided by advance or post-facto action, the Additional Secretary in the Department replied :—

“Not only we have some degree of control of information about Government cargo but we also try to say that only so much of commodity should be brought to a particular port. But when a ship is coming, it competes with any other ship that has already arrived there. The port is having a system of queing. It does take place despite all the efforts we are discussing. We are also arranging with IPA with their computer to have information so that any user agency can check about the position of each port so that a shipper can take a view that if I send my ship in Bombay I will have to wait for so many days. . . . . We are not able to avoid it. A large number of private ships also come.”

2.36 The Committee are distressed to note that neither specific criteria have been laid down with regard to regulation of inflow of imports and outflow of exports through major ports on behalf of public canalising agencies and through other parties, nor has any sizeable diversion of ships been effected to contain congestion at ports during 1984-85 at major ports except Calcutta. The Department has stated that the Committee on Rationalised Distribution of Cargo “does make efforts to have traffic diverted to other ports if the ports designated are not in a position to handle the projected traffic.” The Department has also stated that “there are no provisions/regulations as such for diverting ships to ports other than the destined ones or to alternative ports with a view to easing congestion” and “the diversions resorted to during strike of port and dock workers in March-April, 1984 were on the advice of the Government and these diversions were effected from the reporting stations.”

In the absence of specific provisions on the subject, the Committee cannot but conclude that the Committee on Rationalised Distribution of Cargo has been playing only a perfunctory role in regulating the inflow and outflow of traffic at various ports and has per force allowed the utilisation of capacities at ports to be decided by market forces. The Committee therefore recommend that (i) the Ministry of Transport may examine the desirability and feasibility of acquiring authority by legislation to effect diversion of cargo ships from one port to the other in certain circumstances in the interest of smoother flow of traffic (ii) the Inter-Ministerial Committee on Rationalised Distribution of Cargo should lay down certain specific criteria and guidelines to regulate the inflow and outflow of traffic on behalf of both public and other agencies through major ports according to the capacities available at the ports (iii) the Ministry should urgently set up

**an instant upto date information system in regard to the state of traffic at each port for the use of shippers. To make the private parties more amenable to regulations regarding distribution of traffic, a package of incentives and disincentives for better utilisation of capacities at both major and minor/intermediate ports for reduction/diversion of traffic from congested ports should be evolved and introduced at the earliest.**

*F. Handling of Fertilizers/Sugar ships by FCI etc.*

2.37 It has been pointed out to the Committee that Government agencies like Food Corporation of India and State Trading Corporation are not scheduling the arrival of ships at ports according to seasons with the result that they have to suffer losses which they pass on to the ultimate consumer. Asked during evidence whether the Department has brought this fact to the notice of the Ministry of Agriculture/Ministry of Commerce for taking corrective action, the Additional Secretary, Department of Surface Transport stated that the Committee on Rationalised Distribution of Cargo on which all the user Ministries like Agriculture and Commerce and Agencies like STC, MMTC and FCI were represented, met quarterly to discuss the traffic projections for the current and next quarters. While making allocation of traffic capacity of the ports and difficulties during monsoon were also taken into account. However, due to factors beyond control of these agencies some vessels came to ports during monsoon and had to wait for long periods. With regard to damage caused to fertilizer cargoes handled at the ports the witness added :—

“.....the fertilizer contains some chemicals which when exposed to atmosphere gets solidified. Even before a particular shipping consignment is received or unloaded the fertilizer gets caked. We have brought this to the notice of the Agriculture Ministry and also suggested that this sort of phenomenon does take place and to see that it is kept within their control. There is always some spillage..... Most of these commodities like fertiliser and others are handled manually and we do not have a mechanical system whereby this can be expedited. We are having very conventional type of handling methods. In modern ports abroad, it is all mechanised. Right from the ship's hold it is taken out and mechanically loaded..... So far as fertilizer is concerned, Agriculture Ministry is devoting some attention as to how to avoid caking.”

2.38 Explaining the position further, the representative of the Ministry of Agriculture stated :—

“We had received some information that even at the loading point abroad, for ensuring larger quantity of fertilizer in a particular ship

water is sprinkled to make it compact so that more load can be taken by the ship. We have requested the MMTC to ensure that there is stricter pre-despatch quality control on this. They have assured us that this kind of thing will not take place as far as loading point is concerned. After it arrives at the Indian Port, when we open the cargo there is no caking. But caking takes place during unloading operations. We fully appreciate the concern of the Committee that some kind of a thinking has to go in for a faster and more modern method of unloading. We are fully alive to this. It is not only unloading that is important but further movement upto the countryside and storage at the major consuming centres. About all this we are concerned. We are right now thinking of a national project of handling and storage of fertilizers. This kind of planning i.e. linking a particular port with a particular hinterland is being considered."

2.39 Asked whether the time had not come when the entire work of handling of fertilizers at the major ports should be entrusted to F.C.I., the witness stated that "our experience with the F.C.I. about their efficiency in handling at the port is very poor", and added that the way out would be that the FCI's efficiency should be improved. Or handling of cargo be given to more agencies.

2.40 Asked as to who was responsible for allocation of ships to particular ports, the representative of the Ministry of Agriculture stated :—

"When the ships arrive somewhere around Suez, that is the time Ministry of Agriculture gets the message from the Captain of the ship, at that time we find out as to which are the ports where we can easily divert a ship and..... a decision is taken by the Ministry of Agriculture to send a message back to the Captain of the ship that he should call at such and such port. Even after landing one anticipates that they may have to wait for a short period, but due to unforeseen circumstances, they may have to wait for a much larger time. In that case a ship is transferred to another port also."

2.41 With regard to quality control, the witness added :—

"The pre-shipment quality is supposed to be checked by the MMTC which is responsible for import, but after it has landed at the port, it is the Ministry of Agriculture which is supposed to check the quality of the fertilizer. We have the fertilizer quality control inspectors who take the samples from the ships, test them and certify it before it is released for public consumption."

2.42 Agreeing that it was their responsibility to ensure that the fertilizer they bought from abroad was completely in order according to the

specifications, the representative of the Ministry of Commerce stated that "there is no system of sprinkling of water in order that cargo should settle down and ship should be able to carry more."

2.43 Asked about damage caused to imported sugar at ports/ships, the representative of the Ministry of Food and Civil Supplies admitted :—

"At the time of fixing ports and the quantity, we take into consideration factors like requirements of internal consumption, handling facilities at the port, agroclimatic factors affecting the port, storage facilities of Railway. However, sometimes, there may be some problem due to late arrival or early arrival or due to slow discharge and there may be some bunching of vessels . . . . . there are some instances where sugar has been completely damaged. For example, there is a report that about 5000 bags of sugar were damaged in the port itself. In another Port, there was damage at the time of handling as rains came suddenly. . . . . If you take the case of Bombay, New Mangalore and Cochin, we have no programme for arrival (of ships) at all in the monsoon months of July and August . . . . . But at times. . . . . there are untimely rains at the time of unloading."

2.44 Asked whether diversion of ships took place even after the Ministry of Agriculture had nominated a port in consultation with the port authorities, the representatives of the Ministry of Agriculture replied :—

"Sometimes on account of the terms and conditions of the charter itself, the ship is duty bound to carry out call on two ports, if there is some problem at one port. Sometimes after a part of the cargo is unloaded; it is also transferred to another port. But it does not cost any extra amount to the exchequer as such."

2.45 In a note furnished to the Committee the Department of Surface Transport has stated that the Department of Agriculture & Cooperation schedules, shipments of fertilizers very carefully in such a manner that factors like timely supply to farmers; best utilisation of available port berthing and railway movement facilities are optimised. The port of discharge is nominated by Fertilizer Division in the Department of Agriculture and Cooperation on receipt of radio message from the Master of the ship when the vessel passes through Suez Canal or while passing Singapore. While making such nomination of discharge-port assessment is made about the prospects of availability of berths at the particular port to which the particular vessel is nominated at the time when the vessel is expected to arrive. There are instances when the prospects of availability of berth for the newly nominated ships gets vitiated and Fertilizer Division has been reconsidering nomination of some other port for the vessel. The broad reasons for which diversions have been effected in the past are :—

(i) Sudden strike at the port nominated;

- (ii) arrival of ships containing other commodities as it happened in the recent past with import of sugar; and
- (iii) failure of a ship to reach the nominated port of discharge due to technical problem with the vessel.

2.46 The Committee need hardly stress that there is an imperative need for pre-loading checking for stricter quality control of sensitive cargoes like fertilisers and sugar at the foreign ports before shipment to India. They are also firmly of the opinion that cargoes of fertilisers and sugar, which are prone to the vagaries of weather, should be handled expeditiously and with utmost care on arrival at the various ports. The Committee are distressed to find that such sensitive cargoes are still being handled manually even though the Government has conceded for long the need for mechanisation of the handling operations fully. Now that a national project of handling and storage of fertilisers and sugar has been conceived, the Committee hope that both these cargoes will be expeditiously handled on arrival at the ports and will be saved from damages owing to the vagaries of weather.

2.47 The Committee are unhappy to learn that a large quantity of sugar amounting to as much as five thousand bags was damaged because of rains in 1984. They attribute this loss to the total lack of coordination on the part of the Government, port authorities and canalising agencies. All these authorities have to gear up their working and show better results by avoiding recurrence of any such losses in future.

2.48 The Committee also desire that while allocating the ports of call to ships carrying fertiliser and sugar, the weather conditions in the ports at the time of call should be duly taken into consideration and with this end in view the Committee on Rationalised Distribution of Cargoes should maintain close and better liaison with the metrological department.

#### *G. Use of Ships as Warehouses*

2.49 It has been submitted in a memorandum to the Committee that at Vishakhapatnam Port, private companies have been using ships as warehouses by detaining them at high-seas outside the port on one pretext or the other, sometimes for over 2 months.

2.50 Asked during evidence to confirm this practice, the representatives of the Ministry of Agriculture admitted :—

“We have come to know of an instance at Vishakhapatnam where a particular handling agent did delay unloading for a considerable time, almost for a period of three months. I will give the exact date. The ship called Planica with 19,050 m.ts. of materials had arrived on 25th June, 1985 and it commenced discharge only on 21st September, 1985, that is, almost 4 days short of three months. Now, I would like to give a little background to this particular

incident. At Vizag, Madras, Bombay and Kandla, FCI was handling fertilizers earlier and their performance was not considered to be good. From this year, from April, 1985, it was decided that in addition to FCI, we should allow other handling agents to handle fertilizers at these places. Therefore, other agencies were inducted ..... and an agency called SPIC (Southern Petro-Chemical Industries Corporation) was inducted. When they wanted to handle it, the FCI labour created a problem for them and they said that it was their right to handle and if we want to handle it, we have to settle the issue with them, with the result that they could not proceed with the unloading part of it. We were presurising SPIC to quickly start unloading. They were perhaps in turn negotiating with the FCI labour pool and there the delay, occurred. Normally, before commencement, if there is detention with us on account of the Government, we pay the demurrage for this purpose. But in this case, since we were not satisfied, we told SPIC "You shall bear this demurrage and not the Government." The amount of demurrage was about Rs. 27 lakhs. .... It is to be recovered from SPIC by the Government. The demurrage charges are supposed to be paid by us under the agreement. But, in this particular case, we have to recover them separately from SPIC ..... Under the agreement, the ship is supposed to get any demurrage which occurs. That is built into the agreement as such. But we have decided in this manner in this case because it is unduly long and we consider that it was on account of SPIC's not taking action very quickly. .... There is a regular account between them and the Government and this adjustment takes place in that."

2.51 Asked to state specifically who paid the amount of Rs. 27 lakhs, the witness replied :—

"Nobody has paid it (yet). Under the agreement it is our liability to pay to the shipowners, we have not yet paid that and we have to recover it from the handling agents."

2.52 The witness further informed the Committee that under the agreement if it was an Indian Ship, demurrage in such cases was paid in Rupees and if it was a foreign ship, demurrage was paid in foreign exchange. In the present case it would have to be paid in foreign exchange.

2.53 Asked whether it was a singular case or a regular phenomenon, the witness stated :—

"There seems to be some reluctance on the part of the handling agency itself to discharge fast. But in other cases also there is of course intention, but that is not with a view to getting advantage of using the ship on a storage basis."

2.54 When asked whether the Ministry envisaged any such steps as taken earlier on three occasions when Administration had decided to auction the cargo if it was not handled within 8 days, the witness stated :

“We are not thinking about it. But what we are thinking from next year 1st April, 1986 onwards is that we would like to get more competition for handling of fertilizers at various ports. Any penalties that may be imposed are being considered as part of the new plan that we wanted to introduce from 1st April, 1986”.

2.55 In a note on demurrage paid (in foreign exchange and rupees) by canalising agencies like STC/MMTC to ships for berthing delays during the three years in each of the major ports, the Department of Surface Transport has stated that the Department of Agriculture & Cooperation takes all necessary steps to avoid demurrage. But in exceptional circumstances the Department of Agriculture & Cooperation is required to pay demurrage on ships to shipowners on account of :—

- (i) excess time taken at loading ports;
- (ii) Any pre-berthing detention to a ship the discharging port; and
- (iii) post-berthing detention to a ship due to excess time taken in discharge of matter.

2.56 Under the present arrangements, Department/Agriculture & Cooperation arranges payment to ship owners for any amount that becomes due on all these three accounts and the payment thus made during the last 3 years has been as indicated below :—

1982—83	Rs. 3.76 crores
1983—84	Rs. 2.34 crores
1984—85	Rs. 3.80 crores

2.57 The Department of Agriculture & Cooperation arranges realisation from suppliers of material in foreign countries for demurrage accrued on ships at loading ports. Similarly, any demurrage that accrues on ships after these are berthed at the port of discharge is realised from the handling agencies according to the norms prescribed. No break-up of demurrage figure under the 3 different headings mentioned above is, however, maintained in the Department of Agriculture & Cooperation. Besides, the figures given above include demurrage that accrued on all the 3 accounts mentioned about in all ports in India, namely, major and minor ports. No separate break-up is maintained with regard to major or minor ports.

2.58. The Committee are distressed to note that demurrage to the tune of Rs. 3.76 crores in 1982-83, Rs. 2.34 crores in 1983-84 and Rs. 3.80 crores in 1984-85 was paid to the ship owners by the Department of Agriculture and Cooperation on account of excess time taken at loading port, pre-berthing and post-berthing detention of ships at the discharging ports. Though Government has not furnished the exact figures, Committee assume

that a major portion of this demurrage must have been paid in foreign exchange, thus causing undue strain on the country's meagre foreign exchange resources. The Committee fear that the figure of demurrage paid in foreign exchange could be far more staggering if data regarding such demurrage paid to the ship owners on behalf of all the canalising agencies under the Ministries of Agriculture, Industry, Commerce, Petroleum etc. had been made available to the Committee. In these circumstances, the Committee cannot but conclude that there is utter lack of control, supervision and coordination in the matter of cargo handling operation causing all-round delays for which compensation has to be paid by the Government largely in foreign exchange to the foreign ship owners. The Committee would like the Government to immediately appoint an expert body to go into the reasons for the payment of such heavy demurrage/compensation to the shipowners year after year and to suggest necessary corrective measures in this regard.

2.59 The Committee are amazed to learn that instead of improving the performance of the F.C.I. in handling fertilizers at various ports, the handling operations were assigned to an agency called SPIC (Southern Petro-Chemical Industries Corporation). The fertilizers handling operation by this agency at Vishakhapatnam Port resulted in a extra payment of Rs. 27 lakhs in foreign exchange by way of compensation to the shipowners for delay in discharging the cargo. The Committee would like the Government to recover this amount from SPIC for which an assurance was given to the Committee during evidence by the representative of the Ministry of Agriculture. The Committee would also like the Government to reconsider the new arrangements regarding handling of fertilizers at ports with a view to effect improvement therein in the light of past experience.

#### *H. High Sea Sales*

2.60 High Sea Sales of cargo without designating the port of incharge in advance has been mentioned as a factor responsible for congestion in ports. It has been stated in a memorandum in this connection that :

“To deal with non-clearance of cargo such as non ferrous metals, newsprint, asbestos etc. imported by canalising agencies like STC/MMTC who sell the goods on high seas but do not take responsibility to clear the cargo, thus causing detention of ships and congestion in sheds, the organisations should provide their own bonded warehouses near the ports and effect eventual sale/delivery. Alternatively, Ports Trusts should provide bonded warehouses outside port area and shift the cargo uncleared after a month to these at consignees' cost and risk.”

2.61 In this regard National Shipping Board has also recommended in its Report for 1983-85 that :—

“To avoid non-clearance/delayed clearance of goods sold by Government canalising agencies like STC and SAIL on high seas, due

to delayed despatch of papers by the agencies particularly at Bombay, these agencies should build their own warehouses at the port for storage of uncleared cargo. This should be studied in depth by an inter-ministerial expert body to determine the extent and impact of the problem as contributory factor causing congestion."

2.62 Asked during evidence why the canalising agencies indulged in high-sea-sales causing difficulties for the ports, the representative of the Ministry of Commerce stated that the Report of Working Group of Planning Commission on High-sea-sales of Canalised Imports (1982) had come to a conclusion that high sea sales was not an undesirable phenomenon in International Trade because in no way had such sales contributed to congestion in ports.

2.63 The representative of the Ministry of Finance stated that as far as the Customs formalities were concerned these had to be observed by the Canalising Agency concerned but the cargo could be handled (at the Ports) by any party to whom they had sold it. They had no objection to the canalising agencies giving clearance for collecting the cargo to other parties who could also pay custom duties on behalf of the former.

2.64 Asked whether the profits accruing out of the loss of sales tax to States involved in high sea sales were being cornered by the ultimate consignees, the representative of the Ministry of Commerce stated :—

"All the liabilities and whatever other legal levies are, they are transferred to the consignee to whom the cargo has been in turn sold by the S.T.C. This facility has been given only to the canalising agency."

2.65 With regard to the submission of documents at the ports for cargoes involved in high sea sales, the Addl. Secretary in the Department of Surface Transport informed the Committee :—

"In respect of high-sea-sales one contingency can be by the time the ship comes to the port and the parties come with documents, there is no delay. But in many cases, the consignee may not come with documents. For example, in Bombay port, they would not give berth to a ship if 60% of the cargo is not covered by one consignee."

2.66 The representative of the Ministry of Commerce clarified :—

"No delivery is actually effected on the high seas. There is only transfer of documents. After the ship comes to the port, the delivery can be taken by the respective consignees on the basis of documents. . . . . This is a negotiable instrument and the documents are endorsed in the name of the party whom the sales have been affected."

2.67 Explaining the relationship between high-sea-sales and congestion in Ports, the Chairman, Calcutta Port Trust argued :—

“The high sea sales is an international practice between all important nations in the world. Even communist countries do it. This is an accepted international business principle. Originally, when the STC purchases it, the freight, insurance and everything is in STC’s name, but they transfer insurance to the name of the buyer. This is done everywhere. We know that the least efficient parties for clearing goods from the ports are the public sector agencies. The canalisation agencies are of public sector. So if the canalising agency was in charge of clearing the entire goods from the port instead of those many high sea purchasers, there would have been further delay. To that extent, canalisation by itself is not leading to congestion but canalisation is leading to congestion compared to other situations where there is no canalisation. Compared to a non-canalised situation, a canalised import with high seas sales, leads to congestion because on public sector giant will have to clear all the goods and then they have to effect the sales somewhere in the country. The whole point is that documents quite often do not go to the parties in time and, therefore, the port authorities do not know which is the party to whom they have to press. . . . . Therefore, this type of congestion has to be there. The other thing is that they have a choice. If they like, they can take away the goods but some parties are in the habit of using the ports as their warehouses.”

2.68 On the Committees’ comment that the advantage from high-seas sales was that it gives the consignee the facility to store up to 40% of the goods in port warehouses also, the witness added :—

“That is only in Bombay. In Calcutta also he can store but then he has to pay a very high demurrage. The whole problem is existing because of canalisation. In countries where there is no canalisation, there is no problem.”

2.69 Asked whether the representative of the Commerce Ministry shared this view he replied :—

“So far as STC is concerned, I would like to say that canalisation is resorted to as a matter of public interest policy. . . . . I would only plead that the basic philosophy of bringing in these things is not profit. First the people who want these goods have to place an indent on the basis of which along the canalising agency makes the purchases, and not that it brings in the goods and thereafter looks for the purchasers. It has also been laid down that if the canalising agency is not in a position to deliver the goods within a specific period, they will have to allow the parties concerned to

make direct purchases for which the permission will be given separately in order to enable the canalising agency to ensure that they do not indefinitely delay the delivery and supplies of these goods."

2.70 The Working Group of the Planning Commission on High Sea Sales of Canalised Imports (1982) has *inter-alia* recommended :—

"The problem of port congestion to the extent it can be attributed to high seas sale of canalised cargo falls basically in the area of port and trade management. To some extent, it has its genesis in the import control policy followed in the country, particularly for the canalisation of the import of bulk materials. It is further aggravated, as alleged by the trade, by time-consuming procedures adopted by the customs to clear the cargo. . . . . the sale on high seas basis is an internationally adopted trade practice. It has both legal and commercial sanction as well as economic virtues. The import policy specifically permits the canalising agencies to sell imported materials on high seas sale basis. High seas sales are usually made to bulk consignees. The main economic advantages associated with high seas sales are essentially derived from those of canalisation. However, there are some specific financial gains accruing to the end-users which are not related to canalisation *per se*. viz., (a) exemption from the sales-tax and concession in import duty available to certain end-users; and (b) advantage resulting from avoidance of multiple handling and storage costs. Moreover, the canalising agencies also benefit in financial terms in that they recover their capital before the goods are out of customs charge and absolve themselves from responsibilities for clearing cargo. It may be argued that the financial gains accruing to the end-users or canalising agencies do not reflect real gains to the economy. But this is not strictly true. High sea sales are an integral part of the canalisation scheme. In the absence of high sea sales, it is clear that the canalising agencies would not be in a position to purchase and distribute items of bulk consumption at the lowest price to the end-users. The Working Group, therefore, has no doubt that high sea sales bring real gain to the economy, provided the system works effectively and efficiently. It is, therefore, in favour of continuation of high sea sales."

2.71 The Working Group of the Planning Commission on the High Sea Sales of canalised Imports (1982) was "in favour of continuation of high sea sales" and thought that port congestion "to the extent it can be attributed to high sea sales of canalised cargo falls basically in the area of port and trade management." The Chairman, Calcutta Port Trust during

evidence pinpointed the problem of congestion arising out of international practice of high-sea sales by admitting that "the whole point is that documents quite often do not go to the parties in time and therefore the port authorities do not know which is the party to whom to press" for clearance of cargoes involved in such sales. He also informed the Committee that "some parties are in the habit of using ports as warehouses". The Additional Secretary in the Department mentioned in this regard that "in many cases the consignee may not come with documents". The Committee are of the firm view that the responsibility for expeditious clearance of cargoes involved in High-Sea-Sales should be shared by the concerned canalising agency also not only by expediting the movement of documents to ultimate consignees under intimation to ports concerned, but by creating special storage facilities for such cargoes in and around the ports in collaboration with the Port Trusts concerned. The Committee hope that due priority will be given by the authorities to both expeditious movement of documents as well as creation of additional storage facilities for cargoes involved in High-sea sales.

2.72 In so far as the habit of certain parties to misuse ports as warehouses is concerned, the Committee strongly recommend an upward revision of demurrage as a check against the malpractice.

#### I. Dredging operations in Major Ports

2.73 It has been reported to the Committee that the dredging operations at some of the Major Ports are not being carried out regularly and effectively with the result that most of the ships with a deeper draft have to be anchored in the high sea.

2.74 In their Report for 1983-84, the National Shipping Board have *inter-alia* recommended :—

"Drafts are poor at a number of ports like Bombay, Calcutta, Kandla and Paradip. It is a matter of grave concern. At Bombay silting at the rate of 3 m.p.a. has substantially reduced the draft at Indira Dock as the berths could not be made available for dredging due to congestion. Clear guidelines should be laid down and a systematic plan for release of berths for regular dredging should be drawn up at all ports, so that drafts are maintained at the desired levels."

2.75 In a written note, the Department have given port-wise position on dredging as under :—

"**BOMBAY** : Maintenance dredging is carried out by the Port's own fleet of dredgers but the existing dredging capacity is not

adequate to remove the silt from the berths as frequently as necessary for maintaining design depths. Even the efficiency of existing dredging units is not satisfactory because they are very old. In view of this, the Port is concentrating dredging efforts to such areas which are urgently required to be dredged to meet the operational needs. This has led to a heavy backlog of dredging at other locations.

In order to optimise utilisation of existing dredging capacity the port is examining the feasibility of operating the dredger on all seven days of the week and also reducing the period required for only repairs and maintenance of dredging units. Further, a scheme for procurement of a dredger for Bombay Port has been sanctioned and the Port has initiated action for procurement. Simultaneously, the siltation problem is also being studied on a model by Central Water and Power Research Centre at Poona with a view to design certain engineering works to streamline the flow at locations prone to heavy siltation.

**COCHIN** : The maintenance dredging has increased after the implementation of Integrated Development Project. The available dredger with the port is not adequate to meet its dredging. Therefore, it has to rely on Dredging Corporation of India dredgers. In view of the inadequate dredging capacity with the port and also non-availability of dredgers from DCI due to their commitment at other major ports in time, the port has not been able to maintain the designed draft. However, efforts have been made to deploy DCI dredger subject to availability to achieve the design draft. Secondly, the port has already initiated action to procure a higher capacity dredger in replacement of the existing old dredger during the Seventh Plan.

**TUTICORIN** : The Port does not have any siltation problem. However, the capital dredging which formed the part of Tuticorin Harbour Project has not been completed. As a result against the design draft of 9.14 m. the draft available today is restricted to 8.23 m. The port has invited tenders for carrying out the balance dredging work to achieve design draft 9.14 m. The tenders are under finalisation.

**PARADIP** : The design draft is 11.90 m. Against this a draft of 11.3 m is being maintained with the assistance of DCI. In order to achieve the design draft, a dredger from DCI has been deployed on a permanent basis at the Port.

**CALCUTTA/HALDIA** : The present draft to the port of Calcutta is 7.90 m available for 30 days as against 7.90 m almost

throughout the year. This is due to the existence of a Bar called 'Balari' in the Navigational channel leading to the Calcutta Port.

In the case of port of Haldia, as against the design draft of 12.0 m throughout the year, the available draft is only 8.23 m for about 188 days. The reduction in the draft is due to heavy siltation that is taking place because of the peculiar river estuarine phenomena.

In order to improve drafts of the ports of Calcutta and Haldia, a project costing Rs. 40 crores is under implementation since 1982. The project envisages dredging of 'Ballari' bar, river training works, to divert the flow into the navigational channel and also protecting the banks from erosion. The scheme is expected to be completed in 1987-88. With implementation of the scheme, it is expected that a draft of 7.9 m would be available in most of the days in a year to the port of Calcutta and 10.0 m draft to the Port of Haldia. The existing capacity of dredgers available in the post is not adequate and therefore a dredger from DCI has been permanently deployed to maintain the navigational channel.

**OTHER PORTS :** At other ports, the design drafts are being maintained with ports own dredger supplemented by DCI dredgers. However, if the drafts of the ships calling at the port is more than the design draft of the ports, then ships have to anchor outside the harbour.

The Ports of Mangalore, Tuticorin and Paradip have no dredger of their own. Secondly, the dredging capacity in ports like Calcutta/Haldia, and Cochin need to be supplemented. The available capacity with the DCI is not adequate to meet dredging requirements as not only they have to cater to the requirement of the Major Ports but also the requirements of Navy and maritime states. Therefore, the DCI has programmed to add an additional annual dredging capacity of 45 lakhs cm. during the Seventh Plan, thus increasing their capacity from the present annual capacity of 135 lakhs cm to 180 lakhs cm."

**2.76** The Committee regret to note that even in an acutely congested port like Bombay, the existing dredging capacity is not adequate and the port, equipped with very old dredging units, is concentrating dredging efforts on selected areas only. The Committee are of the view that with its sound financial position it should not have been difficult for the port authorities to acquire adequate dredging equipment in time to tackle the "heavy back-log of dredging" in the various locations of the port. The Committee hope that it would now be done expeditiously.

**2.77** The Committee are distressed to note that the existing dredging capacity in ports like Calcutta/Haldia and Cochin is also not adequate and

Dredging Corporation of India is unable to supplement the dredging efforts of these ports because of other commitments. At other major ports the designed drafts are being maintained with the assistance of DCI dredgers. The Committee feel that each Port Trust should gradually build up its own dredging fleet for day to day operations and look forward to the DCI only for large scale dredging operations at periodic intervals. To entrust the dredging work in respect of all the ports to a single organisation would not be practicable as the DCI may not be able to meet needs of all the ports if demands are made simultaneously.

One of the Study Groups of the Committee, which visited Paradip Port in September, 1985, noticed that a dredger belonging to Dredger Corporation of India was lying sunk in the Port, thereby disrupting the smooth inflow and outflow of traffic from that port. The Committee would like the Government to immediately make arrangements for removal of the sunk dredger from the Port so as to facilitate the flow of normal traffic there.

#### *J. Role of intermediate/minor ports*

2.78 In their 32nd Report (1981-82) the Committee had observed that the Working Group of the Planning Commission had visualised a positive role for the minor ports to relieve pressure on major ports. The Ministry had informed the Committee that minor ports had been used in the past to divert traffic from major ports. The Central Government had a scheme to grant loans to State Governments to develop minor ports with a view to augmenting ports capacities but the scheme had been scrapped recently in 1978 in a decision of the National Development Council. Seeing the growing traffic at major ports, the Committee had expressed an opinion that discontinuance of the scheme to grant loans to develop minor ports was not a correct step. The Committee had recommended that the Government should review the earlier scheme and start giving loans to State Governments to develop minor ports like Porbander, Karwar, Pondicherry, Cuddalore, Kakinada and similar other ports so that these ports could take more traffic and thus help relieve pressure on major ports and could also be used for diverting traffic from near by major ports in time of congestion.

2.79 In their 41st Report (1982-83), the Committee noted that in pursuance of their earlier recommendation the question of revival of the Scheme of giving Central assistance to the States for development of minor ports in the interest of progressively relieving the major ports of growing traffic has been re-examined by the Planning Commission and according to them "reintroduction of centrally sponsored scheme for minor ports is not considered necessary at this stage." The Committee also noted the view of the Planning Commission that the minor ports schemes which were justified on techno-economic consideration were not

expected to be starved of funds for their development in the absence of specific Central loan assistance for minor ports in the Sixth Plan. However, in view of the complementarity of the minor and major ports and the need to relieve the major ports of needless congestion, the Committee stressed that if the required degree of development of minor ports was not achieved under the existing arrangement in the Sixth Plan the centrally sponsored scheme should be revived during the Seventh Five Year Plan.

2.80 According to the Department, considering the resource constraints faced by the Maritime State Governments the Working Group of the Department *inter-alia* recommended that the central assistance be made available for development of intermediate/minor ports on a selective basis so that these ports could play a complementary role to major ports wherever it is considered to be a better economic alternative. However, due to resource constraints the provision of Rs. 100 crores for intermediate minor Ports Sector during 7th Plan recommended by Working Group was pruned to Rs. 20 crores.

2.81 The Department has further stated that a sub-group of the Working Group has been set up under the Chairmanship of the Development Adviser (Ports) to go into the question of identifying suitable minor ports in each maritime State which could be developed on a selective basis to cater to the requirements of their hinterlands and also play complementary role to the major ports.

2.82 Alarmed at the decline in traffic handled at minor/intermediate ports from 7.7 million tonnes a decade ago to 6.8 m.t. in 1981-82, the National Shipping Board have recommended *inter-alia* in their Report (1983-85) :—

“The Central Government has to develop the Minor/Intermediate Ports at least on the grounds of National defence, to avoid congestion in major port and to help the coastal trade. . . . . The National Shipping Board reiterates that the Minor/Intermediate Port development including its equipment planning and dredging operation to increase their capacity should be brought under the centrally sponsored schemes or they may be brought under the major port in the region for certain specified maintenance and development keeping in view the Central-State relations.”

2.83 Asked during evidence to state the role reserved for intermediate/minor ports in planning and developing port capacities, the Additional Secretary in the Department stated :—

“The minor ports are the responsibility of the concerned State Governments. . . . . but after the discontinuance of the (Centrally sponsored) scheme for financial assistance to States, we

have been providing only technical assistance to them... Some of the Government agencies keep themselves in touch with the State Governments to use their minor ports. For example, when the Ministry of Agriculture wants to import fertilisers knowing that the major ports may not have the capacity to handle those fertilisers, they keep themselves in touch with the State Governments, and nearly 40% of the total imports of fertilisers take place through minor ports."

2.84 On the Committee's observation that at least the capacity of the intermediate and minor ports could be investigated by the Department and fully utilised, the witness added :—

"We have been of the view that not only we should do this but should also give financial assistance to the State Governments. That is why we have recommended that Rs. 100 crores should be given to the minor ports for their development. We should not be too much dependent on major ports. Some State Governments have been taking interest in the development of minor ports, for example, Gujarat and Andhra Pradesh..... But the basic problem in these minor ports is that barring one or two, at none the ships can come alongside the berth. They have to remain 10-15 kilometres into the sea and the cargo has to be brought by boats. So, none of the consignees will like to go to the minor ports. Similarly, in Monsoon also, those ports may not be working."

2.85 When the Committee observed that in some ports like Porbander while the Central Government has given enough funds (Rs. 7 crores) they were shocked to see that the sheds there were broken, thefts had taken place and Rs. 7 crores had virtually gone down the drain, the witness replied :—

"Upto 1978 there was this scheme. It was given as loan to State Government. Once it is under jurisdiction of State Government we cannot tell them how to run their minor ports. It is for them. If they don't maintain properly we can't do anything."

2.86 Asked whether the Department could not devise a scheme of incentives/disincentives to motivate exporters, importers, carriers, shippers etc. to use suitable intermediate/minor ports on the West Coast other than Bombay for transshipment of import and export cargoes, the witness replied :—

"We have not given thought to this."

2.87 In a note furnished by the Department, it has been *inter-alia* stated that minor/intermediate ports is a subject included in the concurrent List of subjects in the Constitution and respective State Govern-

ments are responsible for management and development of these ports. Accordingly, at present funds for management and development of minor/intermediate ports are provided in Plans of respective State Governments. The Sub-group, after deliberations, had invited detailed proposals from the maritime State Governments. These have been received and have been compiled. The total cost of the proposals, as estimated by the State Governments, is about Rs. 250 crores. This includes :

Gujarat . . . . .	Rs. 65.24 crores
Karnataka . . . . .	Rs. 18.50 crores
Kerala . . . . .	Rs. 47.94 crores
Maharashtra . . . . .	Rs. 29.47 crores
Tamil Nadu . . . . .	Rs. 2.75 crores
Andhra Pradesh . . . . .	Rs. 50.20 crores
Orissa . . . . .	Rs. 27.70 crores
Goa . . . . .	Rs. 4.05 crores
Pondicherry . . . . .	Rs. 1.87 crores

2.88 The Sub-Group is planning to visit the recommended ports by the maritime States, have detailed discussions with the State Government and identified the ports and scale of development to be covered under Central assistance.

2.89 The Committee regret to note that the centrally Sponsored Scheme for development of minor/intermediate ports could not be revived even under the Seventh Five Year Plan as recommended by the Committee in their 41st Report (1982-83) and the provision of Rs. 100 crores as outlay for development of intermediate and minor ports recommended by the Working Group of the Department has been pruned to Rs. 20 crores only. The Committee agree with the National Shipping Board that the Government should develop minor/intermediate ports not only to reduce congestion in major ports but also to reduce the commercial dependence on a few major ports on account of strategic reasons so that national commerce is not too much disrupted in the event of a crisis of any kind. The Committee, therefore, endorse the recommendation of Working Group of the Department that Central assistance should be made available for development of intermediate/minor ports on a selective basis during the current plan so that at least some of these ports could play a complementary role to major ports to a substantial extent in normal times and a major role in times of a crisis.

In this connection the Committee understand that adequate infrastructure has been provided at many intermediate/minor ports in the country, like Porbander, at a huge cost but it is going waste due to lack of enough traffic. The Committee feel that if traffic is diverted from the congested

ports to the intermediate/minor ports where adequate cargo handling facilities are available, it will go a long way not only in relieving congestion in the congested ports but also in providing necessary fillip to these ports where the capacities are grossly under-utilised at present.

2.90 The Committee also urge the Government to reconsider the allocation of funds during Seventh Plan for Ports Sector in general and for development of selected minor/intermediate ports in particular. Meanwhile the Committee hope that the process of identifying suitable minor/intermediate ports for the Central assistance will be expedited.

## CHAPTER III

### CARGO CLEARANCE

#### A. Cargo Clearance

3.1 *Time limit for cargo clearance* : It has been stated by the Department of Surface Transport that presently a time-limit of two months is allowed for the clearance of the goods after which the goods are listed for auction in terms of Section 61 (i) of the Major Port Trusts Act, 1963. Directing Group on Simplification and rationalisation of Port Procedures has recommended *inter alia* that the present limit can be reduced to 45 days. Beyond 45 days, goods left uncleared may be listed for auction. The Empowered Committee set up to examine the recommendations of the Directing Group decided on acceptance of its recommendation on the disposal of uncleared cargo.

Asked during evidence whether the recommendation had been finally accepted by Government and implemented, the Additional Secretary to the Department replied :—

“It has been accepted at the officers’ level. The amendments are being formulated since it involves amendment of the Act. It has to go to the Cabinet and then it will be placed before Parliament.”

*Incentive for timely cargo clearance* : The amount, in lakhs of rupees, for demurrages paid by traders at major ports during 1984 were : Calcutta : Rs. 4551.61, Paradip : Rs. 4.33, Vishakhapatnam : Rs. 555.01, Tuticorin : Rs. 8.58, Madras : Rs. 877.00, Cochin : Rs. 109.54, New Mangalore : Rs. 3.67, Mormugao : Rs. 0.18, Bombay : Rs. 5553.82, and Kandla : Rs. 36.82. In this connection Directing Group has observed that the levy of demurrages has not proved a sufficient deterrent to check delays in cargo clearance and has recommended *inter-alia* a rebate on wharfage for removal of cargo within “free period”. A rebate of 25% and 15% has been recommended for clearance within two and five days of landing of cargoes respectively. The Empowered Committee of the Department recommended that the aforesaid recommendation of Directing Group “may be dropped.”

Asked during evidence to explain the difficulties in implementing the recommendation of the Directing Group, the Additional Secretary in the Department replied :—

“Even though a recommendation to this effect was made, it was not accepted for the reason that we found that 90 per cent of the cargo

of the private parties were being cleared within 'free time', even without any incentive. Therefore, we decided against it. That will also create a lot of accounting problems."

Meanwhile, the National Shipping Board in their Report (1983-85) has *inter alia* recommended :—

"Delay in taking delivery by importers and consignees . . . . . should be prevented by deterrent demurrage charges. Also the authority of the Port Management should be strengthened to enforce control and pressurise consignees to clear the cargo."

**3.2 The Committee note that the Government has accepted the recommendation of the Directing Group on Simplification of Port Procedures (1984) for reducing the present limit of two months for the clearance of the cargoes to 45 days. The Committee hope that necessary legislation for amendment of the Major Port Trusts Act, 1963 will be brought before the Parliament without any further delay.**

**3.3 In view of the evidence of the Additional Secretary the Department that 90% of the cargo of the private parties were being cleared within the available free time, the Committee agree that there is no need to allow any rebate for the purpose. They commend the recommendation of the Shipping Board (Report 1983-85) that the demurrage charges should be revised upwards so that the consignees clear their cargoes within the stipulated period and do not use the ports as ware-houses.**

**3.4 Demurrage charges realised by the Ports :** On a visit to the Bombay Port in March, 1986 a Study Group of the Committee noted the increasing trend in the realisation of demurrage charged from the consignees over the years. The Study Group observed that certain complaints had been received that the procedure of levying demurrage charges was defective in as much as the demurrage was charged in spite of the fact that papers for clearing the consignment had been presented but the port authorities took time in locating the cargo. The Chairman, Bombay Port Trust informed the Study Group that no such complaints had come to his notice. Referring to the procedure of charging demurrage he stated that an entry was immediately made in the log book kept for the purpose as soon as the Clearing Agents approached the port officials for delivery of their consignments. On a question whether any record was kept about the complaints made by the consignees, the Chairman of the Bombay Port Trust replied in the negative. He however, explained that the complaints of the consignees were heard orally and disposed of there and then to the satisfaction of the consignees.

Section 48 of the Major Port Trusts Act, 1963 reads *in part* as under :—

"48. (1) Every Board shall from time to time frame a scale of rates at which, and a statement of the conditions under which, any of the

services specified hereunder shall be performed by itself or any person authorised under section 42 at or in relation to the port or port approaches :—

xx                      xx                      xx                      xx                      xx

(d) wharfage, storage of demurrage of goods on any such place.”

xx                      xx                      xx                      xx                      xx

Major Port Trusts Boards are competent to waive/exempt amounts on account of demurrage and other port rates as per Section 53 of the aforesaid Act, which provides :—

“A Board may, in special cases and for reasons to be recorded in writing, exempt either wholly or partially any goods or vessels or class of goods or vessels from the payment of any rate or of any charge leviable in respect thereof according to any scale in force under this Act or remit the whole or any portion of such rate or charge so levied.”

In reply to a question, the Department has intimated that the amounts realised by the various Major Port from consignees during the last five years for overstaying on port berths and not clearing cargoes within ‘free time’ and the amounts waived on this account during the same period were as follows :—

*Demurrage Charges Realised/Waived*

(figures in lakhs)

Port	Realised/ Waived	1980-81	1981-82	1982-83	1983-84	1984-85
1	2	3	4	5	6	7
Tuticorin	Realised	6.38	11.88	2.92	11.90	8.58
	Waived	Nil	Nil	0.06	3.19	Nil
Madras	Realised	485.12	512.95	510.37	418.41	876.82
	Waived	26.66	3.54	15.45	27.58	26.82
Bombay	Realised	3056.12	3863.13	4378.42	3491.64	5553.82
	Waived	619.32	995.03	805.66	554.09	1251.26
New Mangalore	Realised	13.34	5.60	1.27	1.41	3.67
	Waived	Nil	Nil	Nil	Nil	Nil
Kandla	Realised	—	209.23	46.87	14.16	36.83
	Waived	—	3.73	26.16	101.67	0.30
Mormugao	Realised	.25	.09	.10	.27	.37
	Waived	Nil	Nil	Nil	Nil	Nil
Cochin	Realised	1.11	1.16	1.04	.80	1.10
	Waived	.04	2.27	1.74	.05	10.36
Calcutta/Haldia	Realised	1973.91	1998.26	3830.72	2867.91	4551.61
	Waived	29.96	19.41	3.94	33.82	5.68
Paradip	Realised	7.76	4.95	9.83	4.33	83.61
	Waived	Nil	Nil	Nil	Nil	50.93

3.5 The Committee note that the demurrage realised during 1980-81, 1981-82, 1982-83, 1983-84 and 1984-85 by Bombay Port was to the tune of about Rs. 30.56 crores, 38.63 crores, 43.78 crores 34.92 crores and 55.54 crores respectively. The demurrage waived during the same period was about Rs. 6.19 crores, 9.95 crores, 8.6 crores, 5.54 crores and 12.51 crores respectively. So far as Kandla Port is concerned, the demurrage realised during the years 1981-82, 1982-83, 1983-84 and 1984-85 was to the tune of about Rs. 2.9 crores, .47 crores, .15 crores and .37 crores respectively and the demurrage waived during the same period was .04 crores, .27 crores, 1.2 crores and .30 crores respectively. The position is no better in Calcutta, Cochin, Madras and other ports. The Committee need hardly point out that the realisation of demurrage is directly linked with the use of Port premises as warehouses by some unscrupulous consignees to achieve their own ends, viz. (a) finding a convenient and cheap storage place at the ports and (b) jacking up prices of the goods imported by creating artificial scarcity thereby resulting in avoidable congestion in the Ports. The Committee are, however, distressed to note that very large amounts of demurrage have been waived at Bombay, Kandla, Cochin, Calcutta, Madras and other Ports. They are firmly of the opinion that the question of waiving the demurrage should arise either when the demurrage has not been correctly levied and there is mistake in calculation or the law and the rules have not been correctly interpreted. There is also scope for malpractices : first to harass the consignees high demurrage is levied on unsustainable grounds and later on a compromise may be reached and demurrage reduced. The Committee would like the Government to have the matter examined in depth in order to find out whether any malpractices have been indulged in while levying as well as waiving the demurrage not only at Bombay and Kandla Ports but at other Ports also. This enquiry has also to be directed towards finding out whether the same or similar type of consignments attracting demurrage were involved in the exemptions and also whether the consignors/consignees liable to pay demurrage were the same in series of cases and through the same clearing agents. The Government may also consider amending Section 53 of the Major Port Trust Act, 1963 for making the provisions more stringent so that the waiving of demurrage is granted only in exceptional and compelling circumstances or where there is a genuine mistake in calculation.

3.6 The Committee also suggested that a proper procedure should be devised for registering the complaints, if any, from the Clearing Agents in regard to levying and waiving the demurrage charges and recording disposal thereof in all the Major Ports.

3.7 *Midstream discharge of cargo* : To encourage discharge in mid-stream, Bombay Port Trust is stated to have enhanced the subsidy from Rs. 30/- to Rs. 45/- per tonne for partial, and from Rs. 60/- to Rs. 90/- per tonne for total discharge in midstream respectively.

3.8 In a note regarding incentives for midstream discharge of cargo, the Department has stated that the number of vessels discharging/loading under the scheme of subsidy for midstream discharge, the tonnage handled and the amount of subsidy paid since 1981-82 at Bombay were as follows :—

Year	No. of vessels	Tonnage discharge/loaded in midstream	Amount of subsidy paid in lakhs of Rs.
1	2	3	4
1981—82 . . . . .	65	2,42,826	93.61
1982—83 . . . . .	40	1,75,528	71.25
1983—84 . . . . .	57	2,25,798	107.89
1984—85 . . . . .	36	1,67,484	73.49
1985—86 . . . . .	9	57,106	22.83
(Upto Oct,85)			

3.9 The Department has stated in a note that there is no justification for extending the scheme for subsidy to encourage mid-stream discharge indefinitely and that the scheme has to be reviewed from time to time. For the time being the scheme is in force till 30th September, 1986 and will be reviewed before that date. To ensure that the incentive would not be abused by collusion between Port officers and importers suitable guidelines have been laid down by the Port Trust. The Department has also stated that such scheme for subsidy has not been introduced by any other Port Trust.

3.10 The Committee note that to encourage discharging of cargoes in midstream, a subsidy scheme is being administered in Bombay Port and the subsidy was enhanced from Rs. 30/- to Rs. 45/- per ton for partial and from Rs. 60/- to Rs. 90/- per tone for total discharge of cargo in midstream at Bombay Port. The Committee do not find any favourable impact of the increase of subsidy on discharge of cargo in midstream as the tonnage has come down from 2,25,798 in 1983-84 to 1,67,484 in 1984-85. The figures for the first six months of 1985-86 (57, 106 tonnes) also do not show any encouraging trend. In the circumstances, it merits reconsideration whether the scheme should be continued beyond September, 1986.

#### B. Central Documentation Centre

3.11 The Directing Group on Simplification of Port Procedures has recommended *inter-alia* that there should be a Central Documentation Centre in all the Ports (and also that there could be more than one C.D.C. on geographical or functional consideration) for receiving indents and other service requests from users such as Customs clearance facilities, import trade control clarifications, pre-shipment inspection services etc.

3.12 A suggestion has also been made to the Committee by a non-official during his evidence before the Committee that a standing committee comprising the representatives of the Customs, Excise, Shipping Companies, exporters/importers, railway authorities etc. be constituted by Government to sort out the day-to-day problems in the functioning of each major port and for elimination of congestion.

3.13 Asked during evidence as to the final decision of the Government in regard to the suggestion for the setting up of a Central Documentation Centre at all the major ports, the Additional Secretary in the Department replied :—

“This recommendation was accepted.....Instructions have been given to implement it..... latest from 1-1-1986”.

3.14 Asked whether arrangements for coordination both at the port and at the Central level between various agencies concerned were adequate, the witness replied :—

“In all ports there are Committees which consist of representatives of various agencies, which meet regularly. They meet weekly in Bombay. In Calcutta it is monthly. In Tuticorin it is monthly. In Madras it is fortnightly”.

3.15 When asked whether the Customs authorities were helpful in the coordination process at the port level, the representative of the Department stated :—

“They do help. But if procedure stands in the way, the local customs collectorate is not able to change it because if they change it, there will be allegations that it was done because some party would be the beneficiary. We have told the Customs that certain procedures must be changed, and they have agreed.”

3.16 The Committee are glad to note that the recommendation of the Directing Group of the Department for establishment of a Central Documentation Centre at each major port was accepted by the Government and instructions were issued to implement it from 1st January, 1986. The Committee hope that the Centres have since been set up at all the major ports as envisaged. They trust that the Port authorities will see to it that these Centres actually ease the users' problems with regard to receiving indents and other service requests, customs facilities, import trade control clarifications, pre-shipment inspection services etc.

3.17 During evidence, the Additional Secretary to the Department stated that “In all (Major) ports there are Committees which consist of representatives of various agencies, which meet regularly.” However, from

the testimony of certain non-officials before the Committee it appears that the standing coordination Committees at certain ports are not so effective as to satisfy the local importers/exporters. The Committee therefore recommend that composition of these Committees at all the major ports should be reviewed and adequate representation given to all the agencies and interests concerned with the working of the port.

### C. Port Procedures

3.18 Directing Group on Simplification and Rationalisation of Port Procedures recommended *inter alia* that :—

“In its approach on streamlining administrative procedures the paramount consideration which has weighed with the Directing Group is the need to upgrade the level of services. The users should be enabled to calculate the port dues on their own and there should be ‘inbuilt’ incentives in the system to facilitate quick clearance of cargoes. This and the evolution of a simplified documentation system call for simplified tariff structure. A simplified documentation system will make control and supervision easier apart from contributing to efficiency.”

3.19 Asked during evidence to state the concrete action taken on the above recommendation of the Directing Group, the Additional Secretary in the Department replied :—

“We have made a number of suggestions which have been accepted. There are various ways in which the procedures can be simplified. There are cases where the document is not produced by the party; the staff starts assessing it. Classification of commodity is in dispute. We said you make provisional assessment and allow the party to clear it. This recommendation was made in the report of the Empowered Committee. Once it is implemented we hope it will lead to increased efficiency of the port administration and quicker clearance of cargo”.

3.20 Asked whether the recommendations of the Directing Groups, which were accepted by the Government had been actually implemented, the witness added :—

“The notifications have to be amended... There will be some time-lag. We issued orders at the end of October..... Most of them will be implemented by 1st January, 1986.”

3.21 The Committee endorse the recommendation of the Directing Group of the Department on Simplification of Port Procedures that there is an imperative need to upgrade the level of services being rendered at the ports for quick clearance of the cargoes. The Committee hope that

the recommendations of the Directing Group which were to be implemented by 1st January, 1986, have since been implemented and the revised procedures brought into force. They would like to be apprised of the position.

#### D. Customs Procedures

3.22 Explaining the general reasons for delay in clearance of cargo from ports, the Department has stated :—

“No imported goods can be taken into town or into bonded warehouses belonging to the Port Trust or the Central Warehousing Corporation or private parties unless authorised by the Customs authorities. Before giving the authorisation, the Customs authorities have to ensure compliance with the Customs Act and the Import/Export laws. This takes time. . . . . Sometimes, the importers do not come forward to claim their goods if the amount of the Customs duty leviable by the customs authorities is considered too high by them . . . . .

The goods which are not cleared by the Customs for failure to meet the requirement of import licence are liable to confiscation. As the Customs authorities take time in deciding cases of confiscation of goods, these packages cannot be cleared till the appeals are disposed of.”

3.23 Certain non-official organisations have sent Memoranda to the Committee stating that “Customs formalities” are a bit cumbersome, and that “in case of import cargo on a number of occasions, there is a deadlock on payment of duties. . . . .”

3.24 Asked, during evidence whether holding of meetings with Customs officials from time to time had brought any improvement in overcoming procedural hurdles for clearance of cargo from the ports, and whether in the opinion of the Department of Surface Transport, the custom procedures warranted some changes, the Addl. Secretary in the Department replied :—

“The procedures regarding customs are laid down in various statutory rules and regulations. So any change of procedure at the level of the port is not an easy matter. . . . . I would mention that there is already an existing arrangement for trying to achieve co-ordination between customs authorities and the port authorities. These are achieved mainly by 2 or 3 means. The Collector of Customs or his representative is always represented on the Board of trustees of each port and many of the problems that arise in the working of the port arising from any aspect relating to customs are often discussed at the meetings of the Board of Trustees. Secondly, periodical meetings

which in some cases are fortnightly and in some other cases monthly are held between the customs officials and officials of the port trust to sort out any problems. The function of this group or the objective of these discussions are rather limited and they will not be capable of making any changes or modifications in the procedures that have been laid down in the various statutory rules and in the orders of the Customs Department. It was to examine those procedures which may be standing in the way of efficient clearance of the cargo that this Working Group which was appointed by the Government had to look into. It made a series of recommendations regarding changes to be made in the customs procedure..... About 10 or 15 of them were considered by the Empowered Committee appointed by the Government. These recommendations have been accepted and whatever related to Customs have been sent to the Ministry of Finance for issuing necessary orders."

3.25 When it was observed that it might take many months for the above recommendations to be actually implemented, the Additional Secretary, Deptt. of Surface Transport, assured :—

"Government's decision was communicated to every port only at the end of August. They will also take time to process these cases, especially if some statutory amendments are required—in respect of at least some recommendations. There are certain recommendations with which Customs are concerned. We have asked them to implement them from 1-1-1986. Some time is required to bring in changes in the procedures, and in the system. We will expedite the process of implementation, so that some improvement can be brought about."

3.26 Asked how the procedural hurdles were being dealt with till the recommendations of the Empowered Committee were actually implemented, the representative of the Ministry of Finance replied :—

"I would like to submit that recommendations of the Committee have been accepted and in some cases it needs legislative changes and we have initiated action in that regard..... There are already in-built facilities for importers to take the cargo as soon as it is received. The agents can file the manifest 14 days in advance of the arrival of the vessel. They have no genuine difficulties. Now-a-days containership comes faster than the documents. Considering this difficulty, we have changed the law about 3 years back. Even without the manifest, they can file the documents in advance. Even then we find that the response is only 50—60%. We also do not wait for the pro-

cessing of the documents till the vessels have arrived. We process the documents in advance. They will pay the duty and keep it ready and they can clear the cargo immediately after its arrival. But because of the financial constraints, the duty is never paid in advance of the arrival of the vessel. They are, therefore, never able to take delivery within the free period. The facilities are not being utilised fully.

Where sample is required to be tested, in order to decide about the classification, we take a sample and tell them to take away the cargo. If the sample agrees with the declaration, no action is taken; if it does not, then action is taken. We have gone to the extent of saying that in respect of reputed and regular importers, we do not take anything except a written bond."

3.27 Asked whether the Directing Group's recommendations like one-window delivery system at ports had been accepted by his Ministry, the witness added :

"On the export side, we have already established export documentation centre at Madras and Cochin. Unfortunately, in Calcutta this could not be established for want of accommodation and other facilities. At Bombay, they have not agreed to it. Wherever we have established this, the exporter files the shipping bill, pays the duty and goes for examination of the cargo. A similar procedure has been recommended on the import side. The directing group has recommended that. The other agencies have also to come to that place."

3.28 On being pointed out that the importers do not take their goods early because of the heavy charges by Customs, the witness stated :

"The law provides for two methods if there is a dispute regarding classification. Either he pays the higher rate of duty and goes in appeal, or he can go for the provisional assessment procedure, pay the lower duty and executed a bond and clear the goods. The importer has got an option and he can exercise it. But I can not compel him to do so if he does not want to exercise it"

3.29 Asked in how many cases did such an eventuality arise, the witness replied :

"According to the data that we have, on an all-India basis the number of disputes regarding consignments does not exceed 5%. So, these disputes by themselves should not add to the congestion."

3.30 On being pointed out that in one port that the Committee visited, they saw that while sugar was being unloaded, suddenly a Customs officer came, asked for documents immediately, sugar unloading was stopped, and there were rains, the witness stated that it should not have happened because it would be bulk consignment.

3.31 In a note on steps taken to streamline Customs procedures, the Department have stated that in addition to the facilities already available under the Customs Act the following steps have been taken to simplify the procedures relating to examination and clearance of cargo :—

- (i) 90% of the cargo is allowed clearance pending chemical tests if samples have been drawn, wherever it is so necessary for determining classification rate of duty etc. Such clearance is given without a guarantee. 100% clearance given against a guarantee signed by the importer as well as the Custom House Agent;
- (ii) validity of test reports vary up to three years samples are tested from a consignment just before the expiry date enabling continuity in the validity period and ensuring prevention of hold up on that account;
- (iii) In the case of bulk cargoes, examination of the goods, drawal of samples, is done on board the vessel in stream even before berthing of the ship;
- (iv) part clearance of available packages is permitted on the same Bill of Entry;
- (v) examination and clearance of Full Container Load at Importer's premises in Greater Bombay is permitted. Containers consigned to places outside Greater Bombay are allowed to be removed after Customs examination.

3.32 According to the Department, in addition to the aforesaid steps, the following systems with a view to coordinating the clearance of cargo and monitoring the pace of clearance have also been introduced :

(i) *Query Memo Procedure*

The earlier practice of raising queries in piece-meal fashion has been discontinued and new system of calling for all the information and documents on a single query memo has been adopted with a view to speed up completion of documents.

(ii) *Coordination Group*

A centralised coordination group has been set up in all the major Custom Houses to follow up processing of documents by appraising group

with a view to monitor documents pending clearance for more than one week.

(iii) Monitoring the clearance of cargo through IGM.

(iv) Introduction of self-assessment system at Delhi Airport Complex.

3.33 The Committee expect the Ministry of Finance to expedite implementation of all the recommendations on customs procedures made by the Directing Group of the Department of Surface Transport and accepted by the Empowered Committee so as to ease the hurdles faced by users and port authorities in the expeditious clearance of cargoes from the docks.

3.34 The Committee would also like the Government to extend the one-window delivery system to all other major ports if the response at Madras and Cochin Ports has been found to be encouraging.

#### *E. Cargo Handling Agencies*

3.35 The Department have stated that broadly, the cargo handling operations in major ports other than Paradip, Tuticorin and New Mangalore ports are undertaken by two sets of agencies viz. stevedores on board the vessels and Port Trusts on the shore. Generally, Speaking two sets of workers are also engaged by these two agencies. While the dock workers requisitioned by stevedores from Dock Labour Boards are engaged for work on board the vessel for loading and unloading of cargoes, shore workers of Port Trusts are engaged on the wharf for loading/unloading of cargo from wharf to sheds, godowns, delivery points etc. and vice-versa. But there are also other agencies such as Food Corporation of India and importers/exporters who engage their own labour for handling their cargoes in some cases. So far as mechanically handled cargo such as POL and iron ore are concerned, Port authorities handle the cargo without the intervention of any stevedore.

3.36 An exporters' representative has stated in his memorandum that to ensure better co-ordination and efficiency all possible steps should be taken to abolish multiple cargo handling agencies and have only one integrated cargo handling body.

3.37 During evidence when the Committee sought Government reaction to the above suggestion, the Additional Secretary in the Department stated that Government are in favour of a single pool of workers at the ports. But in seven ports (having Dock Labour Boards) the workers are governed by different terms and conditions. So they would not agree to merging with one another. A Committee which had gone into the question of having stevedores was of the view that they performed a useful function, namely, personalised service for the people

concerned. Asked if Dock Labour Boards supplied labour at the ports what was the role of stevedores, the witness added :—

“The consignee goes to him . . . . . they perform some duties which cannot be performed by Port Trust people. The stevedore has to bring the necessary equipment on board the vessel.”

3.38 Asked whether malpractices being indulged into by stevedores have come to the notice of the Government, the Chairman, Calcutta Port Trust stated that there were complaints of malpractices by stevedores in Calcutta also and productivity there had fallen for some time as result of an anti-corruption drive. He added, that some agency had to be there to render those services to foreign ships which could not be rendered by Port Trust workers.

3.39 In a note furnished by the Chairman, Calcutta Port Trust, it has been *inter alia* stated :

“In pursuance of the instructions received from the Central Government *vide* M.O.S.T's letter No. VIG/VIO/20/85 dated 10th June, 1985, it was decided to launch a massive anti-corruption drive coded “Operation Jyoti” in the Calcutta Port Trust and Calcutta Dock Labour Board from the third week of July, 1985. This anti-corruption drive was aimed to check corruption and payment of illegal gratification of substantial amounts resulting in generation of Black Money variously estimated to be of order of Rs. 15/25 crores annually. . . . .

During the period of operation a good number of cases of actual payment of the illegal money were caught and penal proceedings were initiated against three Stevedoring firm, 6 Clearing Agents, 1 Contractor and 19 employees. Appreciation letters and cash rewards were given to those officers and employees who rendered valuable services in making the anti-corruption drive successful. . . . .

As an offshoot of this operation, productivity of vessel's loading/unloading work initially suffered and declined to about 50% of the normal handling rate. This led to congestion of ships resulting in preberthing detentions. However, due to better supervision and series of Administrative measures the output has become normal. . . . .

Abolition of stevedores and introduction of a unified cargo handling agency system is not expected to improve matters in the present multi-union labour situation. For a unified cargo handling system to succeed it is necessary to have fairly strict labour laws restricting the number of unions and imposing on them a lot of discipline. In the present set up, the best bet may

still be to make the stevedores perform cleaner and better work.....”

**3.40** The Committee are constrained to observe that some stevedoring firms have managed to manipulate the cargo handling operations in Calcutta in such a way that they are in a position to hold the port at ransom whenever their irregularities are sought to be curbed or contained by the authorities concerned. The Committee can well imagine that similar situation must be prevailing at Bombay and other Major Ports. The Committee are, therefore, of the view that an indepth study of the role of stevedores in Major Ports be conducted with a view to check malpractices of stevedores and to find out whether multiple cargo handling agencies should be abolished and instead only one integrated cargo handling agency entrusted with the job. The Committee suggest that this aspect should also be looked into by the Major Ports Reforms Committee which is yet to submit their final Report.

#### F. Labour Problems

**3.41** *Operation Cost ratio and excess labour* : Asked whether there was excess labour at many of the ports and because of that operation-cost ratio was going up, the Additional Secretary stated :—

“We are aware that there is surplus labour. That is why, a scheme called Golden Hand Shake was introduced. Under it if a worker seeks voluntary retirement, he will be given some extra benefits. In Calcutta Port about 1100 workers have voluntarily retired under this scheme. When mechanisation of iron-ore took place in Goa, nearly 500 workers retired. Unless the workers voluntarily go, we cannot retire them forcibly.”

**3.42** The operation cost ratio of 10 major ports (i.e. operating expenditure  $\times 100 \div$  Operating income) during the last three financial years has been stated to be as follows :—

Port	Operation—Cost Ratio		
	1982-83	1983-84	1984-85
1	2	3	4
Bombay Port Trust . . . . .	63.44	65.70	64.11
Calcutta Port Trust . . . . .	76.27	88.84	75.84
Cochin Port Trust . . . . .	102.83	82.00	93.54
Kandla Port Trust . . . . .	51.45	58.29	59.41
Madras Port Trust . . . . .	74.75	72.30	73.44
Marmugao Port Trust . . . . .	68.57	58.00	62.09
New Mangalore Port Trust . . . . .	92.80	81.02	79.15
Paradip Port Trust . . . . .	158.17	174.50	147.03
Tuticorin Port Trust . . . . .	77.50	76.41	64.20
Visakhapatnam Port Trust . . . . .	83.00	83.00	67.78

3.43 The Department has supplied the following two tables regarding actual and excess labour in Major Port Trusts and Dock Labour Boards :—

(A) STATEMENT SHOWING THE NUMBER OF ACTUAL LABOUR AND EXCESS LABOUR COMPONENT IN MAJOR PORT TRUSTS AS ON 31-12-1984

Sl. No.	Name of Port Trust	No. of Class-III & Class IV employees including workers	Estimated surplus	Remarks
1	2	3	4	5
1.	Bombay . . . . .	31830	61	On account of ban a number of baseline posts in each deptt. are lying vacant. However, in Railway deptt. 11 Class III and 50 Class IV employees are estimated to be surplus.
2.	Calcutta including Haldia . . . . .	30140	1329	
3.	Madras . . . . .	11666	Nil	
4.	Visakhapatnam . . . . .	11701	Nil	
5.	Cochin . . . . .	6567	Nil	
6.	Mormugao . . . . .	3889	Nil	
7.	Kandla . . . . .	5192	98	
8.	New Mangalore . . . . .	2883	Nil	
9.	Tuticorin . . . . .	2262	Nil	
10.	Paradip . . . . .	2696*		No estimate has been made for surplus staff/workers
Total		107226	1488	

\*In addition there are 2197 listed cargo handling workers under the Port Trust.

**(B) STATEMENT SHOWING THE NUMBER OF ACTUAL LABOUR  
AND EXCESS LABOUR COMPONENT IN DOCK LABOUR  
BOARDS AS ON 31-12-1984**

Sl. No.	Name of the DLB	No. of Class III & Class IV employees including workers	Estimated surplus	Remarks
1	2	3	4	5
1.	Bombay . . . . .	11287	Nil	
2.	Calcutta . . . . .	8670	2038	Position as on 1-11-84— 121 workers have been sent on deputation to Calcutta Port Trust.
3.	Madras . . . . .	2892	Nil	
4.	Visakhapatnam . . . . .	2747	Nil	
5.	Cochin . . . . .	1256	Nil	As on 1-4-1985
6.	Mormugao . . . . .	1245	65	With commissioning of new berth, surplus will get full employment.
7.	Kandla . . . . .	1059	43	
	Total . . . . .	29156	2146	

**3.44 The Committee are distressed to note that operation-cost ratio of 147.03 at Paradip Port is the highest among all the ports in the country. They strongly recommend that immediate corrective steps should be initiated to bring down the operation-cost ratio.**

**3.45 The Committee also note that the second highest cost-operation ratio of 93.54 is at Cochin, the third highest of 79.15 at New Mangalore, the fifth highest of 73.44 at Madras and the sixth highest of 67.78 at Visakhapatnam. The Committee urge that the reasons for this high operation-cost ratio should be investigated at these Ports immediately with a view to bring the ratio down at the level of at least that of Bombay, which is 64.11.**

**3.46 The Committee note that the fourth highest cost-operation ratio of 75.84 is at Calcutta Port Trust which has a surplus labour of 1329 (including Haldia) in the Port Trust and that of 2038 in the Dock Labour Board. Suitable measures are called for to tackle the problem of surplus labour and reduce the operation-cost ratio at this port.**

**3.47 Labour-Management Relations :** The Department has intimated that in respect of labour matters, discussions and settlements on wage revision take place with the Ports and Dock Workers at all-India level under the auspices of the Department to achieve uniformity of service conditions, etc.

**3.48** The port authorities have been holding negotiations over the demands of workers periodically with a view to settling them amicably. The unions sometimes raise issues before the Conciliation Officers (Central) who hold meetings with the representatives of the management and Unions for settlement. The facilities offered by the Conciliation Machinery under the Ministry of Labour are fully availed of and sizeable portion of the disputes is settled through conciliation. The disputes, in case of failure of reconciliation, are referred for adjudication in deserving cases.

**3.49** It has been stated in a memorandum to the Committee that :

“Labour problem is also one of the reasons of the congestion at the docks. Generally these people are averse to modernisations as they fear cut in employment on this account. We understand that Bombay Port has already much excess labour and they do not permit to bring modern equipment...”

**3.50** On the Department's efforts to have better relations with the labour at the ports, the Additional Secretary in the Department informed the Committee :—

“The problem is that inspite of long term agreements, local disputes always arise and it may lead to sporadic strikes. Many of them are local issues and many a time, though they are local issues, yet the port management alone cannot settle it. For example, at Bombay Port a demand was raised that ex-gratia payment should be raised to 20%. The Bombay Port cannot take a decision on this because it has an all India bearing.”

**3.51** In a note submitted to the Committee the Deptt. has stated that Port industry is such that stoppage of work even by a small section of workers employed by the Port Trust or Dock Labour Board or public sector/private agencies dealing with any aspect of cargo handling often paralyses loading and unloading operations on board the vessels. According to a statement relating to stoppages of work during the years 1982-83, 1983-84 and 1984-85 at different major Ports furnished by the Department, apart from the stoppage of work by employees of “All Departments” in the ports during All India General Strike from 15 March to 11 April, 1984 there have been recurrent stoppages of work by one or the other

sections of the Port employees ranging from 1 day to more than a month, as will be seen from the table that follows :—

Port	Sectional stoppages of work (in days)		
	1982-83	1983-84	1984-85
1	2	3	4
Calcutta . . . . .	145	24	4
Tuticorin . . . . .	84	49	32
Bombay . . . . .	28	26	11
Paradip . . . . .	15	30	41
Madras . . . . .	14	35	23
Cochin . . . . .	20	33	—
Mormugao . . . . .	16	—	7
New Mangalore . . . . .	6	17	40
Kandala . . . . .	—	8	—
Vishakhapatnam . . . . .	—	4	2

3.52 During 1984-85, the workers connected with clearing and forwarding operations at Paradip Port stopped work for 35 days from 28-9-1984 to 1-12-1984 demanding "refixation of datums for piece-rate schemes, payment of H.R.A., withdrawal of brass token system etc." The workers connected with loading and unloading operations at New Mangalore Port stopped work for 22 days from 8th to 29th January, 1985 "due to dispute between the cargo handling workers and stevedores." At Madras Port, 700 clearing and forwarding workers stopped work for 21 days from 8th to 28th February, 1985 "for regularisation of 400 casual workers employed by C&F Agents in private pools". At Tuticorin Port the workers connected with "the loading of 3 fertiliser vessels and sulphur" demanding "nationalisation of boat workers and taking over of boat workers by Government" stopped work for 32 days from 15 March to 15 April, 1985.

3.53 *Service Conditions of Dock-Workers* : Asked during evidence as to what extent dissatisfaction among dock workers had a bearing on congestion in major ports, the Additional Secretary in the Department stated :—

"It is not possible to directly co-relate the congestion in a port and the state of industrial relations to their service conditions. The service conditions of all the employees in all the ports are almost uniform, but you find congestion in some ports and no congestions in other places. I do not think that the service conditions are an important factor or a decisive factor to determine the state of congestion in any particular port."

3.54 To the query whether any steps had been taken to achieve uniformity in the Service conditions of dock-workers in various ports, the witness added :—

“The service conditions of dock workers are almost uniform. Major components of service conditions are settled with negotiations with the four major federations. There is complete uniformity to the extent of 95%, but in respect of incentives etc. it may be different from port to port because that is governed by local agreements.”

3.55 *Ship-days lost due to labour problem* : According to the Department, the number of ship days lost as a result of labour problems—year-wise in each major port during the period from 1980-81 to 1984-85 were as under :—

Name of the Port		Year				
		1980-81	1981-82	1982-83	1983-84	1984-85
1	2	3	4	5	6	7
1.	Bombay . . .	259	247	65	1172	Not Available
2.	Calcutta . . .	2501	2020	2173	1989	2552
3.	Madras . . .	131	24	69	77	237
4.	Visakhapatnam . . .	—	—	—	191	88
5.	Cochin . . .	160	47	30	141	284
6.	Mormugao . . .	136	49	—	216	271
7.	Kandla . . .	132	7	—	110	65
8.	Paradip . . .	17	4	14	24	11
9.	Tuticorin . . .	55	146	196	264	236
						(Figures for the Calendar years 1980 to 1984).
10.	New Mangalore	—	27	22	125	38
Total . . .		3391	2571	2569	4309	3782

3.56 The Committee regret to note the rise in the number of ship-days lost as a result of labour problems at Major Ports from 2571 in 1981-82 to 4309 in 1983-84. The Committee further note that the number of ship-days lost at Bombay port during 1984-85 are “not available”. The total number of ship days lost at the remaining major ports during 1984-85 comes to 3782. Had the figures relating Bombay Port been made available, the Committee imagine that the total number of ship days lost in all the major ports during the year 1984-85 might have been more than the corresponding figures for 1983-84 during which there was a stoppage of work by employees of “all departments” at major ports due to “All India General Strike” from 15th March to 11th April, 1984.

3.57 The Committee are also distressed to note the recurrent stoppages of work by one or the other section of employees at each major port during the last three years and feel that the state of labour management relations both at macro as well as micro levels at the major ports is far from satisfactory. The Committee consider that labour problems have a direct bearing on the congestion in ports. The labour are naturally averse to modernisation of port operations as they fear cut in employment on this account. The Committee expect that all labour problems should be settled amicably and specific measures initiated to bring home to the labour that modernisation of port operations was ultimately in their own interest.

3.58 The Committee are not sure whether any study has been made by the Department of Surface Transport after the aforesaid "All India General Strike by employees of all the Departments" of major ports with a view to find out the quantum of loss incurred as a result of the strike and see how many strikes or sectional stoppages of work by major Ports employees could have been forestalled and averted by timely action on the part of the Department or the port managements. The Committee feel that such a study should be made early to learn lessons from past mistakes, if any, on part of both the Department and major port managements so as to face similar situations in future more correctly. The Department will do well to review the industrial relations machinery in each major port with a view to make them more disciplined, efficient and productive.

3.59 *Labour Productivity* : During evidence the Additional Secretary in the Department informed the Committee that there were different norms for labour productivity at each major port for handling the three different types of cargo, namely, fertiliser, fertiliser raw materials and general cargo per gang of labour. He further informed the Committee that generally a gang consisted of 11 to 12 persons for general cargo. Asked how the norms of labour productivity were fixed at major ports the witness replied :—

"The norms are fixed taking the average performance. Then we add 20% of that."

Asked whether the norms had been fixed on a scientific basis, the witness replied :

"I cannot claim that it was done on a scientific basis because that would have required sufficient time and study..."

Asked whether the norms had been fixed after introduction of mechanisation of cargo handling equipment the witness admitted :—

"Even with the existing equipment and mechanisation you can get a higher output per gang. That is the feeling."

3.60 In a note furnished to the Committee, it has been stated that in the year 1982, which was declared as productivity year, the then Minister of Shipping and Transport suggested certain measures to be taken by the ports for improving their productivity and efficiency. It had also been emphasised that a more coordinated effort on the part of user agencies and operation groups could lead to improving port performance. In this connection, for reviewing the operational performance achieved by the ports, certain base level norms, in respect of labour productivity of handling break-bulk cargo fertiliser and fertiliser raw-materials were worked out on the basis of the average level of performance during the previous three years period viz. 1979 to 1981 and thereon adding 20% of performance in quantitative terms. In the following year (i.e. 1983), in order to make the ports realise the importance of raising productivity and persuading them for initiating programme for further improvement in performance, the norms worked out for 1982 were revised at most of the ports by adding 10 per cent to the earlier norms. The norms worked out in 1983 for different cargoes in different ports are given in the statement below. Piece-rate/incentive schemes are in vogue for the workers engaged in loading and unloading of cargo of the vessel. Under these Schemes, datums have been fixed for a gang for a shift, upto the performance of which a worker is paid his daily wage. For performance above the datum in a shift, a worker is paid additional wage in the form of piece-rate/incentive earnings. The details of such piece-rate/incentive schemes, datum for each cargo, composition of the gang, piece-rate/incentive rate for performance above datum etc. vary from port to port.

*Labour Productivity Norms (per gang per shift) (1983)*

Port	General Cargo		Fertilisers	Fertiliser raw material
	Port Labour	Dock Labour		
1	2	3	4	5
Kandla . . . . .	132	113	131	106
Bombay . . . . .	102	102	99	151
Mormugao . . . . .		111	..	..
New Mangalore . . . . .		157	145	..
Cochin . . . . .	80	80	103	171
Tuticorin . . . . .	50	50	90	120
Madras . . . . .	110	102	113	131
Visakhapatnam . . . . .	152	152	122	114
Paradip . . . . .	118	118	75	..
Calcutta . . . . .	86	78	94	121

3.61 The Committee feel that before fixing the norms for labour productivity, an in-depth study should have been made by the Department/Port authorities and the norms fixed on a scientific basis. However, while there may be some justification for different norms of labour productivity for handling different categories of cargo, there appear to be very wide differences in

norms of productivity at various major ports for handling same category of cargo. The Committee, therefore, recommend that a fresh expert study of labour productivity at Major Ports may be made with a view to fix on a scientific basis, norms for handling different categories of cargo at all the Major Ports, allowing deviation in the norms only in case a particular category of cargo is handled mechanically or manually at a certain major port.

3.62 The Committee also feel that constant efforts are needed for improving the labour productivity and a more coordinated effort on the part of the user agencies and operation groups should be strived for to achieve this end. Necessary incentive schemes should also be initiated and implemented to draw best out of the labour.

### *G. Storage Facilities*

3.63. *Bombay* :—The Department has stated that the total warehousing accommodation (inclusive of the warehouse temporarily converted for aggregation of export cargo) can accommodate 3.5 lakh packages. This is considered inadequate because the number of uncleared packages lying in the port premises after the expiry of free time has been over 5 lakhs. In the absence of adequate land, it is not possible to augment this capacity. The Department has added that open areas were hired for storage of bulk cargoes and containers with effect from April 1982 at Bombay Port with a view to augmenting of storage space and new godowns have been located and the question of hiring them is under consideration.

3.64 In a note submitted to the Committee after evidence it has been stated by the Department that the question of hiring private godowns to meet the deficit of covered space was considered as an interim measure. However, when offers were invited it was found that the places offered were either inconveniently located or their terms and conditions were not acceptable to the Port Trust. The proposal has therefore been dropped at present.

3.65 The approximate additional space required is 1 lakh sq. metres. Bombay Port Trust has decided to meet the shortage by constructing warehouses to the extent of 70,000 sq. metres during the VII Five Year Plan and to develop the open land in the port area.

3.66 The Committee are concerned to note that the warehousing accommodation available at Bombay Port can still accommodate only 3.5 lakh packages whereas the number of uncleared packages lying in the port premises after expiry of free time has been about 5 lakhs. This was exactly the position of Storage Space at Bombay Port in 1981-82 according to the data supplied by the then Ministry of Shipping and Transport for the Thirty-second Report of the Committee (1981-82) on Major Port. Precious little

appears to have been done during the Sixth Plan by Port authorities to augment the storage space. Now that the proposal for hiring godowns has also been dropped due to inconvenient locations or terms offered, the Committee hope that the proposal to meet the shortage of 1 lakh square metres of storage space by constructing warehouses to the extent of 70,000 sq. metres during the Seventh Plan and developing open land in the port area will be implemented on priority basis so that shortage in storage space at the port can be reduced to the minimum as early as possible.

3.67 *New Mangalore* : According to the Department the total covered and open storage space available in this Port is 18,615 sq. metres and 30,000 sq. metres respectively. In addition, 2 warehouses having total area of 4380 sq. metres is available in the warehouse complex for leasing to the shippers. One more transit shed having an area of 6,240 sq. metres is now nearing completion in the backup area of IV General Cargo Berth. Two more transit sheds are planned for construction during 7th Plan. This is adequate for meeting the Port's requirement.

During evidence when pointed out that during their recent visit to the Port; a Study Group of the Committee had found that while the existing warehousing capacity of the port was very much under-utilised, a very large warehouse was under construction, the Development Adviser in the Department stated :—

“What is under construction at the New Mangalore Port is a transit shed which is necessary adjunct of any cargo berth. It is true that the port has transit sheds on berths 1, 2 and 3 and there are certain overflow sheds behind these accounting for a total of 18,600 sq. metres. The fourth one which is under construction just behind the new general cargo berth will be of considerable help and assistance for cargo that is handled at the fourth berth which is being treated as more or less an open berth and the open berth could be used for the purposes of handling containers, containers traffic that may come to the berth. When it is completed, it can be utilised for the stuffing of the containers. In the case of this berth in Mangalore which is prone to very high rainfall it is submitted that the goods that they usually pass through that port are like coffee and high value commodities and most of these commodities require covered storage accommodation. Though it is true that occasionally you find that the sheds are not fully occupied because some of the sheds had been leased out to the Fertiliser Corporation of India, the fourth shed which is under construction behind the berth is in fact a transit shed and the transit shed is usually provided behind the berth. In this particular case adequate space is given for handling cargoes from different types of ships that may come to that port.”

3.68 When asked why this new investment was being made while the existing godowns at the port were not being fully utilised, he replied :—

“Behind every berth you must provide a transit shed. The capacity of this shed is 8000 tonnes. If a ship with 15000 tonnes cargo comes, the whole thing will be unloaded within 5–10 days. The parties have a certain free time. They may remove only after 7–10 days. The port has a responsibility to store that cargo till the party clears. Behind every berth, it is usual to provide a transit shed.”

3.69 Asked whether the port authorities had come to the Department for approval of shed under construction, the Additional Secretary replied that “the shed has been included as a part of the total scheme.”

3.70 On their visit to New Mangalore Port, the Committee found sizeable storage space under-utilised at the port as also a large new storage structure under construction. The Development Advisor of the Department admitted during evidence that occasionally “the sheds are not fully occupied because some of the sheds had been leased out to Fertiliser Corporation of India.” It is evident that New Mangalore Port Trust has been in a position to build storage space beyond its own requirements and rent the same out to other agencies. In view of the general financial constraints, the Committee feel that both the Port Trusts and the Department should exercise stricter control on expenditure on building of storage space at a Major Port which is not generally congested, so that the money could be gainfully utilised for other purposes.

(H) *Accommodation for clearing agents*

3.71 In their 32nd Report (1981-82) the Committee had recommended :—

“In order to enable Clearing Agents to function effectively, it is also essential that they should be given adequate facilities and their problems regarding suitable office accommodation are also considered sympathetically.”

In their action taken reply the then Ministry of Shipping and Transport informed the Committee in October, 1982 :—

“The recommendation has been noted and the Chairmen of all India Major Port Trusts have been advised to provide the necessary facilities to the Clearing Agents as far as possible.”

3.72 On a visit to the Bombay Port in March, 1986 the Study Group of the Committee received a representation from the Bombay Custom House Agents' Association stating *inter alia* that the Clearing

Agents being essential Port Users required their Office premises adjacent or close to the Dock area. However, the Bombay Port Trust over and above evicting tenants having godowns near the Docks were also evicting their Old Clearing Agent tenants who had resided in their buildings for over 70 years even though there was no real need of these office spaces in their buildings which otherwise were being used by them for storing old records in contravention of the above recommendation of the Estimates Committee.

When the Study Group took up this matter with the Bombay Port Trust, the Chairman of the Port Trust stated that he had assured the representative of the Clearing Agents' Association that clearing agents would be provided adequate space for their collective use and some construction was already going on. It was proposed to provide facilities of telephone and computer to facilitate functioning of the clearing agents. It was, however, not possible to provide space individually to each member of the Association numbering about 450.

**3.73 In view of the representation given by the Bombay Custom House Agents Association to the Study Group, which visited the Bombay Port recently, it is apparent that the recommendation of the Estimates Committee (1981-82) for providing adequate facilities to the Clearing Agents at the Port, has not been implemented in letter and spirit by the Bombay Port Trust. It cannot be expected of the clearing Agents to carry on their operations smoothly unless they have some space in the dock area to keep their papers, telephone facility etc. While agreeing with the Bombay Port Trust that it may not be possible to provide office premises to each member of the Clearing Agents Association, numbering about 450, the Committee would like to stress that Port Trust Authorities should, as assured by them, provide adequate space to the Clearing Agents for their collective functioning at the earliest.**

## CHAPTER IV

### ICARGO HANDLING EQUIPMENT AND MECHANISATION/DEVELOPMENT SCHEMES

#### *A. Lack of Cargo Handling Equipment*

4.1 *CALCUTTA* : The Mehta Committee (1978) had recommended that the Calcutta Port should undertake urgently a review of the available old equipment and prepare comprehensive plan for its replacement in the next 5 years. That Committee had also recommended that in the meanwhile, the Port's proposals for replacement of 25 wharf and yard cranes over 50 years old, by 15 new cranes at an estimated cost of Rs. 375.00 lakhs may be processed expeditiously. Similarly, its proposals for replacement of seven 6 tonne capacity mobile cranes and 10 tonne mobile cranes should be expeditiously processed. The Department has stated that "4 nos. 3-tonne wharf cranes have been procured."

It has been represented to the Committee that with the existing fleet of cargo handling equipment at the disposal of Calcutta Port, "about 55-60% of requirement" of the Port can be met and "it is necessary to induct equipment freely into the Port."

The Department was asked whether after presentation of Mehta Committee Report, a thorough review had been conducted into equipment requirement of the Calcutta Port and whether the latest provision of 4 nos. of 3-tonne cranes was not too inadequate to overcome the deficiency of equipment at the Port. In a note the Department has intimated that in 1982, the Administrative Staff College of India, Hyderabad was commissioned by the Port to undertake a study on facility planning in Calcutta. Administrative Staff College of India recommended procurement of various type of Cargo handling equipment involving capital outlay of Rs. 13.8 crores. In the Sixth Plan Calcutta Port Trust procured 6 Nos. 3-tonne wharf cranes, 2 Nos. 3-Tonne Yard cranes, 20 Nos. 6-Tonne Mobile Cranes, 5 Nos. 10-Tonne Mobile Cranes, 2 Nos. 30-Tonne Mobile Cranes, 20 Nos. 20-Tonne Tractors and 12 Nos. 10-Tonne Trailers. As on 31st March 1985, Calcutta Port had 79 wharf cranes, 42 Mobile Cranes and 66 Fork Lift Trucks of varying capacity. With this fleet about 55 to 60% of requirement of cargo handling equipment can be met. The Department has further stated that originally, in the Seventh Plan, procurement of Thirteen number 10-Tonne and Three numbers 20-Tonne Trailers, Six Numbers 6-Tonne and three number 10-Tonne Mobile Cranes and Two numbers 40-Tonne Fork Lift Truck were included. Due to lack of resources, procurement of cargo handling equipment during the Seventh Plan

was proposed to be restricted to 3 Nos. 10-Tonne and 6 Nos. Six Tonne Mobile Cranes only. Even this may have to be dropped due to severe resource constraint. More equipment is needed at Calcutta.

4.2 *COCHIN* : The Department has stated that in the Cochin Port lack of cargo handling equipments is being felt in regard to the handling of container traffic. In the absence of sophisticated equipment, this traffic is being handled with the help of equipment like mobile cranes which are not ideally suited for this purpose. With the procurement of the top-lift forklift trucks in January, 1985 and the commissioning of the transfer cranes it is expected that the Port will be able to tide over the difficulties experienced in handling container traffic at present to a certain extent. But with the growth of container traffic in future years, it will be necessary to install other sophisticated equipment like gantry cranes, etc. for catering to the emerging traffic.

4.3 Asked during evidence what the plans were for obtaining sophisticated equipment like gantry cranes etc., to meet the future growth of container traffic at this port, the representative of the Department stated :—

“It was the first port to handle container traffic, though it is not a full-fledged container terminal as yet. Two transfer cranes were sanctioned. One is Hitachi and the other is indigenous. The Hitachi crane is ready for the operation and the other one is under erection by Braithwaite. It is expected to be commissioned by next January (1986).

As for mobile cranes, we have placed orders for two heavy duty mobile cranes which are expected to come in December and next January-February. We have also recently acquired two toplift-forklifts. We require basically a couple of gantry crane for which we expect a provision in the 7th Plan. That would make our container terminal fully operational.”

4.4 *KANDLA* : Listing the availability and requirement of cargo handling equipment at Kandla Port the Department has stated that there was a proposal to procure one more forklift of 42 tonnes capacity during this year and that 6 wharf cranes were under erection to meet the requirements of the Port. When asked whether the aforesaid forklift had since been acquired by the Port and also whether the 6 wharf cranes had since gone into operation the Department has stated in a note that this is a new scheme in the VII Plan. The Port is yet to submit the proposal to Government for sanction. Three cranes have already been erected and balance cranes would be erected by end of November, 1985.

4.5 *NEW MANGALORE* : While listing the cargo handling equipment available at New Mangalore Port, the Department had not indicated

whether existing equipment available at the Port was adequate in quantity and quality. In a note to the Committee the Department has stated that the existing equipment is not considered adequate for the projected traffic during the VII Plan. According to the Department the requirements are :—

- (i) 2 Nos. mobile crane to handle containers,
- (ii) 2 Nos. forklift trucks, and
- (iii) 2 sets of Tractor-Trailers.

Due to reduction in the proposed outlay for ports, it has not been possible for the Government to meet the requirements of cargo handling equipment for this port.

4.6 *VISAKHAPATNAM* : Listing the availability and requirement of cargo handling equipment at Visakhapatnam, the Department has stated that "Two 10 Tonne (electric) cranes in replacement of 3/2 Nos. of 3 Tonne cranes is under procurement . . . . It is desirable to procure higher capacity 25 tonne (Mobile) cranes (Truck-mounted, hydraulic) for handling higher unit loads at stock yard . . . . In addition, higher capacity (Mobile) cranes 45/50 tonnes are required to handle heavy consignments etc. . . . . The old forklift trucks (43) are required to be replaced. In a note on the programme for the acquisition of the required equipment stated above the Department has stated that due to reduction in the proposed outlay for Ports in the Seventh Plan, it has been possible to make full provision for procurement of only one No. multi-purpose diesel hydraulic mobile crane of 40 tonnes capacity.

4.7 *MORMUGAO* : Listing the availability and requirement of cargo handling equipment at Mormugao Port, the Department has stated that the maintenance of old foreign made cranes "is causing several problems including procurement of suitable spare parts and they need to be replaced . . . . . Due to change in cargo handling pattern at this port and nature of cargo, higher capacity wharfs are needed." Asked to specify precisely the number and quality of equipment that needed to be procured for efficient operation of the port to meet the requirements during 7th Plan period and what arrangements were being made by the Government to make up the deficiency, the Department has indicated the Ports, requirements as follows :

- (i) replacement of 9 Nos. Electric Wharf Cranes; and
- (ii) replacement of 1 No. 30 Ton mobile crane.

According to the Department, the requirements would not be accommodated in the 7th Plan in view of reduced outlay for ports including Mormugao.

4.8 **PARADIP PORT** : The Department have stated in a note that the available handling equipment is adequate to meet the present requirements of the Port. During the 7th Plan, a provision of Rs. 5 crores has been made towards cargo handling equipment taking into consideration replacements and additional requirements.

4.9 **BOMBAY PORT** : The Department had stated in the Preliminary Material that the Mehta Committee on Bombay Port Congestion (1978) had *inter alia* recommended acquisition replacement of cargo handling equipment costing about Rs. 30 crores. According to the Department, most of the items of equipment recommended by the Committee have been "sanctioned".

The representative of the Department informed the Committee during evidence :—

"It was sanctioned before March, 1980. I do not have the exact date. All the items of equipment that were recommended have been purchased by the Bombay Port Trust. Everything has been completed."

On its visit to the Bombay Port in March, 1986 a Study Group of the Committee received a representation from the Bombay Custom House Agents' Association stating *inter alia* that six cranes which were operating at Timber Pond for stepping down of FCL (Full Container Load) Containers are not available as three of them have been out of order from 7 July, 1984, 1 January, 1985 and 18 March, 1985 and the other three had been removed to various sections of Indira Docks. The Study Group also noted that the cranes being used by the private operators were functioning more efficiently as compared to the cranes being used by the Bombay Port Trust. Study Group was given to understand that Port Trust cranes operators were being given necessary training for operationing the cranes more efficiently and it would take time for them to become perfect.

4.10 The Committee are distressed to note the deficiencies in Cargo handling equipment at major ports like Calcutta, Cochin, Kandla, New Mangalore, Visakhapatnam and Mormugao with meagre or no provisions to make-up these deficiencies even in the Seventh Plan. Any improvement in the Cargo handling operations in the ports could not be expected unless the requisite equipment is made available in the ports. Taking into account the overall financial constraints, the Committee would like the Government to procure such equipment, as may be immediately required, in a phased manner so that the cargo handling operations could be carried on smoothly at these ports.

4.11 The Committee also consider that utmost care is essential for the proper maintenance of the equipment being used at the various ports. In

this connection, the Committee are unhappy to learn that the cranes being used at the Bombay Port have been out of order for quite some time. This can be either due to improper handling or poor maintenance. The crane operators of the Bombay Trust also need training to make them perfect in operation of the cranes. The Committee expect the Government to take immediate steps for getting the cranes repaired, for their proper maintenance and for giving necessary training to the crane operators.

*B. Cost escalations and delays in mechanisation/development schemes*

4.12 *High Powered Tugs at Bombay Port* : It has been stated that the ongoing four schemes regarding acquisition of High powered tugs to replace STs 'Amar', 'Arjun', 'Anand' and procurement of 2 new tugs at Bombay Port were scheduled to be completed by 8/84, 10/84, 6/84 and 8/85 but are now anticipated to be completed by 11/85, 12/85, 9/85 and 4/86 respectively.

4.13 Asked during evidence to state the reasons for delay in their completion, the Additional Secretary in the Department stated :—

"Regarding 'Anand', it has been delivered in 9/85. Regarding 'Amar', it is scheduled for delivery in December, 1985. Regarding 'Arjun' it will be delivered in February, 1986. All the orders were placed on Mazagon Docks Ltd. They had problems in adhering to the delivery schedule. . . . They had some problem about getting a particular component, namely, the propulsion system; there was some delay. Also there was some go-slow strike by the workers in the Mazagon Docks."

4.14 As to the extent to which the completion of the ongoing five schemes would relieve congestion at Bombay Port, the witness added :

"These high-powered tugs are better than what they have now. What they have now are old ones. These will increase the efficiency of the Port in handling vessels."

4.15 *Outer protection arm at Madras Port* : The scheme for outer protection arm by constructing a rubble mound break-water of 1005 mts. at Madras was scheduled to be completed by August, 1985 but is now anticipated to be completed by March, 1986. In a note on the reasons for this delay in its completion, the extent of cost escalation and the extent to which the berthing capacity of the port would be enhanced with the completion of the scheme, the Department has stated that the reason for the delay from the scheduled date of completion of August, 1985 to March, 1986 was "mainly the slow progress of the contractor". As per the accepted recommendations of the High Power Committee no escalation is

payable beyond 31-10-1985. In view of this there would not be a significant escalation in the cost between August, 1985 and October, 1985. Any escalation beyond 31-10-85 would not be payable to him. After detailed examination in the Department of several alternatives considered, it was decided to allow the existing contractors, M/s. Andhra Civil Construction Company to complete the work by giving financial relief/concession and allowing escalation from 1-1-81 at 85% based on the All India Wholesale Central Commodity Price Index. The project is not intended to add to the berthing capacity of the Port but is designed to promote tranquil conditions in the existing berths in the Port.

4.16 *Development Works at Tuticorin Port* :—Port Development Project Works at Tuticorin Port were sanctioned on 17-7-1969 at a cost of Rs. 21.76 crores. Subsequently, revised cost estimate of Rs. 46.05 crores for the works was sanctioned on 22-12-1978. The project was originally scheduled to be completed by November, 1980 but is now anticipated to be completed by June, 1986. Asked during evidence why the completion of dredging at the port was being delayed, the Development Adviser in the Department replied :—

“The balance item of work to be done is to deepen the port from the existing 27 ft. to 30 ft. draft. A part of the work has been done, and for the balance, tenders have been invited and the port has to award the contract. Certain questions have been raised which are under examination. Once the clearance is given and the contract is awarded, it will take about 21 months to complete balance of the work. We made actually an exercise as to what would be the investment required if the port has to be deepened for 35 ft. draft vessels and we find that the cost would be around Rs. 65 crores because most of the dredging that would need to be done would be in the rock. This is visualised in the first phase of the sanctioned project.”

4.17 On observation made by the Committee during evidence that the Government should expedite the works as the people of the area had also made repeated representations to the Government, the witness added :—

“One of the points considered is whether further deepening could be linked with the increased quantum of thermal coal movement which is likely to take place. This study has been given to a consultant to indicate the type of facilities that may be required at the Port of Tuticorin. This coal is supposed to be coming from Haldia and Paradeep. So, we have suggested that the State should also examine the possibility of further deepening of the Tuticorin Port so that whatever expenses are incurred for such deepening would be economically justified by the increased quantum of cargo that can be carried by the ship. On the basis of information, a report

will be made available and we would know what would be the optimum limit. This would depend on the total quantum of cargo that would come in".

4.18 The witness then attributed escalation of costs among other things to changes in design and structure of the port on the basis of more investigations. Asked why the Department did not have a detailed investigation before the project was sanctioned, the witness replied :—

"The detailed investigation during the execution was on the model; I did not say investigation at site. In any project of this nature, when the construction is being done simultaneously, the model work is continued for effecting improvements and finalising the designs. Certain component items of the work, like the type of filter that would be necessary to retain material without it getting washed away, had to be studied in detail. At the time of indicating March, 86, it was anticipated that the contract would be awarded by a certain time. But it was not done. As a result of the contract, the cost will increase by further Rs. 118 lakhs. The completion time will depend on when the contract is awarded. Still the contract has not been awarded."

4.19 In a subsequent note furnished to the Committee the Department has stated that in June, 1968 an estimate for Rs. 24.40 crores was sanctioned for the construction of an all-weather port at Tuticorin. The estimate provided for the construction of six berths in the first phase, in two stages for handling ships with the maximum draught of 30 ft. initially capable of further deepening to 35 ft. later on. In July, 1969, expenditure sanction to an estimate amounting to Rs. 21.76 crores was accorded for the execution of the first stage of the project which included provision of only four berths and ancillary facilities. Though the preliminary works of the Project like land acquisition, field investigation etc. actually commenced in the year 1962-63 on piecemeal sanction of estimates, it was only after the expenditure sanction in 1969 that works in the deeper reaches of the South & North Breakwaters, dredging etc. were taken up. The project was expected to be completed in 1971-72, but during the course of execution of the works, it became evident that there would be slippages and that the Original Estimates would not prove adequate for various reasons.

4.20 The Department has further stated that Revised Estimate cost of the Project is Rs. 46.95 crores which includes enhanced cost of works whose scope was changed due to the port becoming operational even during the construction stage. The Revised Estimate exceeds the sanctioned estimate by Rs. 25.19 crores. The principal reasons for variations in the estimates are as under :—

- (a) The original estimate for the project was based on rates prevailing in 1963-64.

- (b) The scheduled date of completion of the project was 1971-72, but on account of certain factors, there were slippages leading to further enhancement in cost.
- (c) The Port having become operational even during the construction stage, certain requirements like additional building for storage, godowns, staff quarters, workshops, etc. became necessary and have been provided for.

4.21 In addition to the works provided for in the original estimates, certain works became necessary as a result of new traffic like oil and coal to be handled at the port and the port becoming operational. Facilities for handling oil at a cost of Rs. 182.80 lakhs were taken up to provide for permanent arrangement for handling fuel oil and naphtha which constitutes an important element of the traffic at the Port. Another new item which was not included in the Original Estimate was the necessary flexibility in operation and also to ensure availability of the required tug power. It was also decided to provide a separate berth for handling coal at Tuticorin, to feed one Thermal Power Station. It was therefore, decided to construct the coal jetty off the North Break-water in the Port of New Tuticorin as the existing berths would not be able to handle this traffic on account of technical and other constraints. The estimated cost of the coal berth was Rs. 300 lakhs. Department has added that except dredging all other works have been completed and port came into operation in December, 1976. As far as dredging is concerned 90% has been completed and the balance is projected to be completed by end of 1986.

4.22 *Third General Cargo Berth at Paradip Port* :—Sanctioned costs and Revised cost Estimates of Third General Cargo Berth at Paradip Port were Rs. 7.12 crores and Rs. 13.33 crores respectively. Asked during evidence to state the precise reasons for steep cost escalation in respect of this scheme, the Development Advisor in the Department replied :—

“The original estimate was sanctioned in July, 1981 based on the prices of early 1980-81. Tenders were invited in January, 1982 but because of the poor response, they were re-invited. The lowest offer was Rs. 472 lakhs which represented an increase of Rs. 171 lakhs over and above the estimated cost. There was an escalation because of the increase in the cost of steel and cement. This accounted for Rs. 142 lakhs. There were two items which accounted for Rs. 2 crores. One of them was overhead charges which accounted for Rs. 106 lakhs. Paradip Port does not have a separate staff budget. On the advice of the Accountant General, Orissa, the Port has been apportioning the total cost to capital works and operation of the port. The proportion that was suggested was 14%. That was something which was not added earlier. There is one other item i.e. capitalised interest that accounted for Rs. 91 lakhs. This added to Rs. 633 lakhs.”

4.23 Asked to explain the concept of capitalised interest, the witness clarified :—

“Interest on the loan given to the port is capitalised during the period of construction. . . . . Any loan that is given has certain terms. It has an interest rate of 10.5%. This interest accumulates on the money that is drawn for the work. The interest is not paid during the construction but it is capitalised. The port has no money on its own. For any capital work it takes loan.”

4.24 On an observation made by the Committee during evidence that the Railway Convention Committee has recommended that when the Railways construct new lines and take loans from the General Revenues, they should not be asked to pay interest, the Additional Secretary in the Department argued that in regard to development of ports, the idea was that the entire port development should be financed by the ports themselves.

4.25 *Mechanised Fertilizer Berths at Paradip* : The Department has stated that the construction of a fertiliser berth at Paradip Port was sanctioned in January, 1982 at an estimated cost of Rs. 15.50 crores as a port facility for Paradip Fertiliser Plant. Port's annual capacity for handling fertilisers would be increased by 1.2 million tonnes. The work was expected to be completed by October, 1985. The Fertiliser Berth is now estimated to cost Rs. 31.60 crores inclusive of capitalised interest.

4.26 Asked during evidence to explain the reasons for escalation of the original estimated cost of the scheme from Rs. 15.50 crores to Rs. 31.60 crores the Additional Secretary to the Department replied :—

“In this case there was no delay. This is being completed as on schedule. Capitalised interest was there; it was not included in the original estimate; it was 4 crores; earlier we did not include it in the estimate as per rule. Then Finance Ministry instructions were received; we added it. There was also escalation cost before award of the contract. After approval, there was a change in the scope of the project.”

4.27 In a subsequent note, the Department has stated that M/s. Engineers India Ltd., New Delhi were engaged by the port as their Consultants to formulate the feasibility report with cost estimates. The consultants accordingly prepared the report during March, 1981 and the project cost was estimated at Rs. 15.50 crores based on the price levels of December, 1980 prevailing in Paradip region. The Government accorded sanction during January, 1982. Tenders were invited during June, 1982 and the consultants submitted their recommendations in September, 1982 for award of contract. In the meantime, M/s Paradip Phosphate Ltd., New Delhi requested the Ministry to shift the site of the fertiliser berth from eastern face

of the Central Dock to Western face to facilitate laying of conveyor system in a straight line with minimum length from berth to their phosphate plant. This shifting of the site necessitated conducting fresh soil investigations, preparation of revised bill of quantities etc. Hence the work could not be awarded as originally envisaged.

4.28 Revised tender documents were prepared and revised bids were received during March, 1983. After evaluation of these bids, the contract was concluded during October, 1983. Thus there was a delay of one year in the award of the contract itself due to shifting of site. The revised estimate now stands at Rs. 31.62 crores. The consultants have analysed the factors contributing to the excess cost of the fertiliser berth. The increase in the revised estimated cost of the project as a whole is Rs. 1612 lakhs inclusive of capitalised interest. A statement showing excess item-wise is summarised below :—

	(Rs. in lakhs)
(i) Escalation before award of contract . . . . .	156.72
(ii) Change in scope . . . . .	121.36
(iii) Technical reasons like shifting of site	249.73
(iv) Variation in price of materials	298.28
(v) High tendered rates	228.31
(vi) Under estimation . . . . .	13.24
(vii) Engg. and overhead charges . . . . .	140.20
(viii) Capitalised interest (New item) . . . . .	406.37
<b>Total . . . . .</b>	<b>1614.21</b>
<b>Rounded to . . . . .</b>	<b>1612.00</b>

4.29 The Department has further stated that the fertiliser berth and procurement of tug was scheduled to be completed by June, 1985. Against this, the berth has been completed on 14-10-1985. With respect to tug, tenders have been received and orders are expected to be placed shortly.

4.30 *Iron-ore handling facilities at Paradip* : The Iron Ore Handling Plant at Paradip Port was designed for handling 3 million tonnes of Iron Ore per annum. In order to increase the annual throughput capacity of the Iron Ore Handling Plant from 3 million tonnes to 4 million tonnes the scheme for improvement and modification to Plant was sanctioned in November, 1979 at an estimated cost of Rs. 808.13 lakhs. This estimate was revised to Rs. 11.74 crores in November, 1983. The scheme has already been completed.

4.31 Asked during evidence to state the detailed reasons for cost escalation of the scheme from Rs. 808.13 lakhs to Rs. 11.74 crores, the Development Advisor in the Department replied :—

“There has been escalation in the cost of material which accounts for Rs. 207 lakhs. . . . . Rs. 104 lakhs is the interest amount. . . . . Actually what happens is when these contracts extend over beyond 12 months, most of the contractors are unwilling to accept fixed-price contracts. Escalation provisions are generally made in these contracts for labour and material. These are regulated according to the formula that has been accepted at the time of awarding the contract. Secondly, after the award of the contract, there are increases even in the prices of basic inputs like cement and steel which the ports are to provide. In some of these works. . . . . cement prices have increased from Rs. 500 or Rs. 600 to Rs. 1,500 or Rs. 1,600. These are the things which account for the escalation. This also includes amounts to be paid by the ports on account of the increase in the cost of the basic materials.”

4.32 Asked whether the suppliers were private parties or public sector organisations, the witness stated that some were in public sector and others in private sector. There were different components of the work. One particular item called ‘Tippler’ has been supplied by a private party, M/s Elecon. The Additional Secretary in the Department agreed with Committee’s observation that because of the time overrun, the cost had gone up 3, 4 or 5 times, resulting in the loss to the national exchequer, and that the availability of the requisite materials should have been properly planned in advance and the work executed according to schedule.

4.33 *Mechanisation at Vishakhapatnam* : The Department has stated that “to cater to the expansion of Hindustan Petroleum Company Refinery, additional oil handling facilities are under execution and expected to be completed by September, 1985”.

4.34 Asked during evidence whether the construction of facilities had been completed as per schedule, the Additional Secretary in the Department stated :—

“This will be completed by the end of 1985. 4 million tonnes capacity will be added. . . . . I think the Prime Minister is going to commission it by 18th November.”.

4.35 With regard to the time and cost overrun over the original estimates, and reasons therefor, the Development Adviser, in the Department informed the Committee :—

“The first estimate that was sanctioned was for Rs. 28.93 crores; comprising Rs. 20.02 crores for the ports work and Rs. 8.91 crores

for the HPC. The present revised estimate is that the Ports' portion will increase from Rs. 20.02 to Rs. 28.27 crores, and HPC's estimates, from Rs. 8.91 to Rs. 14.81 crores. That will make a total of Rs. 43.11 crores, as against a sanctioned estimate of Rs. 28.93 crores. The reasons for the increase are both in the case of HPC and the port. The pipeline costs have been born by the HPC but as far as the port is concerned, the increase is due to the higher tenders and dredging costs. The work was awarded on the basis of the lowest technically acceptable offer. The high tendered cost accounted for the increase of Rs. 322 lakhs over and above the estimated cost and as a result of the escalation between the time when the estimates were prepared and the time of completion, the increase amounts to about Rs. 240 lakhs. . . . . The increase of Rs. 8 crores will be borne by the port. The increase in HPCL's portion of work will be born by the HPC themselves. . . . . Ports bear Rs. 28.27 crores and the HPC Rs. 14.81 crores."

4.36 Asked by the Committee whether the port had the requisite funds and the amount sanctioned, the witness replied :—

"The Port Trusts get funds on loan from the Government of India. A provision has been made in the annual budget. The work is linked with the expansion of the refinery at Vizag. . . . . The proposal is before the PIB and the PIB has to consider this estimate of Rs. 43.11 crores."

4.37 Asked further whether he was sure that the amount would be sanctioned, and the work completed as scheduled the witness replied :—

"The berth has already been completed and the pipeline to be laid by the HPC has also been done. . . . . By November 10th they will put the first vessel."

4.38 *Capitalisation of interest on loans to Ports* :—In a note on capitalisation of interest on loans given to major ports, the Department has stated that Capital loans are granted by the Central Government to the Major Ports for financing their development schemes which are included in the approved Five Year Plans/Annual Plans. During the period of construction, there is no return from the project and, therefore, the interest accruing during this period on the loans taken by the port from Central Government for financing a project is deemed to be treated as capital and is to be repaid by the port after commissioning the project alongwith interest as in the case of loan. This interest is known as capitalised interest. At present, capital loans are being given to the ports of Calcutta, Cochin, Madras Visakhapatnam, Paradip, New Mangalore, Nhava Sheva, Mormugoa and

Tuticorin. A statement showing loans drawn by Major Ports upto 31st March, 1985 and capitalised interest accrued thereon is given below :—

	Total amount of capital loans drawn upto 31-3-85	Capitalised Interest
	(Rs. in crores)	
Bombay	—	—
Calcutta	262.29	125.8
Madras	60.69*	—**
Cochin	70.34	0.51
Vishakhapatnam	157.45	18.92
Mormugao	75.28	12.70
Paradip	121.69	28.62
Kandla	21.77	1.05
Tuticorin	29.00	1.75
New Mangalore	31.49	0.68
Nhava Sheva	5.00***	1.37

\*Excluding Rs. 20.20 crores of loans taken from BPT/Market Borrowings.

\*\*Interest not capitalised but paid and charged to Revenue.

\*\*\*Excludes Rs. 12.87 crores taken from Bombay Port Trust.

N.B. In the case of Bombay, all the loans which were taken for construction of Marine Oil Terminal at Butcher Island have been fully repaid and nothing is outstanding.

4.39 The Committee are distressed to note (i) the delay of about one year in the procurement of highpowered tugs at Bombay Port due to some difficulty in procurement of a component and labour problem at Mazgaon Docks; (ii) the giving of financial relief/concession and allowing escalation of costs from 1-1-1981 at 85% to the defaulting contractors engaged on the construction of Outer Protection Arm at Madras Port, scheduled to be completed by August 1985 but now anticipated to be completed by March, 1986; (iii) the delay in completion of Development Works at Tuticorin from November, 1980 to June, 1986 and escalation in the cost of the project from Rs. 21.76 crores to Rs. 46.95 crores due to belated major changes in design and structure of the port, delay in the award of contracts, and inclusion of new works/schemes in the project; (iv) escalation in the cost of Third General Cargo Berth at Paradip from Rs. 7.12 crores to 13.33 crores due to delay in award of the contract, inclusion of overhead charges (staff expenditure) in the project cost and addition of capitalised interest in the project cost; (v) escalation in the cost of Mechanised Fertiliser Berth at Paradip from Rs. 15.50 crores to Rs. 31.60 crores due to escalation of cost "before award of the contract", inclusion of capitalised interest in the revised estimate, shifting of "the site of fertiliser berth from eastern face of the Central dock to Western face" necessitating fresh soil investigation; (vi) escalation in the cost of Iron ore Handling Plant at Paradip from Rs. 808.13 lakhs to Rs. 11.74 crores sanctioned respectively in November, 1979 and 1983 due to increase in the cost of inputs/materials like cement and steel

and provision of escalation clauses in the contracts; and (vii) escalation in the cost of additional oil handling facilities at Vishakhapatnam from Rs. 28.93 crores to Rs. 43.11 crores due to "high tendered and dredging costs."

The Committee are not at all convinced by the arguments advanced by the Department of Surface Transport justifying the delays in the execution of the developmental projects, resulting in steep cost escalations thereby not only causing heavy losses to the ex-chequer but also causing a severe set back to the development of major ports to cope up with the increasing cargo traffic. The Committee attribute this state of affairs to deficiencies in planning of projects and lack of monitoring and control over their execution.

The Committee feel that the project planning mechanism and supervision and control systems for execution of port development projects at the level of the Department need to be activated and strengthened, if necessary. It should be possible for the Department to promptly attend to the snags coming in the way of orderly execution of projects and see that these are completed as per schedule. In the short run, the Committee would expect the Department to have a closer look at the progress of all the major port development projects, make an allout effort to remove bottlenecks, if any, and see that the projects are completed as early as possible.

### C. Expenditure under Sixth Plan

4.40 The table below indicating the Plan allocations and the actual expenditure at major ports during Sixth Plan Period has been furnished to the Committee :—

Sl. Ports No.	Sixth Plan Outlay		Sixth Plan (1980-85) Expenditure
	Original	As per Annual Plans	
1. (a) Calcutta	30.30	35.94	19.88
(b) Haldia Dock	21.45	18.28	13.18
(c) Haldia Dredging Channel	11.52	2.00	10.92
(d) BHRTW	19.73	15.60	13.44
2. Bombay	68.78	120.39	72.45
3. Madras	54.18	100.15	82.13
4. Cochin	54.22	63.22	56.01
5. Vishakhapatnam	71.33	67.54	57.35
6. Kandla	46.42	59.18	49.08
7. Mormugao	25.05	22.55	25.19
8. Paradip	60.81	56.47	67.37
9. Tuticorin	25.57	31.11	24.84
10. New Mangalore	31.84	34.92	33.48
Total :	521.20	627.25	525.32
11. Nhava Sheva	30.00	48.65	17.88

(Rs. in crores)

4.41 It is noted from the above data that as against the plan provision of Rs. 56.47 crores for Paradip Port during the Sixth Five Year Plan period, the actual expenditure had been Rs. 67.37 crores. Asked during evidence how the additional expenditure was funded, the Additional Secretary in the Department replied :—

“Because of the needs of Paradip Port. For suitable readjustment, we made additional provisions available. We have a total plan of — so many crores for all the 10 or 11 (major) ports. Depending on the need for each port, we make some internal adjustment.”

4.42 The Committee find that the proportion of actual expenditure to the original outlay on major ports schemes during the Sixth Plan ranges from one extreme of 151.5% for Madras Port (original outlay Rs. 54.18 crores and actual expenditure Rs. 82.13 crores) to the other extreme of 59.6% in respect of Nhava Sheva Port (Original outlay Rs. 30 crores, actual expenditure Rs. 17.88 crores). The percentages of expenditure have been as low as 65.6% in case of Calcutta Port (Outlay Rs. 30.30 crores, expenditure Rs. 19.88 crores), 61.4% on Haldia Docks (Outlay Rs. 21.45 crores, expenditure Rs. 13.18 crores) 68.1% on Bhagirathi-Hooghly River Training Works (Outlay Rs. 19.73 crores and expenditure Rs. 13.44 crores), 80.4% on Vishakhapatnam (Outlay Rs. 71.33 crores and expenditure Rs. 57.35 crores) and 59.6% on Nhava Sheva Port (Outlay Rs. 30 crores and expenditure Rs. 17.88 crores).

The Committee are of the view that such sizeable excesses and shortfalls of expenditure over original outlays not only betray a nonchalant disregard of financial discipline in implementing the plan schemes but also expose the virtual absence of any competent central level financial control to regulate the cash flow and expenditure on projects. Had this not been the case, the shortfall of expenditure would not have been so high with regard to Nhava Sheva Port on which the Department is banking so much for easing congestion in Bombay Port. The Committee, therefore, stress that the budget proposals should be drawn up on a realistic basis and once the allocations are made, every care should be taken to ensure that the allocations are fully utilised. The financial control mechanism at the level of the Deptt. also needs refurbishing.

## CHAPTER V

### RAIL-ROAD LINKS

#### A. Rail-Road Facilities at Bombay Port

5.1 It has been stated by the Department of Surface Transport that the existing rail-road facilities at Bombay Port for direct transportation of international standard containers (measuring 8' x 8' x 20', 8' x 8½' x 20' x 8' x 40' and 8' x 8½' x 40'), are not fully adequate. Some make shift arrangements have been made to facilitate the rail movement of containers which has started in a small way from March, 1984. There is one railway line inside the Container Park at Manganese Ore Depot on which loading facilities for 30/40 boxes are available. This is, however, considered not adequate. There is a plan to encompass Fosbery railway line and the road adjoining it within the Container Park itself. The matter is under examination and its successful implementation will depend on the Port Trust's ability to get back possession of lease-hold land given to three parties viz. ICI, Indian Posts and Telegraphs Department and the Food Corporation of India. This is under active process.

5.2 Asked during evidence about the latest position regarding the leased out land required by the Port Trust itself, the Additional Secretary in the Department stated :—

“ . . . Leases are ending between 1986 and 1991 . . . If the Port Authorities want this land, they would not renew it (leases).”

5.3 In a note the Department has *inter-alia* intimated that Bombay Port Trust plans to obtain possession of areas adjacent to Manganese Ore Depot to enlarge its container yard. . . . Negotiations have already been initiated to obtain vacant possession of these areas. Negotiations are on with Defence Department, occupying eastern side of Manganese Ore Depot on monthly tenancy basis, to surrender and vacate their areas in exchange of land offered by BPT at Wadala incinerator plot. Negotiations are also on with Charcoal and Steam Coal Merchants for vacation of Coal Depot and shifting to some other area to be obtained from State Government.

5.4 The Committee note that the existing rail-road facilities at Bombay Port for direct transportation of international containers are not adequate and there is a plan to extend them. The successful implementation of the plan will depend upon the Port Trust's ability to get back the possession of

lease hold lands given to ICI, Indian Posts and Telegraphs Department and FCI. The Committee would like the Bombay Port Trust authorities and Department of Surface Transport to accord high priority in pursuing modalities and negotiations currently going on to obtain vacant possession of this land to enable the Port Trust to execute its plan to overcome the inadequacy in the facilities for direct transportation of international standard containers into the Port. As the leases are stated to be ending between 1986 and 1991, the negotiations should be taken up at a sufficiently high level to ward-off pressures for renewal or extension of leases of such lands at the cost of development of essential facilities for the Port itself. The Committee hope that the lands in question will be acquired by the Port authorities at the earliest and the requisite facilities created for container traffic.

### B. Rail-Road Network at Calcutta Port

5.5 On rail-road facilities available at Calcutta Port, the Department has stated *inter-alia* that the road connecting the port to the main city is, considered inadequate and narrow and needs widening. The condition of the roads is also unsatisfactory and needs improvement. Calcutta Port Authorities appointed National Traffic Planning and Automation Centre as their consultant who prepared a plan for improvement of the roads in and around the Port area. As development of roadways around the Docks need substantial investment, funding of the project will have to be assisted by the State Government or the Central Government or any other suitable authority.

5.6 Asked during evidence whether the matter relating to development of roadways around Calcutta Port was taken up with the State Government, the Additional Secretary in the Department replied :—

“ . . . .the port has taken up (the matter) with the State Government . . . . 3 or 4 times, in the last 4 years. Even recently it has been taken up with the State Government. But the State Government pleads that it does not have funds and therefore is unable to do it.”

5.7 Asked further whether the Union Government had considered the matter of financing the development of these roadways, the witness stated :—

“We have not considered this matter. Actually it is the State Government that should take up the development and management of these roads because they know the needs of the people of Calcutta better, rather than the port. We would not be in favour of financing development of roadways in and around Calcutta, because that would become a precedent for all other ports also.

5.8 The Committee regret that the repeated efforts of Calcutta Port Trust in persuading the State Government to make arrangements for widening and improving the roads connecting the port to the main city have not been successful. They would, however, like the Ministry to continue their persuasive efforts with the State Government with a view to make them agree to participate in the programme and take up road improvement works. The Committee need hardly point out that as the improvements in the road communication network outside the port would relieve traffic congestion in the adjoining area, the programme appropriately falls within the area of civic responsibility.

### C. Rail-Road link at Paradip Port

5.9 The Department has stated that with the growth of Paradip Port, it will be necessary to increase the width of the road connecting Paradip to National Highway and doubling of Railway line from Cuttack to Paradip. Asked during evidence whether the port authorities/Department had taken up with the State Government the question of widening of the road connecting Paradip with the National Highway, and with the Department of Railways the matter regarding doubling of the Railway line from Cuttack to Paradip, the Chairman, Paradip Port Trust replied :—

“We have taken up with the State Government the need to widen the road link from the Port approach upto the National Express Highway Junction, that is three kilometres stretch of the road approximately. But we have not written either to the State Government or to the Railways to double the existing rail capacity, because as on date the rail capacity is adequate. . . . Unless the port capacity also goes up substantially, there will be no immediate justification for asking for the Railways also to set up the capacity by doubling it.”

5.10 On being reminded about the expected growth of traffic as referred to in their material, the Additional Secretary in the Department clarified :—

“During earlier discussion there was a suggestion on the volume of iron-ore traffic. There are certain proposals to increase its volume to about 6 million tonnes, but that is contingent upon various other schemes coming up there. If that type of volume of traffic is going to be actual, then augmentation of railway facilities may be required, but augmentation may not be exactly in this sector, it may be in a different sector. At present the traffic is 2 million tonnes. What the Port Chairman was explaining was that the present railway line capacity seems to be adequate.”

5.11 When pointed out that if the proposals were put up to the Railways only after the materialisation of increase in traffic it would take another five to six years for the Railways to make requisite arrangements, the Additional Secretary in the Department stated :—

“Suggestions have been referred to Railways. We have received a rough estimate of these items. We would of course require a more detailed estimate to be made. But this proposal is contingent upon the investment of Rs. 150 crores being made in respect of the port to handle six million tonnes (of iron-ore). It will go as a package.”

5.12 On a suggestion that in the event of increase in the port traffic from 2 million to 6 million tonnes it was the handling capacity rather than doubling of the railway line that was needed, the representative of the Department of Railway stated :—

“Yes, you are right Sir,—only alternative is of the type which you have in mind. That is a good alternative to be considered. But I may point out that the available capacity has itself got enormous cushion in it. There are only 2 or 3 trains. There is capacity for 10 trains.”

5.13 The Committee would like the Department of Surface Transport to take up formally with the State Government the matter regarding the need to widen the road link from the Port to the National Highway which is stated to be about three kilometres stretch of the road approximately. The Committee would also like the Department to prepare a perspective plan for the growth of the Paradip Port and if the cargo traffic in the Port so warrants necessary steps may be taken for doubling the railway line between Cuttack and Paradip.

#### *D. Conversion of Mormugao-Hospet/Miraj and Tuticorin—Tirunelveli Lines*

5.14 In their 32nd Report (1981-82), the Committee had recommended :—

“The Ports of Tuticorin and Mormugao are connected only with the metre-gauge with the result that the railway carrying capacity is limited, and transshipment adds to the transportation costs and causes delays. The Committee learn that broad-gauge link to Tuticorin has already been sanctioned. A Survey is in progress to ascertain the feasibility of converting Hospet-Mormugao and linked sections from metre-gauge to broad-gauge and final decision on linking Mormugao on broad-gauge will be taken after consideration of the Surveyor's report. Needless to say, the broad-gauge linking of Mormugao and Tuticorin with the hinter-land as also the broad-gauge link of

Mangalore with hinter-land to its north would go a long way in improving the operational efficiency of these ports and also provide better and economic transport system for the benefit of Indian importers and exporters. The Committee would urge that broad-gauge links to these ports should be provided on a priority basis."

5.15 In their Action Taken reply, the then Ministry of Railways (Railway Board) with whom the matter was taken up by the erstwhile Ministry of Shipping and Transport, had intimated :—

"Work on providing a parallel B. G. link from Tuticorin-Tirunelveli section on Southern Railways has already been started as a part of the scheme of laying a B. G. line from Karur-Dindigul-Madurai-Maniyachi-Tuticorin-Tirunelveli Section. On completion of this line, a direct B. G. line to Madras from (i) Tuticorin to Cochin etc. via Tirunelveli and Trivandrum and (ii) via Madurai will be available.

"A survey for conversion of Londa-Mormugao MG line is in progress along with other connected lines. It will be possible to take a decision, after the survey is completed, report is technically examined and the scheme cleared by the Planning Commission, subject to allotment of funds."

5.16 *Rail link to Mormugao Port* : The Department has informed that the Container system is not suitable so far as Mormugao Port is concerned, as the Port is being served by metre-gauge railway track from Miraj and Hospet railway stations and upto these stations only there is broad-gauge railway track. The containers are of standard size and, therefore, cannot be used so far as this port is concerned unless the metre-gauge portion of the railways is converted into broad-gauge. The Committee has been further informed that the proposal for the conversion of the metre-gauge railway track either from Miraj or from Hospet which has been under-examination for the last about 20 years, has been supported by National Council of Applied Economic Research, Hinter-land Development Committee as well as the 7th Railway Convention Committee.

5.17 Asked during evidence whether there was a particular type of container which was independent of the type of rail track gauge, the representative of the Department of Railways informed that the standard international container did not fit on the metre-gauge.

5.18 About the present position of the proposal for conversion of the metre-gauge the witness stated :—

".....We have no funds. The conversion of the Mormugao-Hospet Section was surveyed, the cost of this would be over Rs. 200 crores.... Unless it is done as a special project, the Railways do not have the funds for this."

5.19 When the Committee suggested that the Department should move in the matter in coordination with the Railways, the Chairman Mormugao Port Trust replied :—

“About conversion of metre-gauge, the Railways have conducted surveys and they projected that there would be just about one per cent growth in general cargo traffic after the conversion takes place and on that basis they worked out that the internal growth rate will not be more than 8 per cent. The Planning Commission (therefore) said that it would not warrant high priority. We felt that this survey report in itself was inadequate and that the benefit to the economy on the whole should be taken into account. . . . Today we do not use Mormugao Port much for hinter-land traffic outside the Union Territory of Goa because of the problem of transshipment from metre-gauge to broad-gauge at Miraj or Hospet. The Port Trust has, therefore, commissioned study on the techno-economic feasibility of the proposed gauge conversion and entrusted the same to a Railway consultancy Organisation, RITES. We expect that when that report comes up a much brighter picture will emerge.”

5.20 *Tuticorin-Tirunelveli Line* : The Department has stated that the Scheme to convert Tuticorin-Tirunelveli metre-gauge line into broad-gauge is “sanctioned and is being implemented by the Southern Railway. Preliminary works have also been undertaken by the Southern Railway. But the progress of the work is reported to be slow due to paucity of funds. As such special initiative is required.” Asked during evidence about the measures being taken for making the requisite funds available for conversion of the railway line the representative of the Department of Railways testified :—

“It is basically a question of funds. Railways have large number of spill-over of schemes for new lines and conversions etc. This is an important conversion work. This is a sanctioned work. There is no dispute about its necessity. It is there. But it is a question of funds. This year’s allocation was Rs. 3 crores. By reappropriation we brought it to Rs. 4½ crores. Total estimated cost is Rs. 71 crores. About Rs. 50 crores will still be required after this year’s allocation. We have spent Rs. 16 crores and then Rs. 3 crores.

5.21 Pressed by the Committee that more funds should be provided for the line so that gestation period of the scheme could be reduced, the witness replied :—

“As you know, *inter-se* priority is also there.”

5.22 The Committee regret to note that it has not been possible for the Planning Commission to accord high priority to the proposal, pending for the last 20 years, for the conversion into broad-gauge of metre-gauge rail line from Mormugao to Miraj/Hospet as the survey conducted by Railways projected "about one per cent growth in general cargo traffic after the conversion" and "worked out that internal growth will not be more than 8 per cent." They welcome the commissioning by the Port authorities of a fresh study of the techno-economic-feasibility of conversion of track by a Railway Consultancy Organisation (RITES) and hope that if the study concludes that the proposal is feasible on techno-economic grounds, the Railways will react favourably and include the project in their works programme and accord it high priority for completion during the current plan period.

5.23 The Committee also regret that the progress on the works relating to conversion of Tuticorin-Tirunelveli metre gauge line is "slow due to paucity of funds" inspite of the admission of the representative of the Department of Railways that "there is no dispute about its necessity."

The Committee are firmly of the view that continuance of metre-gauge railway track from Tuticorin Port to Tirunelveli is a serious bottleneck involving transshipment of cargoes to and from these Ports, causing delays, adding to transportation costs. It prevents these Major Ports from providing some relief to Bombay Port in the matter of congestion there by attracting more cargo traffic. The Committee therefore strongly urge that the gauge conversion work on Tuticorin—Tirunelveli stretch should be speeded up by allocation of more funds so as to complete the project during the current plan period.

#### E. Inadequate supply of Railway Wagons

5.24 Citing general reasons for delay of clearance of cargo from the ports the Department has *inter-alia* stated that "the imported goods specially those that are destined for upcountry places can not be cleared if adequate transport facilities likely railway wagons . . . . . etc. are not available".

5.25 In a note the Department has intimated that the acceptance of the projected traffic in various commodities by the Standing Committee on Rationalised Distribution of Cargo is indicated to the Department of Railways for taking note of the need of movement of the imports into the country and of exports to the ports.

5.26 With regard to Calcutta/Haldia ports the Department has stated :—

- (i) Empty rakes are not always available in time as per requirement;

- (ii) Supply of 4 wheeled covered wagons for loading of cargo is not always adequate. For movement of 8 wheelers, Railways do not accept piecemeal wagons but only rakes-formation which takes time and causes certain detention to wagons in the CPT system.
- (iii) For Coal traffic, inward movement of wagons does not always match the arrival of ships and the loading schedule. The tipplers of coal handling plant at Calcutta are suited to handle 4 wheeler open wagons only while the Railways have stopped manufacture of this type of wagons and consequently there is a short supply."

5.27 About fertilizer imports at Calcutta and Bombay Ports, the National Shipping Board has observed *inter alia* in their Report (1983-85) :—

"...congestion is being caused at berths due to delay in commencement of delivery by handling agencies like FCI for want of adequate arrangements for movement of the cargo-arriving mainly because of lack of coordination with Railways. Joint efforts should be made between the port authorities and the Railways to evolve suitable arrangements to make available necessary Railway wagons to handle the cargo....."

5.28 In a note the Department have further intimated that the requirements of wagons for imports are worked out by the handling agents of the cargoes in consultation with the port, wherever required. It is for the importers or their handling agents to place indents of wagons on the Railways. In some cases difficulty has been experienced in supply of wagons to meet the requirements as given below :—

#### *Cochin*

There has been a persistent complaint from the users/Trade that sufficient number of wagons are not made available by Railway authorities. Such grievances of the trade are discussed and remedial measures taken in the Port Operations Committee meetings etc. by which there has been an improvement in the situation in the recent past. The Railways need to augment their fleet of flat wagons.

#### *Kandla*

The availability of wagons for clearance of import cargo has always remained erratic and irregular which causes delay in clearance of goods. The road transportation has not developed to the required extent as the region where port is located is not industrially well developed as yet.

*Mormugao*

The port is connected by the metre-gauge system of the South Central Railway. This is the only trunk railway system connected to the Port for the transportation of inward and outward traffic. In the recent past a shortage in supply of wagons has been experienced leading to congestion in sheds. The Port is also linked to the hinterland by network of roads. Non availability of the matching rolling stock at the transshipment point makes the Railways impose restrictions and thus clearance of cargo from the port is affected.

*Visakhapatnam*

During the course of this year there have been occasions when the supply of wagons for clearance of imported sugar as also coking coal has not been equal to the demand."

**5.29 The redressal of complaints of shortages in supply of wagons at Calcutta, Cochin, Kandla, Mormugao and Vishakhapatnam should not be beyond the ingenuity of the Departments of Surface Transport and Railways if "the acceptance of the projected traffic . . . . by Standing Committee on Rationalised Distribution of Cargo" is indicated to the Railways systematically and in due time. Now that both the Departments of Surface Transport and Railways have come under the same Ministry, the Committee expect greater coordination and cooperation between the two Departments in such a crucial matter as that of supply of wagons for the port traffic. The Committee would not like congestion building up in ports on account of inadequate and untimely availability of Railway Wagons and recommend that both the Departments should jointly discuss the position of wagons in respect of each Major Port at regular intervals and draw up agreed programmes to clear imported cargoes with utmost expedition.**

*F. Return of Empty Wagons from Ports*

5.30 Asked during evidence whether the wagons which brought cargoes to a port for export went back empty for want of imported or other cargoes meant for hinterland, due to irrational distribution/allotment of cargoes to be exported/imported from each port. the representative of the Deptt. of Railways stated :—

"It is true that to an extent, wagons bringing export cargo have to go back empty. It is particularly so in respect of open type wagons bringing minerals, bulk commodities like iron ore and manganese ore. By and large, these open wagons have to go back empty because the imported cargoes are not suitable at all for open wagons whereas the mineral exports are mainly in open wagons. Covered wagons received with export cargoes are generally back-loaded, 90 to 100% by the ports with the imported cargoes. There is generally a deficit of covered wagons for the clearance of imported car-

goes. Railways have to supply covered wagons empty into the port and to clear that, they have to simultaneously take away open wagons which are coming from various places—iron ore to Vizag and coal into Paradip. They have to go back empty. Additionally, of course, Railways also have to supply empty tank wagons into the ports for refineries. So a large number of wagons come in empty and they have to move our downstream petroleum products.”

5.31 On a suggestion that with close coordination of close-circuit traffic, the Railways could send back the wagons with some other cargoes to any station in the hinterland, the witness contended :—

“It is correct. It is our effort to do that, inspite of certain obstacles. If we bring empties from the port of Kandla, we will try to carry some of the fertilisers back. There is some resistance to movement of fertilisers in open type wagons. But from the railway security point of view, we try to persuade the customers.”

5.32 On the Committees’ further observation that even if closed wagons are not available, open wagons covered by tarpaulins might be accepted by user agencies, the witness stated that they were already trying to do that.

**5.33 The Committee feel that much of the problem regarding shortage of wagons can be solved if there is a close co-ordination of close-circuit traffic in as much as the wagons carrying goods for exports to the Port could bring back imported goods, instead of returning empty. There is imperative need for more co-ordination between the Departments of Surface Transport and Railways and Ports to achieve the maximum utilisation of the wagons both on onward and inward journeys.**

#### *G. Port Railways and Trunk Railways*

5.34 In their 32nd Report (1981-82), the Committee had observed that where Port Railways and Trunk Railways had not been integrated and placed under single unified control as is the case at Bombay, Calcutta, Vishakhapatnam, Madras, Paradip and Marmugao, the problems of duplication and coordination were bound to rise, affecting the efficiency of cargo movement. The ideal arrangement in the interest of efficiency of operations would be to merge Port Railways into Trunk Railways. While the Ministry of Shipping and Transport agreed with this view, the Ministry of Railways, it was stated, had reservations on taking over the port railways, because of over staffing of port railways. The port railways staff unions were also reported to be showing resistance to the idea of take-over by Trunk Railways. The Committee had hoped that with tact, patience and persuasion, the authorities would succeed in bringing round the port railway staff to the idea of integration of the two railway systems and persuade the trunk railways to take over the port railways in due course.

5.35 In their action taken reply, the then Ministry of Shipping and Transport had stated that in April, 1982, a two-man Committee was constituted by the Ministry to examine the working of the Indian Major Port Trust Railways. The two-man Committee had till then submitted the first part of its report which contained general recommendations about all the port railways and also specific recommendations about Mormugao, Bombay, Haldia and Paradip ports. As regards the merger of the Port Railways with Trunk Railways, the Committee had suggested that in order to give relief to the ports immediately and to improve the Railway working in the ports, the Indian Railways might take over the working of the Port Railways as "Managing Agents" on behalf of this Ministry and the trial to this effect may be made at two or three ports like Bombay, Paradip, Haldia. After watching the results of the experiment a decision for the complete change-over or otherwise might be considered. The report of the Committee was stated to be under consideration in the Ministry of Shipping and Transport.

5.36 The Department has stated that the Port Railways are run by Port staff at six Ports viz., Bombay, Calcutta, Visakhapatnam, Madras Paradip, and Mormugao, while at the remaining four Ports, Port Railways are run by the Trunk Railway authorities and Ports do not have any staff of their own.

5.37 It has been stated in a memorandum that the two systems of operations of railways in the Port area result in considerable difficulties and confusion at times delaying clearance of cargo and in turn causing delays in the process of loading and discharging of cargo. In another memorandum it has been alleged that there is no proper coordination between Railways and Port Trusts.

5.38 Asked during evidence whether the Department envisaged administrative difficulties in the merger of Port Railways with Trunk Railways, the Additional Secretary in the Department replied :—

"This matter is already under consideration for some time. The Department has been in favour of handing this over. But there are certain administrative difficulties. The administrative difficulty is this. Railways have taken a stand that while they are not averse to taking over the line, they would not want to touch the port employees who are maintaining the railway line. Ports like Bombay, Calcutta, etc. have fairly large staff manning the railway line. This is the administrative difficulty we come across. Now Railways and Surface Transport are part of one Ministry. We hope to sort out this inter-departmental problem fairly easily now."

5.39 When the Committee asked about the existing coordinating machinery at the ports in relation to Railways, the witness added :—

“The coordination is achieved at the port level in Liaison with the main railway system. As and when problems arise the local railway officials and local port officials do meet and sort out the problems.”

**5.40 The Committee are of the view that the Port Railways run by the port Trusts at six major ports, viz. Bombay, Calcutta, Vishakhapatnam, Madras, Paradip and Mormugao should be merged at the earliest with the Trunk Railways to avoid problems of duplication and coordination effecting the efficiency of cargo movement. Now that both the Departments of Surface Transport and Railways have come under the same Ministry and are agreed in principle to the merger of Port Railways with the Trunk Railways, it should not be difficult for the two Departments to sort out the issue of port railway staff early.**

#### H. Containerisation

5.41 Equipping Ports for containers : In their Report for 1983-85, the National Shipping Board, has *inter-alia* recommended :—

“Progress of equipping ports to handle containers or greater ships is far from satisfactory. Ports chosen as container terminals lack in properly equipped berthing and handling equipment as also infra-structural back up at many major ports. Selection and procurement of requisite handling equipments for container traffic should be accelerated to enable efficient and speedy handling of the container-ships of modern type and size; as well as container oriented ships.

On the question of equipping Indian Ports for handling containers in the most modern methods of handling it is recommended that one port on the Western Coast and one port in the Eastern Coast may be equipped with facilities for container handling.”

5.42 During evidence the Additional Secretary in the Department informed the Committee that they had “designated 4 Ports as container ports—Calcutta, Bombay, Madras and Cochin plus Nhava Sheva.”

5.43 *Interim Container Management Plan (Bombay Port)* : The Department has stated that for quicker operations the container handling activity of Bombay Port has been streamlined from 1st February, 1983 with the introduction of an interim container management plan.

5.44 In a note on the working of Interim Container Management Plan and its impact on congestion in Bombay Port the Department have stated that because of the run-away increase in the container through-put in Bombay Port over the years, the Bombay Port Management experienced many constraints. One of the major constraints that faced the Port Management is non-availability of space to permit expansion of dock commensurate

with increase in port activities. As a long term measure, the Port Management had decided upon the development of container yards for composite activities in an area of 33 acres at Timber Pond, also in an area of 18 acres at Manganese Ore Depot and 3.5 acres at Cotton Depot, expecting that these areas would cater to an annual container throughput of around 200,000 TEUs. However, for improving the situation as it prevailed in 1982-83 and in order to secure optimum utilisation of the available space, the Interim Container Management Plan was introduced in 1982. After series of dialogues with the port users the Port Management decided to implement the Plan from 1st February 1983. Under this plan, the management organised the utilisation of space activity-wise rather than line-wise. The spaces allotted to various interests were dereserved, and pooled together to distribute among various lines on common user concept. The activity of Full Container Load containers of all lines was shifted from dock and Cotton Depot, to Manganese Ore Depot and Timber Pond. Pending full development of the outlying areas, the Less Than Container Load unstuffing activity was contained in the docks and various sheds/warehouses available were allotted to different lines. The spaces available at Cotton Depot, Frere Basin, Hay Bunder, Wadi Bunder Warehouses and Malet Bunder were grouped into 4 groups and certain lines were allotted to each of the groups, so that the lines would be given certain in that particular group. The carting period was restricted to 12 days prior to the Expected Time of Arrival of a particular vessel furnished by the Agents. By the time the ICMP was implemented, a dedicated road for container traffic linking the docks to MOD with close linkage to Timber Pond and Cotton Depot was ready, which geared up the movement of containers from docks to outlying areas as envisaged at the time of outlining the ICMP.

5.45 As an impact of the Interim Container Management Plan the congestion in the docks has reduced and the management is able to control the container activity in the Port. The movement of Full Container Loads containers, destuffing of LCL containers, movement of empty containers and their utilisation for export stuffing is monitored closely by the Administration. Storage of containers in the Docks is allowed only for a limited time with the result the areas in the docks are always free to receive and feed containers from and to the vessels working in Port without any hindrance. The Department has further stated that there was no proposal to introduce any such plan at other major ports.

5.46 *Container handling facilities at Calcutta Port* : With regard to mechanisation of cargo handling facilities at Calcutta Port, the Department has stated that the coal is being handled by mechanical facilities. The Port primarily handled break-bulk cargo. A scheme of container handling facilities envisaging provision of 2 transfer cranes has been sanctioned in March 1985 at the estimated cost of Rs. 10.36 crores. This will enable mechanisation of container handling facilities to a certain extent.

5.47 Asked during evidence when the scheme for creating container handling facilities was actually started and when it is scheduled to be completed and to what precise extent would the creation of container handling facilities at Calcutta meet the actual requirement of the port, the Chairman Calcutta Port Trust replied :—

“This Scheme was sanctioned in March, 1985. Preliminary work has been completed. The main tenders were for civil work and for two cranes. The tenders were called for. We have made a reference to the Ministry in this regard. We are awaiting their reaction. By November, 1985, we will award the contract. The work is expected to be completed by March, 1988. About the extent to which this will help us, this year we will be handling about 40,000 to 45,000 containers in Calcutta. This scheme will allow us to handle 60,000 containers safely. We have not provided more because in future, the growth of containers is expected more in Haldia than in Calcutta. Till we know the division, we are proceeding with the conservative scheme.”

5.48 Asked whether there was enough space for containers at Calcutta Port, the witness replied that there was no space problem at that port because bulk cargo had been shifted to Haldia Port.

5.49 The Committee need hardly stress that Calcutta, Bombay, Madras, Cochin and Nhava Sheva Ports, chosen as container terminals, should not be lacking in properly equipped berthing/handling equipment and infrastructural facilities if these ports are to cope up with the rising container traffic passing through them. In case development of the requisite infrastructure required for handling containers and provision of container handling facilities does not match with the growth of container traffic, the huge expenditures being incurred on these ports for this purpose will not only remain infructuous but will also accentuate congestion there. The Committee therefore recommend that the Departments of Surface Transport, Railways and Port Trust authorities concerned should draw a time-bound plan frame for equipping all the major ports chosen as container terminals with full berthing and handling equipment as also with the requisite infrastructural back-up.

## CHAPTER VI

### NEW PROJECTS

#### A. Nhava Sheva Project

6.1 *Projected capacity* : The Nhava Sheva Project aims at Building a modern Port with facilities for container handling and for handling bulk fertilizers and foodgrains. It envisages the construction of 3 container berths 2 berths for handling bulk commodities and one service berth. These facilities will create the following cargo handling capacities :—

	(In million tonnes)
I. Containers	3.00
II. Fertilizers & intermittent Foodgrains	2.90
Total	5.90

The work on Nhava Sheva Project was started soon after the sanctioning of the project in 1983. The target date for completion of the project is October, 1988.

*Estimates and Expenditure* : The total sanctioned cost of the project is Rs. 506 crores. Part of funding of the Nhava Sheva Port Project is through a loan from the World Bank. The World Bank has agreed to give the loan assistance to the Government of India to the extent of \$ 250 million. The dredging component of the project will be financed by Dutch Government. The project will also receive Rs. 200 crores as loans from Bombay Port Trust. An allocation of Rs. 30 crores for this Port was made in the 6th Five Year Plan. As against that an expenditure of Rs. 17.87 crores has been incurred on the project up to 31 March, 1983. Rupees 5 crores have been spent out of Central Government funds and 12.87 crores out of loans provided by Bombay Port Trust. There has been no revision of the project cost so far.

6.2 *Acquisition of Land* : The Project involves the acquisition of 2584 hectares of land. Out of this an area of 2098 hectares of land has been taken possession of as per details given below, as of August, 1985 :—

	Total land to be acquired (in Hec-tares)	Area taken possession of (in Hec-tares)
1. Private land	1185	1179
2. Salt pan land	1023	565
3. State Govt. land	376	354
Total	2584	2098

The balance areas of about 486 hectares mainly comprises salt pan lands, which are disputed in the Court. These balance lands mainly form part of future expansion programmes. There are as many as 42 cases filed in the Bombay High Court in respect of pan lands, in which parties have disputed the owner and their entitlement of compensation, apportionment etc. On these petitions, the High Court had stayed the acquisition of these lands. Seven of these case have been decided by the High Court in favour of the State Government who have acquired these lands for Nhava Sheva Port Trust. The parties have filed appeal in the Supreme Court which are pending. A part of the remaining lands also consists of a residential area of Sheva village which is to be shifted from its present site.

*Role of the Port :* Out of the total cargo of 25.20 m.t. handled in 1984-85 in Bombay Port, 16.93 m.t. constituted by POL traffic and the balance traffic was accounted for by General Cargo (7.11 m.t.), Fertilizers (1.04 m.t.) and foodgrains (0.12 m.t.). With the commissioning of Nhava Sheva Port, handling of dry bulk cargoes like fertilizers and foodgrains is expected to shift to Nhava Sheva Port. As regards General Cargo traffic, a large volume of the containerised traffic amounting to about 3 million tonnes per year will be handled by Nhava Sheva Port. Since Nhava Sheva Port will be equipped to handle about 5.9 million tonnes of cargoes per year, it is anticipated that cargo like fertilizers, foodgrains (if any) which now use general cargo berths in Bombay Port and container traffic to and from areas like Punjab, Haryana, U.P., Rajasthan, Gujarat etc. which now use Bombay Port for want of any alternate facilities will get diverted to Nhava Sheva, thus relieving congestion in Bombay Port.

6.3 A Study Group of the Committee visited Nhava Sheva Project in March, 1986. The Study Group was informed that not a single berth has been completed so far. However the berths were expected to be completed along with reclamation of the back-up area by June, 1988 for which the contract for the civil works had been awarded in July, 1985. Regarding loan assistance from the World Bank for the project, it was stated that as on 18-3-86 claims had been preferred for Rs. 24.77 crores to the World Bank through Government of India. Till 15-2-86 an amount of USD 14.2 million (approx.) had been made available by the World Bank to the Government of India. The Port Trust did not receive the reimbursement directly from the World Bank. The Study Group also came to know that no assistance had been obtained so far from the Dutch Government for the dredging component of the port so far. The matter was still under discussion with the Government of Netherlands.

From the Audit Report on the Accounts of the Nhava Sheva Port Trusts for 1984-85 the Committee have noticed that according to the provisions of Sections 28 and 126 of the Major Port Trust Act, 1963, the regulations to provide for the matters such as appointments, promotions, leave, leave

allowances etc. were to be made by the Board subject to the approval of Central Government. The Board decided in its meeting held on 21st January, 1983 that pending framing of rules/regulations governing Nhava Sheva Port Trust, the Bombay Port Trust regulations might be adopted for working purposes. Subsequently, in a Board meeting held on 25-9-1984, the Port approved and draft rules/regulations in regard to (i) Nhava Sheva Port Trust employees (Temporary Services); (ii) Nhava Sheva Port Trust Employees (Conduct) Rules; (iii) Classification, Conduct and Bill Rules. These Rules/Regulations were sent to the Central Government for approval in June, 1985. The approval of the Central Government was still awaited. The other regulations required under section 28 of the Major Port Trust Act were yet to be framed by the Board.

The Audit have further pointed out that as required by Section 21 of the Major Port Trusts Act the delegation of powers by the Board of Trustees to the Chairman and other officers of the Board has to be got approved by the Central Government. Also Board of Trustees has delegated powers to the Chairman and officers of the Nhava Sheva Port Trust on the same pattern as has been approved for the Bombay Port Trust, the delegation of powers was yet to be approved by the Ministry.

**6.4 The slack performance on the Nhava Sheva Project, in as much as an expenditure of only Rs. 17.87 crores (out of the 6th Plan outlay of Rs. 30 crores) incurred during the Sixth Plan, has been mainly due to time taken in litigation for the land acquired for Nhava Sheva Port. The Committee have a genuine apprehension whether the project will be completed by the target time of October, 1988, especially as two foreign agencies—World Bank and Dutch Government—are also involved in financing the project apart from the Government of India and the Bombay Port Trust. The Committee were also informed that for getting the World Bank loan all the project plans had to be submitted to the World Bank through the Ministry of Finance. The Committee feel that unless matters are pursued with the World Bank and the Dutch Government promptly and there is advance planning on the part of port authorities, the progress of the project could be adversely affected. Further, the negotiations with the Netherlands Government for the dredging component of the Port have also not been finalised so far. The Committee would, therefore, like the Government to accord high priority to this project by taking appropriate measures both at the national and international levels so as to ensure the completion of this scheme by the target date. i.e. October, 1988.**

**6.5 The Committee note that the Nhava Sheva Port Trust decided in its meeting held in January, 1983 to extend the Bombay Port Trust regulations to Nhava Sheva Port Trust pending framing of the Rules/Regulations governing Nhava Sheva Port Trust. Subsequently, the Rules/Regulations governing Nhava Sheva Port Trust were framed and approved by the Nhava**

**Sheva Port Trust in its meeting held in September, 1984 and the same were sent to the Government in June, 1985 for approval. The Committee are unhappy to observed that it took almost nine months for the Nhava Sheva Port Trust to forward the Rules/Regulations to Central Government for approval. The Committee are also unhappy to be informed that the Central Government have not yet conveyed their approval of the Rules/Regulation to the Nhava Sheva Port Trust. The Committee would like the Central Government to expedite the matter.**

**6.6 The Committee also wonder how without getting the delegation of powers made by the Board of Trustees of the Nhava Sheva Port Trust to the Chairman and other officers of the Port, these powers are being exercised by the Chairman and other officers. The Committee deplore that this irregularity which was pointed out by the Audit in its report dated 10-10-1985 had not been taken care of even till March, 1986 when Study Group of the Committee visited the Port.**

#### *B. New Major Ports*

**6.7 The Working Group on ports for VII Five Year Plan had recommended *inter-alia* that :**

“Considering the vast land area of the country to be served by the ports, and the time it will take to plan and develop facilities appropriate for a major port, the Working Group felt that it would be necessary to develop at least two new major ports during the 7th Plan i.e. one on the east coast and one on the west coast, apart from Nhava Sheva which is under execution. Accordingly the Working Group recommends the development of two major ports during the 7th Plan, viz. Kakinada on east cost and either Pipou in Gujarat or Karwar in Karnataka on west coast.”

**6.8 The Department have stated in their material that apart from Nhava Sheva Project “no other new major port project has been proposed.” Asked during evidence whether the Government felt that existing Major Ports could cater to the country’s needs adequately in the years to come, the Additional Secretary to the Department stated :**

“Working Group on Ports (7th Plan) recommended that two Major Ports may be set up during 7th Plan. Financial implication came to Rs. 1700 crores, but Planning Commission said, what is available will be only Rs. 1100 crores. We are forced to prune the schemes. One scheme likely to be eliminated is construction of new ports. But we do feel that present capacity is not sufficient to handle the traffic. The 1983-84 traffic increased by 6 per cent over 1982-83; during the current year in the first 6 months the increase in traffic

is 13%. The growth rate is double that of the corresponding period last year. If proper steps are not taken we will have to face the problem of utterly inadequate capacity of the ports and congestion in the ports. . . .

The problem may come up in a big way if the present increase in traffic continues with its momentum. Ports may not be able to cope up with that much of traffic. We have represented to the Planning Commission that this allocation should be increased; there should be higher allocation. They have their own limitations they have their own constraints; they could not accommodate us and accede to our request."

6.9 Asked whether the growth rate of 13% during the first six months of this year (1985-86) had been specifically brought to the notice of the Planning Commission, the witness replied :

"The Working Group reported in September-October, 1984. . . . At the time of Plan formulation twice or thrice every week there were meetings and this was brought to their notice. Towards the end, the Planning Commission said; "let us see during the mid-term or later." So, we will persevere in our attempts to get more money from the Planning Commission."

6.10 On the Committees' comments that the Working Group could not foresee the 13 per cent growth in cargo handling, and that the Planning Commission must have taken into consideration the Department's performance also while allocating the funds, the witness replied "They have told us that there is no money in the kitty." Asked whether the Department still felt the necessity for two more Major Ports, the witness added : "We stand by the Working Group's recommendations."

6.11 The Committee are afraid that with the slow progress of Nhava Sheva Port and no provision in the 7th Plan having been agreed to by the Planning Commission for two new major ports as recommended by the Working Group of the Department it is going to be rather difficult for the major ports to cope with the traffic in the years ahead if the growth rate of traffic continues to remain as high as it was during the first half of the last year, that is 13%, as against 6% during 1983-84 over the traffic handled in 1982-83. The Committee are therefore of the view that a reappraisal of the funds allotted to the Major Ports during the Seventh Plan is called for with a view to provide for at least one new major port, in addition to Nhava Sheva Project.

## APPENDIX

### *Statement of Recommendations/Observations*

Sl. No.	Para No.	Recommendation/observation
1	2	3
1.	1.19 & 1.20	<p>The Committee find that at present coordination of matters pertaining to Ports is the concern of several bodies with varying compositions and overlapping functions. This is probably because these bodies were created at different points of time with specific objectives in view which have either become blurred or have expanded with the passage of time. The Committee note with regret that the National Harbour Board on which all the maritime State Governments are represented and where their views get projected has remained more or less dormant for the last about 2 years. It met last in 1983. Conferences of Chairmen of all major ports are being held once a year to discuss matters of topical interest. The Indian Ports Association (IPA), a society of major ports, financed by contributions from Port Trusts has come to play a vital role in coordinating the working of the major ports. It is ironic that crucial matters like procurement of supplies, consultancy services, data banks, training of personnel, promotion of sports and perspective planning for Major Ports have been left by the Government to this Association. Incidentally, the Governing Body of the IPA comprises of Chairman of all the Major Ports Trusts. The Committee would like the Major Ports Reforms Committee, to whom this matter has been stated to have been referred, to go deeply into the question whether there should be a single statutory apex body to administer the major ports, or the existing system of management of each Major Port through a Trust and having many bodies, for coordination and providing common services may be continued. It appears to the Committee that the existing system of management of major ports is costlier, cumbersome and far from satisfactory.</p> <p>The Committee note that the expenditure on the Indian Ports Association is mounting year after year. Whereas it was Rs. 26.20 lakhs in 1982-83, it jumped to Rs. 48.81 lakhs in 1983-84, and to Rs. 55.04 lakhs in 1984-85. For obvious reasons the Committee do not subscribe to the view that since the expenditure of the Indian Ports Association is being funded by the ports themselves, there should be no limit on the expenditure incurred by the Association. The Committee would like the Government to examine as to what extent this expenditure could be economised without</p>

1

2

3

sacrificing the services provided by the IPA to the Major Ports, keeping in view the fact that expenditure on the Indian Ports Association comes out of the earnings of the Ports and naturally affects adversely the profitability of the ports.

2. 1.30

The Committee regret to observe that Government has taken a very low-key attitude towards the pressing need of establishing a Central Ports Authority to administer and coordinate the activities of all the Major Ports even though the Committee in their 32nd Report (1981-82) and 41st Report (1982-83) had strongly recommended the establishment of such an Authority. Later, the Bureau of Industrial Costs and Prices, who had been asked by Government to go into this question in February, 1982 and the National Shipping Board in 1983-84 and 1984-85 also supported the recommendation of the Committee and suggested for the establishment of such an Authority. Instead of giving a positive response to the suggestions made by the above bodies, the Committee regret to find that Government has again chosen to refer this question to Major Ports Reforms Committee, thereby further delaying the establishment of such an Authority which has been considered by so many bodies to be so essential for the smooth functioning and development of the Major Ports in the country. While agreeing that some of the Major Ports like, Calcutta, Bombay and Madras have grown-up in their own historical settings, the Committee cannot but once again strongly recommend that a Central Port Authority is essential for better coordination and administering the Ports on the lines of commercial and result oriented enterprises. The Committee do not consider that the establishment of such an Authority will in any way hamper the functioning of the individual ports except to the extent necessary for the purposes of overall planning for integrated development of Ports. The proposed authority will also take over all those functions which are now being performed by the various bodies like National Shipping Board, National Harbour Board, Indian Ports Association etc. Now that this matter has been referred to the Major Ports Reforms Committee, the Committee would expect the Government to have the report of that Committee expedited and to take concrete action in the matter. The Committee would like to be informed of the progress on the issue within a period of six months.

3. 1.39

The Committee agree with the observations of the National Shipping Board that no amount of infra-structure planning and mechanisation will pave the way for modernisation of the ports if the management and the organisational structures are not suitably designed and oriented to achieve results in this sphere and therefore, a long term perspective plan should be drawn up for the purpose. The Committee consider that manning of the

1

2

3

top level posts in the various major ports by the officers drawn from IAS cadre alone may not be conducive to the efficient functioning of the ports unless these officers have been working in the various ports for sufficiently long durations and have acquired the necessary acumen to handle the diverse activities of the Ports. The Committee, therefore, would like the Major Ports Reforms Committee, to whom the question of suggesting an efficient administrative set up for the ports has been referred, to review the present administrative set up in the Ports in depth and suggest ways and means to tone up the administration. The Committee would also like the Government to seriously consider whether the setting up of an All-India Ports Service is feasible so that the experience and expertise in handling of Ports could be pooled together and uniformity of approach in the administration of Ports could be achieved.

4. 1.43

The Committee are concerned that top level posts like Chairman of Bombay Port Trust and Chairman of New Mangalore Port Trust have been lying vacant since 1st March, 1985 and 17th October, 1985 respectively. The Committee are also unhappy to learn that as many as 17 posts at the senior levels, of which 5 posts are at Bombay and 12 at other ports, are lying vacant for sufficiently long periods. The Committee are sure that the vacancies for long periods at such levels are bound to affect the efficiency of the Ports. The Committee would like the existing vacancies to be filled up without any further delay and factors which are the cause of delay in filling up the vacancies tackled with a sense of urgency. For the future, they suggest streamlined procedures being introduced both in the Major Ports as well as the Department of Surface Transport for initiating advance action in filling up the vacancy and finalisation of appointment in a manner that gap between the occurrence of the vacancy and the new incumbent taking over is in no case more than one month.

5. 1.46

The Committee note that Dock Labour Boards have not yet been set up at New Mangalore, Paradip, Tuticorin and Haldia Ports and that the question of setting up Boards in these ports is under consideration of Government. The Committee would like the Government to take the final decision and positive action in the matter urgently and report to the Committee within a period of 3 months.

6. 2.8

The Committee regret to note that the waiting period for ships at Bombay Port has more than trebled from the average of 0.94 days in 1980-81 to 3.04 days in 1984-85 whereas the traffic handled at the port has risen only from 17.57 million tonnes to 25.77 million tonnes during

the same period which means that the rise in traffic handled has been less than 50% whereas the waiting period has risen by more than 300%. The Additional Secretary in the Department attributed the increase in the waiting period for ships at Bombay Port to General Strike for about 12 days in all the ports in March-April, 1984. The position in Visakhapatnam Port is not better. Whereas the traffic handled at Visakhapatnam Port rose from 10.26 m.t. in 1980-81 to 12.87 m.t. in 1984-85, the average waiting period per ship more than doubled from 1.01 days to 2.10 days during the same period. The Committee, however, note that at Mormugao Port while the traffic handled has increased from 13.76 m. t. in 1980-81 to 14.51 m. t. in 1984-85, the average waiting period per ship has declined from 3.02 days to 2.37 days during the same period. The Chairman, Mormugao Port Trust attributed it to "Some change in productivity or some other parameter relating to iron-ore handling" and handling of "fewer but much bigger vessels they got after 1980-81." Happily the General strike in all the major ports in March-April did not have any effect at Mormugao Port and in fact the waiting period declined there. The Study Groups of the Committee which visited some of these ports also found that there has been an abnormal increase in the waiting period per ship at the major ports. The Committee do not consider that the increase in the traffic at the major ports alone warrants such an abnormal increase in the waiting period per ship and are firmly of the opinion that the waiting period can be substantially reduced. In the subsequent paragraphs of the Report, the Committee have dealt with the factors responsible for congestion in the ports, which are the main cause for the increase in the waiting period per ship at the major ports. Some of the factors causing congestion in ports, which have been brought to the Committee's notice are lack of adequate mechanisation of cargo handling facilities inadequate berthing capacity, complicated and time taking port and customs procedures, high sea sale of cargo, strained labour relations, inadequate storage and transport facilities etc. The Committee would suggest to the Government to go into this problem in all its ramifications and take necessary corrective steps for reducing the waiting period to the barest minimum.

7. 2.16 & 2.17

Even conceding the peculiarity of Calcutta port of being "125 miles inside the river away from the sea" which takes ships "2½ days in coming and going" as pointed out by the Chairman of the Calcutta Port Trust during evidence, the Committee feel that the turn-round time of 15.30 days at the port during 1984-85 is on the high side when compared with 9.43 days for a more congested port like Bombay during the same year. As for the other reasons attributed by the Port Chairman to the long turn-round time at the port, namely, the

existence of dry docks for repairs at the port and the necessary of ships coming into the port with import cargoes having to wait for export cargoes on return, the Committee are sure that these also apply to other major ports like Bombay. The Committee are of the view that the turn-round time at Calcutta Port should have compared favourably with Bombay Port keeping in view the fact that the traffic handled at Calcutta now is much less as compared to that handled at Bombay. The Committee recommend that an expert body should go into the question of inordinately long turn-round time of ships at Calcutta port and suggest positive measures for its substantial reduction.

The Committee regret to note that the turn-round time of ships at Paradip port (9.40 days) is almost as high as that at Bombay (9.43 days). Even though the Department had stated in the material furnished by them to the Committee that the turn-round time of a ship was dependent on various factors like quantity and nature of cargo etc., the Chairman of Paradip Port Trust tried during evidence to play down the role of the quantity of traffic handled at a port in turn-round time of ships there, by saying that ".....there is not much relationship between traffic handled and turn-round time". The Committee feel that the high turn round time at Paradip (9.40 days) is not justifiable in view of the quantum of cargo handled at the port and necessary corrective steps should be taken to reduce it substantially. Similarly, the turn-round time at New Mangalore (8.21 days), Vishakhapatnam (7.53 days) and Kandla (7.43 days) also appears to be on the high side and merits close scrutiny with a view to reducing the same.

8. ' 2.27 & 2.28

The Committee are distressed to find that while at some Ports captive handling capacity in respect of certain commodities, is grossly under-utilised, at other ports in respect of other or the same commodities, the traffic, is far in excess of the existing handling capacity of the Port. For example, POL capacity is under-utilised at New Mangalore; iron-ore capacities are grossly under-utilised at New Mangalore and Paradip; Fertilizer raw-material capacity also is grossly under-utilised at Haldia and general cargo/container capacities are not fully utilised at Haldia, Cochin, Vishakhapatnam and Tuticorin. Further more, P.O.L. and Fertilizer/Raw-Material handling capacities are also grossly over-utilised at Madras and Vishakhapatnam. In this connection, the Committee note that even though the major ports handled a total of 106.73 million tonnes of traffic during 1984-85 against the total available capacity of 132.73 million tonnes showing capacity utilisation of 80.4 per cent, it is not of

1	2	3
---	---	---

much relevance as the capacities are not inter-changeable. The Committee, therefore, suggest that the problem of gross under-utilisation and excessive utilisation of Port capacities merits in-depth examination to find out ways and means for allocation of traffic to each port in a balanced manner so as to strive for optimum utilisation of port handling capacities.

In this context, the Committee would also like to point out that one of their Study Groups which visited Lakshadweep Islands recently noticed that Cochin Port, which is stated to be already over-utilised, is catering to the Lakshadweep Islands even though the distances between the Cochin Port and some of the Lakshadweep Islands are far greater as compared to the distances between those Islands and New Mangalore Port which is reported to be under-utilised. The Committee would like the Government to examine the extent to which the traffic between Lakshadweep Islands and Cochin and New Mangalore Ports could be rationalised keeping in view the distances involved.

9. 2.30

The Committee are distressed to note that neither specific criteria have been laid down with regard to regulation of inflow of imports and outflow of exports through major ports on behalf of public canalising agencies and through other parties, nor has any sizeable diversion of ships been effected to contain congestion at ports during 1984-85 at major ports except Calcutta. The Department has stated that the Committee on Rationalised Distribution of Cargo "does make efforts to have traffic diverted to other ports if the ports designated are not in a position to handle the projected traffic." The Department has also stated that "there are no provisions/regulations as such for diverting ships to ports other than the destined ones or to alternative ports with a view to easing congestion" and "the diversions resorted to during strike of port and dock workers in March-April, 1984 were on the advice of the Government and these diversions were effected from the reporting stations."

In the absence of specific provisions on the subject, the Committee can not but conclude that the Committee on Rationalised Distribution of Cargo has been playing only a perfunctory role in regulating the inflow and outflow of traffic at various ports and has per force allowed the utilisation of capacities at ports to be decided by market forces. The Committee therefore recommend that (i) the Ministry of Transport may examine the desirability and feasibility of acquiring authority by legislation to effect diversion of cargo ships from one port to the other in certain circumstances in the interest of smoother flow of traffic, (ii) the Inter-Ministerial Com-

1

2

3

mittee on Rationalised Distribution of Cargo should lay down certain specific criteria and guidelines to regulate the inflow and outflow of traffic on behalf of both public and other agencies through major ports according to the capacities available at the ports, (iii) the Ministry should urgently set up an instant upto-date information system in regard to the state of traffic at each port for the use of shippers. To make the private parties more amenable to regulations regarding distribution of traffic, a package of incentives and disincentives for better utilisation of capacities at both major and minor/intermediate ports for reduction/diversion of traffic from congested ports should be evolved and introduced at the earliest.

10. 2.46 2.47  
& 2.48

The Committee need hardly stress that there is an imperative need for pre-loading checking for stricter quality control of sensitive cargoes like fertilisers and sugar at the foreign ports before shipment to India. They are also firmly of the opinion that cargoes of fertilisers and sugar, which are prone to the vagaries of weather, should be handled expeditiously and with utmost care on arrival at the various ports. The Committee are distressed to find that such sensitive cargoes are still being handled manually even though the Government has conceded for long the need for mechanisation of the handling operations fully. Now that a national project of handling and storage of fertilisers and sugar has been conceived the Committee hope that both these cargoes will be expeditiously handled on arrival at the ports and will be saved from damages owing to the vagaries of weather.

The Committee are unhappy to learn that a large quantity of sugar amounting to as much as five thousand bags was damaged because of rains in 1984. They attribute this loss to the total lack of coordination on the part of the Government port authorities and canalising agencies. All these authorities have to gear up their working and show better results by avoiding recurrence of any such losses in future.

The Committee also desire that while allocating the ports of call to ships carrying fertiliser and sugar, the weather conditions in the ports at the time of call should be duly taken into consideration and with this end in view the Committee on Rationalised Distribution of Cargoes should maintain close and better liaison with the meteorological department.

11. 2.58 & 2.59

The Committee are distressed to note that demurrage to the tune of Rs. 3.76 crores in 1982-83, Rs. 2.34 crores in 1983-84 and Rs. 3.80 crores in 1984-85 was paid to the ship owners by the Department of Agriculture and Co-operation on account of excess time taken at loading port, pre-berthing

and post-berthing detention of ships at the discharging ports. Though Government has not furnished the exact figure, the Committee assume that a major portion of this demurrage must have been paid in foreign exchange, thus causing undue strain on the country's meagre foreign exchange resources. The Committee fear that the figure of demurrage paid in foreign exchange could be far more staggering if data regarding such demurrage paid to the ship owners on behalf of all the canalising agencies under the Ministries of Agriculture, Industry, Commerce, Petroleum etc. had been made available to the Committee. In these circumstances the Committee cannot but conclude that there is utter lack of control, supervision and coordination in the matter of cargo handling operations, causing all-round delays for which compensation has to be paid by the Government largely in foreign exchange to the foreign ship owners. The Committee would like the Government to immediately appoint an expert body to go into the reasons for the payment of such heavy demurrage/compensation to the ship owners year after year and to suggest necessary corrective measures in this regard.

The Committee are amazed to learn that instead of improving the performance of the F. C. I. in handling fertilizers at various ports, the handling operations were assigned to an agency called SPIC (Southern Petro-Chemical Industries Corporation) fertilizers handling operation by this agency at Vishakhapatnam Port resulted in a extra payment of Rs. 27 lakhs in foreign exchange by way of compensation to the shipowners for delay in discharging the Cargoes. The Committee would like the Government to recover this amount from SPIC for which an assurance was given to the Committee during evidence by the representative of the Ministry of Agriculture. The Committee would also like the Government to reconsider the new arrangements regarding handling of fertilizers at ports with a view to effect improvement therein in the light of past experience.

#### 12. 2.71 & 2.72

The Working Group of the Planning Commission on the High Sea Sales of canalised Imports (1982) were "in favour of continuations of high sea sales" and thought that port congestion "to the extent it can be attributed to high sea sales of canalised cargo falls basically in the area of port and trade management." The Chairman, Calcutta Port Trust during evidence pinpointed the problem of congestion arising out of international practice of high-sea sales by admitting that "the hole point is that documents quite often do not go to the parties in time and therefore the port authorities do not know which is the party to whom to press" for clearance of cargoes involved in such

1

2

3

sales. He also informed the Committee that "some parties are in the habit of using ports as warehouses". The Additional Secretary in the Department mentioned in this regard that "in many cases the consignee may not come with documents". The Committee are of the firm view that the responsibility for expeditious clearance of cargoes involved in High-Sea-Sales should be shared by the concerned canalising agency also not only by expediting the movement of documents to ultimate consignees under intimation to ports concerned, but by creating special storage facilities for such cargoes in and around the ports in collaboration with the Port Trusts concerned. The Committee hope that due priority will be given by the authorities to both expeditious movement of documents as well as creation of additional storage facilities for cargoes involved in High-sea sales.

In so far as the habit of certain parties to misuse ports as warehouses is concerned, the Committee strongly recommend an upward revision of demurrage as a check against the malpractice.

13. 2.76 & 2.77

The Committee regret to note that even in an acutely congested port like Bombay, the existing dredging capacity is not adequate and the port, equipped with very old dredging units, is concentrating dredging efforts on selected areas only. The Committee are of the view that with its sound financial position it should not have been difficult for the port authorities to acquire adequate dredging equipment in time to tackle the "heavy back-log of dredging" in the various locations of the port. The Committee hope that it would now be done expeditiously.

The Committee are distressed to note that the existing dredging capacity in ports like Calcutta/Haldia and Cochin is also not adequate and Dredging Corporation of India is unable to supplement the dredging efforts of these ports because of other commitments. At other major ports the designed drafts are being maintained with the assistance of DCI dredgers. The Committee feel that each Port Trust should gradually build up its own dredging fleet for day to day operations and look forward to the DCI only for large scale dredging operations at periodic intervals. To entrust the dredging work in respect of all the ports to a single organisation would not be practicable as the DCI may not be able to meet needs of all the ports if demands are made simultaneously.

One of the Study Groups of the Committee, which visited Paradip Port in September, 1985, noticed that a dredger belonging to Dredger Corporation of India was lying sunk in the Port, thereby disrupting the smooth inflow and outflow of traffic from that port. The Committee would like the

1

2

3

Government to immediately make arrangements for removal of the sunk dredger from the Port so as to facilitate the flow of normal traffic there.

14: 2.89 &amp; 2.90

The Committee regret to note that the centrally Sponsored Scheme for development of minor/intermediate ports could not be revived even under the Seventh Five Year Plan as recommended by the Committee in their 41st Report (1982-83) and the provision of Rs. 100 crores as outlay for development of intermediate and minor ports recommended by the Working Group of the Department has been pruned to Rs. 20 crores only. The Committee agree with the National Shipping Board that the Government should develop minor/intermediate ports not only to reduce congestion in major ports but also to reduce the commercial dependence on a few major ports on account of strategic reasons so that national commerce is not too much disrupted in the event of a crisis of any kind. The Committee, therefore, endorse the recommendation of Working Group of the Department that Central assistance should be made available for development of intermediate/minor ports on a selective basis during the current plan so that at least some of these ports could play a complementary role to major ports to a substantial extent in normal times and a major role in times of a crisis.

In this connection the Committee understand that adequate infrastructure has been provided at many intermediate/minor ports in the country, like Porbander, at a huge cost but it is going waste due to lack of enough traffic. The Committee feel that if traffic is diverted from the congested ports to the intermediate/minor ports where adequate cargo handling facilities are available, it will go a long way not only in relieving congestion in the congested ports but also in providing necessary fillip to these ports where the capacities are grossly under-utilised at present.

The Committee also urge the Government to consider the allocation of funds during Seventh Plan for Ports Sector in general and for development of selected minor/intermediate ports in particular. Meanwhile the Committee hope that the process of identifying suitable minor/intermediate ports for the Central assistance will be expedited.

15: 3.2 &amp; 3.3

The Committee note that the Government has accepted the recommendation of the Directing Group on Simplification of Port Procedures (1984) for reducing the present limit of two months for the clearance of the cargoes to 45 days. The Committee hope that necessary legislation for amendment of the Major Port Trusts Act, 1963 will be brought before the Parliament without any further delay.

In view of the evidence of the Additional Secretary of the Department that 90% of the cargo of the private parties was

being cleared within the available free time, the Committee agree that there is no need to allow any rebate for the purpose. They commend the recommendation of the Shipping Board (Report 1983-85) that the demurrage charges should be revised upwards so that the consignees clear their cargoes within the stipulated period and do not use the ports as warehouses.

#### 16. 3.5 & 3.6

The Committee note that the demurrage realised during 1980-81, 1981-82, 1982-83, 1983-84 and 1984-85 by Bombay Port was to the tune of about Rs. 30.56 crores, 38.63 crores, 43.78 crores, 34.92 crores and 55.54 crores respectively. The demurrage waived during the same period was about Rs. 6.19 crores, 9.95 crores, 8.6 crores, 5.54 crores and 12.51 crores respectively. So far as Kandla Port is concerned, the demurrage realised during the years 1981-82, 1982-83, 1983-84, and 1984-85 was to the tune of about Rs. 2.9 crores, .47 crores, .15 crores and .37 crores respectively and the demurrage waived during the same period was .04 crores, 0.27 crores, 1.2 crores and .30 crores respectively. The position is no better in Calcutta, Cochin, Madras and other ports. The Committee need hardly point out that the realisation of demurrage is directly linked with the use of Port premises as warehouses by some unscrupulous consignees to achieve their own ends, viz. (a) finding a convenient and cheap storage place at the ports and (b) jacking up prices of the goods imported by creating artificial scarcity thereby resulting in avoidable congestion in the Ports. The Committee are, however, distressed to note that very large amounts of demurrage have been waived at Bombay, Kandla, Cochin, Madras, Calcutta and other Ports. They are firmly of the opinion that the question of waiving the demurrage should arise either when the demurrage has not been correctly levied and there is mistake in calculation or the law and the rules have not been correctly interpreted. There is also scope for malpractices: first to harass the consignees high demurrage is levied on unsustainable grounds and later on a compromise may be reached and demurrage reduced. The Committee would like the Government to have the matter examined in-depth in order to find out whether any malpractices have been indulged in while levying as well as waiving the demurrage not only at Bombay and Kandla Ports but at other Ports also. This enquiry has also to be directed towards finding out whether the same or similar type of consignments attracting demurrage were involved in the exemptions and also whether the consignors/consignees liable to pay demurrage were the same in series of cases and through the same clearing agents. The Government may also consider amending Section 53 of the Major Port Trust Act, 1963 for making the provisions more stringent so that the waiving of demurrage is granted only in exceptional and compelling circumstances or where there is a genuine mistake in calculation.

The Committee also suggest that a proper procedure should be devised for registering the complaints, if any, from the Clearing Agents in regard to levying and waiving the demurrage charges and recording disposal thereof in all the Major Ports.

17. 3.10

The Committee note that to encourage discharging of cargoes in midstream, a subsidy scheme is being administered in Bombay Port and the subsidy was enhanced from Rs. 30/- to 45/- per ton for partial and from Rs. 60/- to Rs. 90/- per ton for total discharge of cargo in midstream at Bombay Port. The Committee do not find any favourable impact of the increase of subsidy on discharge of cargo in midstream as the tonnage has come down from 2,25,798 in 1983-84 to 1,67,484 in 1984-85. The figures for the first six months of 1985-86 (57,106 tonnes) also do not show any encouraging trend. In the circumstances it merits reconsideration whether the scheme should be continued beyond September, 1986.

18. 3.16 &amp; 3.17

The Committee are glad to note that the recommendation of the Directing Group of the Department for establishment of a Central Documentation Centre at each major port was accepted by the Government and instructions were issued to implement it from 1st January, 1986. The Committee hope that the Centres have since been set up at all the major ports as envisaged. They trust that the Port authorities will see to it that these Centres actually ease the users' problems with regard to receiving indents and other service requests, customs facilities, import trade control clarifications, pre-shipment inspection services etc.

During evidence, the Additional Secretary to the Department stated that "In all (Major) ports there are Committees which consist of representatives of various agencies, which meet regularly." However, from the testimony of certain non-officials before the Committee it appears that the Standing Coordination Committee at certain ports are not so effective as to satisfy the local importers/exporters. The Committee therefore recommend that composition of these Committees at all the major ports should be reviewed and adequate representation given to all the agencies and interest concerned with the working of the port.

19. 3.21

The Committee endorse the recommendation of the Directing Group of the Department on Simplification of Port Procedures that there is an imperative need to upgrade the level of services being rendered at the ports for quick clearance of the cargoes. The Committee hope that the recommendation of the Directing Group which were to be implemented by 1st January, 1986, have since been implemented and the revised procedures brought into force. They would like to be apprised of the position.

20. 3.33 &amp; 3.34

The Committee expect the Ministry of Finance to expedite implementation of all the recommenda-

1

2

3

tions on customs procedures made by the Directing Group of the Department of Surface Transport and accepted by the Empowered Committee so as to ease the hurdles faced by users and port authorities in the expeditious clearance of cargoes from the docks.

The Committee would also like the Government to extend the one-window delivery system to all other major ports if the response at Madras and Cochin Ports has been found to be encouraging.

21. 3.40

The Committee are constrained to observe that some stevedoring firms have managed to manipulate the cargo handling operations in Calcutta in such a way that they are in a position to hold the port at ransom whenever their irregularities are sought to be curbed or contained by the authorities concerned. The Committee can well imagine that similar situation must be prevailing at Bombay and other Major Ports. The Committee are, therefore, of the view that an indepth study of the role of stevedores in Major Ports be conducted with a view to check malpractices of stevedores and to find out whether multiple cargo handling agencies should be abolished and instead only one integrated cargo handling agency entrusted with the job. The Committee suggest that this aspect should also be looked into by the Major Ports Reforms Committee which is yet to submit their final Report.

22. 3.44, 3.45  
& 3.46

The Committee are distressed to note that operation-cost ratio of 147.03 at Paradip Port is the highest among all the ports in the country. They strongly recommend that immediate corrective steps should be initiated to bring down the operation-cost ratio.

The Committee also note that the second highest cost-operation ratio of 93.54 is at Cochin, the third highest of 79.15 at New Mangalore, the fifth highest of 73.44 at Madras and the sixth highest of 67.78 at Visakhapatnam. The Committee urge that the reasons for this high operation-cost ratio should be investigated at these Ports immediately with a view to bring the ratio down at the level of at least that of Bombay, which is 64.11.

The Committee note that the fourth highest cost-operation ratio of 75.84 is at Calcutta Port Trust which has surplus labour of 1329 (including Haldia) in the Port Trust and that of 2038 in the Dock Labour Board. Suitable measures are called for to tackle the problem of surplus labour and reduce the operation-cost ratio at this port.

23. 3.56, 3.57  
& 3.58

The Committee regret to note the rise in the number of ship-days lost as a result of labour problems at Major Ports from 2571 in 1981-82 to 4309 in 1983-84. The Committee further note that the number of ship-days lost at Bombay

port during 1984-85 are "not available". The total number of ship-days lost at the remaining major ports during 1984-85 comes to 3782. Had the figures relating Bombay Port been made available, the Committee imagine that the total number of ship days lost in all the major ports during the year 1984-85 might have been more than the corresponding figures for 1983-84 during which there was a stoppage of work by employees of "all departments" at major ports due to "All India General Strike" from 15th March to 11th April, 1984.

The Committee are also distressed to note the recurrent stoppages of work by one or the other section of employees at each major port during the last three years and feel that the state of labour management relations both at macro as well as micro levels at the major ports is far from satisfactory. The Committee consider that labour problems have a direct bearing on the congestion in ports. The labour are naturally averse to modernisation of port operations as they fear cut in employment on this account. The Committee expect that all labour problems should be settled amicably and specific measures initiated to bring home to the labour that modernisation of port operations was ultimately in their own interest.

The Committee are not sure whether any study has been made by the Department of Surface Transport after the aforesaid "All India General Strike by employees of all the Departments" of major ports with a view to find out the quantum of loss incurred as a result of the strike and see how many strikes or sectional stoppages of work by major Ports employees could have been forestalled and averted by timely action on the part of the Department or the port managements. The Committee feel that such a study should be made early to learn lessons from past mistakes, if any, on part of both the Department and major port managements so as to face similar situations in future more correctly. The Department will do well to review the industrial relations machinery in each major port with a view to make them more disciplined, efficient and productive.

24. 3.61 & 3.62

The Committee feel that before fixing the norms for labour productivity, an in-depth study should have been made by the Department/Port authorities and the norms fixed on a scientific basis. However, while there may be some justification for different norms of labour productivity for handling different categories of cargo, there appear to be very wide differences in norms of productivity at various major ports for handling same category of cargo. The Committee, therefore, recommend that a fresh expert study of labour productivity at Major Ports may be made with a view to fix on a scientific basis, norms for handling different categories of cargo at all the Major Ports, allowing deviation in the norms only in case a particular category of cargo is handled mechanically or manually at a certain major port.

1

2

3

The Committee also feel that constant efforts are needed for improving the labour productivity and a more coordinated effort on the part of the user agencies and operation groups should be strived for to achieve this end. Necessary incentive schemes should also be initiated and implemented to draw best out of the labour.

25. 3.66

The Committee are concerned to note that the warehousing accommodation available at Bombay Port can still accommodate only 3.5 lakh packages whereas the number of un-cleared packages lying in the port premises after expiry of free time has been about 5 lakhs. This was exactly the position of Storage Space at Bombay Port in 1981-82 according to the data supplied by the then Ministry of Shipping and Transport for the Thirty-second Report of the Committee (1981-82) on Major Ports. Precious little appears to have been done during the Sixth Plan by Port authorities to augment the storage space. Now that the proposal for hiring godowns has also been dropped due to inconvenient locations or terms offered, the Committee hope that the proposal to meet the shortage of 1 lakh square metres of storage space by constructing warehouses to the extent of 70,000 sq. metres during the Seventh Plan and developing open land in the port area will be implemented on priority basis so that shortage in storage space at the port can be reduced to the minimum as early as possible.

26. 3.70

On their visit to New Mangalore Port, the Committee found sizeable storage space under-utilised at the port as also a large new storage structure under construction. The Development Advisor of the Department admitted during evidence that occasionally "the sheds are not fully occupied because some of the sheds had been leased out to Fertiliser Corporation of India." It is evident that New Mangalore Port Trust has been in a position to build storage space beyond its own requirements and rent the same out to other agencies. In view of the general financial constraints, the Committee feel that both the Port Trusts and the Department should exercise stricter control on expenditure on building of storage space at a Major Port which is not generally congested, so that the money could be gainfully utilised for other purposes.

27. 3.73

In view of the representation given by the Bombay Custom House Agents Association to the Study Group, which visited the Bombay Port recently, it is apparent that the recommendation of the Estimates Committee (1981-82) for providing adequate facilities to the Clearing Agents at the Port, has not been implemented in letter and spirit by the Bombay Port Trust. It cannot be expected of the clearing Agents to carry on their operations smoothly unless they have some space in the dock area to keep their papers, telephone facility etc. While agreeing with the Bombay Port

1

2

3

Trust that it may not be possible to provide office premises to each member of the Clearing Agents Association, numbering about 450, the Committee would like to stress that Port Trust Authorities should, as assured by them, provide adequate space to the Clearing Agents for their collective functioning at the earliest.

28. 4.10 &amp; 4.11

The Committee are distressed to note the deficiencies in Cargo handling equipment at major ports like Calcutta, Cochin, Kandla, New Mangalore, Vishakhapatnam and Mormugao with meagre or no provisions to make-up these deficiencies ever in the Seventh Plan. Any improvement in the Cargo handling operations in the ports could not be expected unless the requisite equipment is made available in the ports. Taking into account the overall financial constraints the Committee would like the Government to procure such equipment, as may be immediately required, in a phased manner so that the cargo handling operations could be carried on smoothly at these ports.

The Committee also consider that utmost care is essential for the proper maintenance of the equipment being used at the various ports. In this connection, the Committee are unhappy to learn that the cranes being used at the Bombay Port have been out of order for quite some time. This can be either due to improper handling or poor maintenance. The crane operators of the Bombay Trust also need training to make them perfect in operation of the cranes. The Committee expect the Government to take immediate steps for getting the cranes repaired, for their proper maintenance and for giving necessary training to the crane operators.

29. 4.39

The Committee are distressed to note (i) the delay of about one year in the procurement of highpowered tugs at Bombay Port due to some difficulty in procurement of a component and labour problem at Mazgaon Docks; (ii) the giving of financial relief/concession and allowing escalation of costs from 1-1-1981 at 85% to the defaulting contractors engaged on the construction of Outer Protection Arm at Madras Port, scheduled to be completed by August 1985 but now anticipated to be completed by March, 1986; (iii) the delay in completion of Development Works at Tuticorin from November, 1980 to June, 1986 and escalation in the cost of the project from Rs. 21.76 crores to Rs. 46.95 crores due to belated major changes in design and structure of the port, delay in the award of contracts, and inclusion of new works/schemes in the project; (iv) escalation in the cost of Third General Cargo Berth at Paradip from Rs. 7.12 crores to 13.33 crores due to delay in award of the contract, inclusion of overhead charges (staff expenditure) in the project cost and addition of capitalised interest in the project cost; (v) escalation in the cost of Mechanised Fertiliser Berth at Paradip from Rs. 15.50 crores to Rs. 31.60 crores due to escalation of cost "before award of the contract", inclusion

of capitalised interest in the revised estimate, shifting of "the site of fertiliser berth from eastern face of the Central dock to Western face" necessitating fresh soil investigation; (vi) escalation in the cost of Iron ore Handling Plant at Paradip from Rs. 808.13 lakhs to Rs. 11.74 crores sanctioned respectively in November, 1979 and 1983 due to increase in the cost of inputs/materials like cement and steel and provision of escalation clauses in the contracts; and (vii) escalation in the cost of additional oil handling facilities at Vishakhapatnam from Rs. 28.93 crores to Rs. 43.11 crores due to "high tendered and dredging costs."

The Committee are not at all convinced by the arguments advanced by the Department of Surface Transport justifying the delays in the execution of the developmental projects, resulting in steep cost escalations thereby not only causing heavy losses to the exchequer but also causing a severe set back to the development of major ports to cope up with the increasing cargo traffic. The Committee attribute this state of affairs to deficiencies in planning of project and lack of monitoring and control over their execution.

The Committee feel that the project planning mechanism and supervision and control systems for execution of port development projects at the level of the Department need to be activated and strengthened, if necessary. It should be possible for the Department to promptly attend to the snags coming in the way of orderly execution of projects and see that these are completed as per schedule. In the short run, the Committee would expect the Department to have a closer look at the progress of all the major port development projects, make an allout effort to remove bottlenecks, if any, and see that the projects are completed as early as possible.

### 30. 4.42

The Committee find that the proportion of actual expenditure to the original outlay on major ports schemes during the Sixth Plan ranges from one extreme of 151.5% for Madras Port (original outlay Rs. 54.18 crores and actual expenditure Rs. 82.13 crores) to the other extreme of 59.6% in respect of Nhava Sheva Port (Original outlay Rs. 30 crores, actual expenditure Rs. 17.88 crores). The percentages of expenditure have been as low as 65.6% in case of Calcutta Port (Outlay Rs. 30.30 crores, expenditure Rs. 19.88 crores), 61.4% on Haldia Docks (Outlay Rs. 21.45 crores, expenditure Rs. 13.18 crores) 68.1% on Bhagirathi-Hooghly River Training Works (Outlay Rs. 19.73 crores and expenditure Rs. 13.44 crores), 80.4% on Vishakhapatnam (Outlay Rs. 71.33 crores and expenditure Rs. 57.35 crores) and 59.6% on Nhava Sheva Port (Outlay Rs. 30 crores and expenditure Rs. 17.88 crores).

The Committee are of the view that such sizeable excesses and shortfalls of expenditure over original outlays not only

1

2

3

betray a nonchalant disregard of financial discipline in implementing the plan schemes but also expose the virtual absence of any competent central level financial control to regulate the cash flow and expenditure on projects. Had this not been the case, the shortfall of expenditure would not have been so high with regard to Nhava Sheva Port on which the Department is banking so much for easing congestion in Bombay Port. The Committee, therefore, stress that the budget proposals should be drawn up on a realistic basis and once the allocations are made, every care should be taken to ensure that the allocations are fully utilised. The financial control mechanism at the level of the Deptt. also needs refurbishing.

31. 5.4

The Committee note that the existing rail-road facilities at Bombay Port for direct transportation of international containers are not adequate and there is a plan to extend them. The successful implementation of the plan will depend upon the Port Trust's ability to get back the possession of lease hold lands given to ICI, Indian Posts and Telegraphs Department and FCI. The Committee would like the Bombay Port Trust authorities and Department of Surface Transport to accord high priority in pursuing modalities and negotiations currently going on to obtain vacant possession of this land to enable the Port Trust to execute its plan to overcome the inadequacy in the facilities for direct transportation of international standard containers into the Port. As the leases are stated to be ending between 1986 and 1991, the negotiations should be taken up at a sufficiently high level to ward-off pressures for renewal or extension of leases of such lands at the cost of development of essential facilities for the Port itself. The Committee hope that the lands in question will be acquired by the Port authorities at the earliest and the requisite facilities created for container traffic.

32. 5.8

The Committee regret that the repeated efforts of Calcutta Port Trust in persuading the State Government to make arrangements for widening and improving the roads connecting the port to the main city have not been successful. They would, however, like the Ministry to continue their persuasive efforts with the State Government with a view to make them agree to participate in the programme and take up road improvement works.

The Committee need hardly point out that as the improvements in the road communication net work outside the port would relieve traffic congestion in the adjoining area, the programme appropriately falls within the area of civic responsibility.

33. 5.13

The Committee would like the Department of Surface Transport to take up formally with the State Government the matter regarding the need to widen the road link

1

2

3

from the Port to the National Highway which is stated to be about three kilometers stretch of the road approximately. The Committee would also like the Department to prepare a perspective plan for the growth of the Paradip Port and if the cargo traffic in the port so warrants necessary steps may be taken for doubling the railway line between Cuttack and Paradip.

34. 5.21 &amp; 5.23

The Committee regret to note that it has not been possible for the Planning Commission to accord high priority to the proposal, pending for the last 20 years, for the conversion into broad-gauge of metre-gauge rail line from Mormugao to Miraj/Hospet as the survey conducted by Railways projected "about one per cent growth in general cargo traffic after the conversion" and "worked out that internal growth will not be more than 8 per cent." They welcome the commissioning by the Port authorities of a fresh study of the techno-economic feasibility of conversion of track by a Railway Consultancy Organisation (RITES) and hope that if the study concludes that the proposal is feasible on techno-economic grounds, the Railways will react favourably and include the project in their works programme and accord it high priority for completion during the current plan period.

The Committee also regret that the progress on the works relating to conversion of Tuticorin-Tirunelveli metre gauge line is "slow due to paucity of funds" inspite of the admission of the representative of the Department of Railways that "there is no dispute about its necessity."

The Committee are firmly of the view that continuance of metre-gauge railway track from Tuticorin Port to Tirunelveli is a serious bottleneck involving transshipment of cargoes to and from these Ports, causing delays, adding to transportation costs. It prevents these Major Ports from providing some relief to Bombay Port in the matter of congestion there by attracting more cargo traffic. The Committee therefore strongly urge that the gauge conversion work on Tuticorin-Tirunelveli stretch should be speeded up by allocation of more funds so as to complete the project during the current plan period.

35. 5.29

The redressal of complaints of shortages in supply of wagons at Calcutta, Cochin, Kandla, Mormugao and Vishakhapatnam should not be beyond the ingenuity of the Departments of Surface Transport and Railways if "the acceptance of the projected traffic . . . by Standing Committee on Rationalised Distribution of Cargo" is indicated to the Railways systematically and in due time. Now that both the Departments of Surface Transport and Railways have come under the same Ministry, the Committee expect greater coordination and cooperation between the two Departments in such a crucial matter as that of supply of wagons

1

2

3

for the port traffic. The Committee would not like congestion building up in ports on account of inadequate and untimely availability of Railway Wagons and recommend that both the Departments should jointly discuss the position of wagons in respect of each Major Port at regular intervals and draw up agreed programmes to clear imported cargoes with utmost expedition.

36. 5.33

The Committee feel that much of the problem regarding shortage of wagons can be solved if there is a close co-ordination of close-circuit traffic in as much as the wagons carrying goods for exports to the Port could bring back imported goods, instead of returning empty. There is imperative need for more co-ordination between the Departments of Surface Transport and Railways and Ports to achieve the maximum utilisation of the wagons both on onward and inward journeys.

37. 5.40

The Committee are of the view that the Port Railways run by the port trusts at six major ports, viz. Bombay, Calcutta, Vishakhapatnam, Madras, Paradip and Mormugao should be merged at the earliest with the Trunk Railways to avoid problems of duplication and coordination affecting the efficiency of cargo movement. Now that both the Departments of Surface Transport and Railways have come under the same Ministry and are agreed in principle to the merger of Port Railways with the Trunk Railways, it should not be difficult for the two Departments to sort out the issue of port railway staff early.

38. 5.49

The Committee need hardly stress that Calcutta, Bombay, Madras, Cochin and Nhava Sheva Ports, chosen as container terminals, should not be lacking in properly equipped berthing/handling equipment and infrastructural facilities if these ports are to cope up with the rising container traffic passing through them. In case development of the requisite infrastructure required for handling containers and provision of container handling facilities does not match with the growth of container traffic, the huge expenditures being incurred on these ports for this purpose will not only remain infrastructural but will also accentuate congestion there. The Committee, therefore, recommend that the Departments of Surface Transport, Railways and Port Trust authorities concerned should draw a time-bound plan frame for equipping all the major ports chosen as container terminals with full berthing and handling equipment as also with the requisite infrastructural back-up.

39. 6.4, 6.5 &amp; 6.6

The slack performance on the Nhava Sheva Project, in as much as an expenditure of only Rs. 17.87 crores (out of the 6th Plan outlay of Rs. 30 crores) incurred during the Sixth Plan, has been mainly due to time taken in litigation for the land acquired for Nhava Sheva Port. The Committee

have a genuine apprehension whether the project will be completed by the target time of October, 1988, especially as two foreign agencies—World Bank and Dutch Government—are also involved in financing the project a part from the Government of India and the Bombay Port Trust. The Committee were also informed that for getting the World Bank loan all the project plans had to be submitted to the World Bank through the Ministry of Finance. The Committee feel that unless matters are pursued with the World Bank and the Dutch Government promptly and there is advance planning on the part of port authorities, the progress of the project could be adversely affected. Further, the negotiations with the Netherland's Government for the dredging component of the Port have also not been finalised so far. The Committee would, therefore, like the Government to accord high priority to this project by taking appropriate measures both at the national and international levels so as to ensure the completion of this scheme by the target date, i.e. October, 1988.

The Committee note that the Nhava Sheva Port Trust decided in its meeting held in January, 1983 to extend the Bombay Port Trust regulations to Nhava Sheva Port Trust pending framing of the Rules/Regulations governing Nhava Sheva Port Trust. Subsequently, the Rules/Regulations governing Nhava Sheva Port Trust were framed and approved by the Nhava Sheva Port Trust in its meeting held in September, 1984 and the same sent to the Government in June, 1985 for approval. The Committee are unhappy to observe that it took almost nine months for the Nhava Sheva Port Trust to forward the Rules/Regulations to Central Government for approval. The Committee are also unhappy to be informed that the Central Government has not yet conveyed their approval of the Rules/Regulations to the Nhava Sheva Port Trust. The Committee would like the Central Government to expedite the matter.

The Committee also wonder how without getting the delegation of powers made by the Board of Trustees of the Nhava Sheva Port Trust to the Chairman and other officers of the Port, these powers are being exercised by the Chairman and other officers. The Committee deplore that this irregularity which was pointed out by the Audit in its report dated 10-10-1985 had not been taken care of even till March, 1986 when Study Group of the Committee visited the Port.

40. 6.11

The Committee are afraid that with the slow progress of Nhava Sheva Port and no provision in the 7th Plan having been agreed to by the Planning Commission for two new major ports as recommended by the Working Group of the Department, it is going to be rather difficult

1

2

3

for the major ports to cope with the traffic in the years ahead if the growth rate of traffic continues to remain as high as it was during the first half of the last year, that is 13%, as against 6% during 1983-84 over the traffic handled in 1982-83. The Committee are, therefore, of the view that a reappraisal of the funds allotted to the Major Ports during the Seventh Plan is called for with a view to provide for at least one new major port, in addition to Nhava Sheva Project.