Ministry of Shipping

Achievements in the last 2 years

- **LEGISLATIONS**
  - **National Waterways Act, 2016**

Inland Water Transport (IWT) is recognized as a fuel efficient, cost effective and environment friendly mode of transport. However, it has lagged behind road and rail sectors in the country. As per the 7th Schedule of the Constitution each waterway has to be declared by an Act of Parliament. The earlier process of declaration involved various techno economic feasibility studies, environment management plan/environment impact assessment studies, consent of the respective State Government etc. Due to this exhaustive procedure and long drawn legislative process, during the last 30 years, only 5 inland waterways could be declared ‘National Waterways’.

To urgently develop IWT as a supplementary/ alternate mode of transportation and to reduce congestion on roads and railways, it was decided to declare a number of National Waterways through a single legislation instead of enacting separate legislations for each national waterway.

Accordingly, an exercise was undertaken and 101 new waterways were identified for declaration as National Waterways. The National Waterways Bill, 2015 was introduced in the Lok Sabha on 5th May, 2015 for declaration of these waterways as national waterways. The Bill was referred to the Department related Parliamentary Standing Committee on Transport, Tourism & Culture. Based on the recommendations of the committee certain additions and deletions to the list of 101 waterways was carried out and a Bill seeking official amendments to the National Waterways Bill, 2015 for declaration of 111 (5 existing and 106 additional) waterways was introduced and passed by the Lok Sabha on 21st December 2015 and by the Rajya Sabha on 9th March 2016. The National Waterways Act, 2016 has come into force w.e.f. 12th April, 2016. The systematic development of national waterways would open up untapped economic and transportation opportunities in the country.

- **Tariff Authority for Major Ports (TAMP) Amendment**

As per Major Port Trusts Act, 1963, Tariff Authority for Major Ports (TAMP) is mandated to regulate port tariffs, user charges and scale of rates in Major Ports. However, non-Major Ports, which are under the overall jurisdiction of the respective State Governments, are not bound by any such regulation.

At the time of constitution of TAMP in 1997 when public private partnership were in their nascent stage, it was intended to ensure fair competition and level playing field between port owned award berths/terminals etc. and privately operated ones. However, with the passage of time and maturing of PPPs and also the advent of highly competitive non-Major Ports, the existing regulatory regime has severely constrained the growth of the Major Ports. The overall capacity utilization of berths in Major Ports has come down to around 67.70%. As such, it is felt that the steps to deregulate the tariff regime would help to correct the mismatches in the berth capacities and present requirements for some commodities. This will also create a level playing field between Major and non-Major Ports.

Accordingly, the Ministry of Shipping has proposed to amend the Major Port Trusts Act so as to abolish TAMP and do away with the tariff regulation in the Major Ports. After abolition of TAMP, the Major Port Trusts would determine and notify the tariff for the services rendered by them and scale of rates for assets and utilities and tariff for ports owned berths. As far as PPP berths are concerned, the Port Trust Boards would fix reference tariff for bidding purposes. Subsequently, the PPP operators would be free to fix market oriented tariff. The current proposal would also help the shipping lines and eventually benefit the ultimate users. This would result in building efficiency, faster turnaround of ships and quicker handling of cargo.

The proposed Amendment Bill is currently under process for obtaining Cabinet approval.
• **Revamping of Merchant Shipping Act, 1958**

The Ministry of Shipping proposes to revamp the Merchant Shipping Act, 1958 by introducing a revamped Merchant Shipping Bill. This is an outcome of the diligent effort to revisit the Merchant Shipping Act, 1958 with focus on promoting ease of doing business and to make this law compact and easily implementable. The revised draft Bill contains 267 sections against 461 sections in the present Act. This is in spite of the fact that the proposed Bill includes pending Merchant Shipping Amendment Bills namely (i) Registration of residuary vessels (ii) Ballast Water Convention 2004 (iii) Bunker Convention 2001, Nairobi Convention 2007 and Salvage Convention 1980 (iv) MARPOL 1974 Protocol on Air Pollution (v) Intervention Convention 1969 (vi) Search and Rescue Convention 1979. The provisions relating to pilgrim ships and nuclear ships have been removed from the proposed law.

The proposal was subjected to pre-legislative consultation with stakeholders and thereafter the draft Cabinet Note on revamped Merchant Shipping Bill was circulated for inter-ministerial consultations and vetting by Legislative Department on 10.02.2016.

• **Major Port Authorities Bill**

Presently, Major Port Trust Act, 1963 governs the administration, control and management of Major Ports. A need was felt to secure greater operational freedom to the Boards of Major Ports in tune with present day requirements and modernize their institutional structure. An exercise to replace Major Port Trust Act by new Major Port Authorities Act has accordingly been undertaken. The draft Bill for the new Act contains 6 chapters and 68 sections as compared to 9 chapters and 134 sections in the existing MPT Act. The broad improvements as proposed in the Major Port Authorities Bill are as follows:-

(i) The management and control of Major Ports under the Bill will vest with the Major Port Authorities. At present management and control vests in the Board of Trustees. The Bill proposes to add an Independent Member as a member of the Board and do away with the post of Deputy Chairman. Also the number of members in the Board of the Authority is proposed to be pruned.

(ii) Provisions for holding meetings of the Board through video conferencing or audio visual means have been incorporated in the draft Bill.

(iii) Since the proposal for abolishing Tariff Authority for Major Ports (TAMP) is under consideration, the provisions relating to TAMP have not been included in the draft Bill.

(iv) The Chapter on penalties as in the Major Port Trust Act has also not been incorporated in the draft Bill and those are proposed to be governed by rules framed under the Act.

(v) Provisions regarding Corporate Social Responsibility of Ports have been included in the draft Bill.

(vi) The Board has been given greater power of making rules and regulations under the Major Port Authorities Bill. The draft Bill also intends to ensure proper functioning of the Board by incorporating institutional safeguards and oversight mechanisms which are to be exercised by the Central Government.

Consultations with representatives of trade and industry have been completed. A Note for the Cabinet for seeking approval of the proposed Bill will be prepared by the first week of June, 2016. Thereafter, the Bill shall be introduced in the Parliament.

• **Model Maritime Board Bill**
At present only Gujarat, Maharashtra and Tamil Nadu, West Bengal have State Maritime Board. Bill for constitution of State Maritime Boards for the State of Odisha, Kerala, Karnataka and Andaman & Nicobar Islands is under process.

With a view to expedite the process of setting up a Maritime Board in the Maritime states, the Ministry of Shipping has formulated a model Maritime Board Bill after consultation with the states and other Central Ministries such as Ministry of Home Affairs, Department of Revenue and Department of Financial Services. The model Maritime Board Bill aims to address the concern of the states and the issues raised by the concerned departments. Adoption of this model Bill by the states will smoothen the process of the passage of the Maritime Board Bill after obtaining the Presidential assent.

- **NEW PORT PROJECTS**
  - **Sagar Port**

  **Justification**

  The project regarding setting up of a Major Port at Sagar in West Bengal was approved by the Cabinet on 09.05.2013. This is keeping in view that the channel leading to both Kolkata and Haldia Ports is getting silted resulting in reduction in the size of vessels visiting these Ports as well as huge recurring expenses on Maintenance Dredging.

  **Cargo Profile and Cost:**

  The investment cost for the project is Rs 1511 crore for berth length of 600 Mtrs so that berth can handle 2-3 ships at the same time. The berths will be handling Container as well Bulk/ Break bulk cargo. Total annual cargo handling capacity would be around 7.5 million tonne in Phase 1.

  **Funding Pattern**

  The Rail cum Road Bridge Costing Rs 2503.00 crore will be built by Government of India through NHIDCL. The rail and road connectivity on the Island will be built by the SPV, BhorSagar at the cost of Rs. 400 crores.

  **Present Status**

  Ministry of Shipping approached PPPAC for appraisal of the project. The project was appraised in the meeting of the PPPAC held on 22.03.2016. PPPAC has recommended that the project may be deferred till the project structure is reviewed by the Ministry and structure and applicability of VGF scheme is discussed with DEA.

- **Dugarajapatnam Port**

  The Cabinet Committee on Economic Affairs had accorded approval to the proposal of the Ministry of Shipping regarding establishment of a new Major Port at Dugarajapatnam in Andhra Pradesh on 09.05.2013. This Ministry was following laid timelines to implement the project expeditiously. Various preparatory works relating to the project were also underway. However, a major change in the State Government’s stand has forced Ministry of Shipping to rework the basic structure of the project as elaborated below:-

  (a) The decision to set up a Major Port through the PPP process at Dugarajapatnam was based on the commitment given by the Government of Andhra Pradesh that the cost of land, Rehabilitation and Resettlement (R&R) and external infrastructure will be borne by the Government of Andhra Pradesh. Accordingly, the setting up of this Port was included as a part of the Andhra Pradesh State Reorganisation Act, 2014. (Section 93 & Schedule XIII).

  (b) Out of the total requirement of 3650 acres for the Port project, the component of Government land is 391.96 acres. Hence, the Government of Andhra Pradesh is to hand over 391.96 acres to the Port.
Authority and meet the cost of the remainder of procurement of land, rehabilitation and resettlement and external infrastructure at present prices, to facilitate the development of the Major Port at Dugarajapatnam.

(c) However, the State Government subsequently conveyed that they are not in a position, due to budget deficit, to allot funds for the cost of land acquisition, R&R and external infrastructure and can only provide Government land required for the project.

(d) As a result of the inability by the State Govt. of Andhra Pradesh to fulfil its commitment, the project economics has undergone a change and has upset the basic premise on which it was included in the Reorganization Act.

Meanwhile Ministry of Shipping has floated a Draft CCEA Note on 29.02.2016 seeking Govt Grant for Rs. 1241 cr to meet the land cost, Rehabilitation and Resettlement cost and external infrastructure cost. In addition, there is also a component of VGF of Rs. 3542 crore for making the project viable.

Hence PMO has asked NitiAayog on 15.03.2016 to examine ways and means to reduce VGF. NITI Aayog in turn held a meeting with JSI(Ports) on 23.03.2016. NITI Aayog has communicated to our Ministry on 28.03.2016 that the project may be restructured if necessary to reduce VGF, and a feasibility report be prepared before 30.06.2016.

Based on the views of NitiAayog, Chairman Vizag Port Trust, the nodal Port for this Project has been asked to submit revised feasibility report by 15.06.2016.

- **Enayam Port (Colachel)**

Government of India has decided to set up a new Major Port at Enayam near Colachel in Tamil Nadu which will act as a major gateway container port for Indian cargo that is presently trans-shipped outside the country. This port will also act as a trans-shipment hub for the global East-West trade route. The location of the port has natural deep draft of 20 meters and is most suitable to cater to the big size container ships meant for Indian market which are presently trans-shipped at Colombo Port in Sri Lanka as no southern based port has such deep draft. It is estimated that Indian Port Industry is losing up to Rs.1500 crore annually on trans-shipment handling of cargo originating/destined for India.

Enayam is the most suitable trans-shipment location in India as it is only 14 Nautical Mile away from the International East-West Trade route which caters to 80% share of India’s current container trans-shipment cargo and most of East Asia’s trade with Europe. The existing NH-47 is just 11.7 Km away and closest railway station ‘Eraniel’ is only 10 Km away.

The overall project cost including financial costs is Rs.6575 crore. Private operators will invest around Rs.2500 crore for development of terminal berths, yard and equipments. 70% of the remaining amount (Rs.4075 crore) will be funded through debt and the balance 30% would be equity invested by three Major Ports –VOC Port Trust-Tuticorin, Chennai Port Trust &Kamarajar Port Limited and a few strategic partners. The project internal rate of return (IRR) for the Enayam Port is 10.8% and Equity IRR is 11%. As the IRR of the Project is lower than the expected cost of equity of 16-18%, Viability Gap Funding (VGF) estimated to be 20-30% is required to achieve the target equity IRR of 16-18%.

The Government of Tamil Nadu has assured to provide necessary facilitation, cooperation and support for implementation of the project. The key milestones of the project are

i) Cabinet Approval : Expected by May, 2016
ii) DPR by : Dec, 2016
iii) Commencement of Construction : July, 2017
iv) Completion by : 1st Container terminal to be commissioned July, 2020

**• Vadhavan Port (Dahanu)**

Government of India has decided to set up a new Major Port at Vadhavan near Dahanu in Maharashtra which will act as a satellite port to the saturated Jawaharlal Nehru Port Trust (JNPT).

JNPT handles more than 40% of India’s total container traffic utilising over 100% of its container handling capacity and serves a vast hinterland comprising entire northern India and Western India. Once the 4th Container Terminal becomes ready for operation, there would be limited space in JNPT and thus it has been decided to develop a satellite port for JNPT.

The proposed location is about 190 km north of JNPT and has deep draft of about 20 meters close to shore which makes it feasible to handle bigger size of Container Ships. The proposed site for port at Vadhavan is 30 km away from NH8 which connects Mumbai and Delhi. The closest Railway station Vangaon is around 12 Km away from the site. Further, Vadhavan is en-route to the proposed Western Dedicated Freight Corridor from Dadri to JNPT. Thus the location has good connectivity options.

The estimated cost of the Phase-I of the project is Rs. 9167 crore. The port will be developed as a Joint Venture (JV) between JNPT and Maharashtra Maritime Board (MMB) having 74% and 26% equity respectively. The new port would be developed as a land lord port with basic infrastructures being developed by the JV Company and the berths, terminals and associated facilities would be developed by Private parties on Public Private Partnership (PPP) mode. The IRR of the project is 18.2%. The key milestones of the project are:

i) Cabinet Approval : Expected by May, 2016
ii) DPR due date : March, 2016
iii) Commencement of construction : April, 2018
iv) Completion by : Phase I - 2023

**• Chabahar Port (IRAN)**

It has been decided to participate in the development of Chabahar Port Project in Iran. In this regard, the major steps undertaken are given below:

a) The Cabinet Committee on Security (CCS) approved the MEA proposal regarding India’s participation in the Chabahar Port Project on 18.10.2014.
b) Kandla Port will be associated with the general cargo berth and JNPT in the container berth at Chabahar Port.
c) In pursuance of the CCS decision, an SPV which will be a holding company, with equity participation from JNPT and KPT, has been formed.
d) The CCS has approved a capital investment of approximately US $ 85.21 million to be spent over a 3 year or 1 year period depending on what mobilization period is negotiated.
e) The Indian Ports Global Pvt. Ltd., an SPV, has been established by Ministry of Shipping for operationalising the Chabahar Port Project in Iran
f) The process of appointing a qualified and competent professional as the Chief Executive Officer (CEO) for the company has started.

Operationalization of the MoU signed in May, 2015.

A Memorandum of Understanding was signed on 06.05.2015 between the Government of Iran and the Government of India to develop Chabahar Port in Iran. As per the MoU provision, a detailed contract following the MoU has to be signed.
The text of the contract has been approved by Ministry of External Affairs, Ministry of Shipping & Niti Aayog. Approval from Ministry of Finance is awaited. Once approval is received, the contract will be signed.

- **Paira Sea Port, Bangladesh**

Paira Sea Port, inaugurated on 19.11.2013, is the third port in Bangladesh besides Chittagong and Mongla. It was inaugurated by Smt. Sheikh Hasina and inauguration ceremony was attended by the Indian High Commissioner, besides Chinese Ambassador and Dy. Chief of Mission of Netherlands.

At present, the work of the Master Plan of the Paira Port has been entrusted to M/s Wallingford, a British research company. As of now, Expression of Interest (EoI) has been invited from all the interested parties.

From India’s side ‘India Ports Global Pvt Ltd. (IPGPL), a Joint Venture between Jawaharlal Nehru Port Trust and Kandla Port Trust, has shown interest citing 9 of the components from which EoI was floated by Paira Port Authority. The components are as follows:-

1. Conservancy and Port management
2. Capital dredging and on-going maintenance dredging
3. Towage Harbour tugs
4. Core Port infra.
5. Multipurpose Terminal (1000 m length) to handle cargo, machinery etc.
6. Container Terminal No.1
7. Container Terminal No.2
8. Dry Bulk Terminal, 500 acres of Land.

Ministry of Shipping is closely following developments in regards to the Paira Port so as to secure its interests.

- **SAGARMALA PROGRAMME**

- **National Perspective Plan**

The Sagarmala Programme has been launched by the Government of India to promote port-led development in the country. The ‘Sagarmala- Concept and Implementation’ was approved by the Union Cabinet on 25th March, 2015. As part of the Sagarmala Programme, a National Perspective Plan, for the comprehensive development of India’s coastline and maritime sector has been prepared and was approved by the National Sagarmala Apex Committee on 9th April 2016 and released at the Maritime India Summit 2016, on 14th April, 2016, by the Hon’ble Prime Minister.

As part of the National Perspective Plan, April 2016, more than 150 projects have been identified, at an estimated infrastructure investment of Rs. 4 lakh crore, across the areas of Port Modernization & New Port Development, Port Connectivity Enhancement, Port-led Industrial Development and Coastal Community Development.

**Photograph : Release of National Perspective Plan for Sagarmala**

- **Projects (Early Bird) implemented**

While the National Perspective Plan was under preparation, 12 projects were taken up under Sagarmala in FY 2015-16 across the areas of port modernization, port connectivity, coastal community development and lighthouse tourism development at a total cost of Rs. 870 crore. Ten projects have been approved and Rs. 96.51 crore have been released. The remaining 2 projects are under various stages of approval.

- **Indian Rail Port Corporation Limited (IPRCL)**

In order to provide efficient rail evacuation systems to Major Ports and thereby enhance their handling capacity and efficiency a proposal seeking approval of Cabinet to form a Special Purpose Vehicle (SPV) was
mooted by the Ministry of Shipping. The Cabinet approved the proposal of SPV formation on 25\textsuperscript{th} March, 2015. Based on this decision a company namely Indian Port Rail Corporation Ltd. (IPRCL) has been incorporated on 10\textsuperscript{th} July, 2015 under the Companies Act, 2013, with equity participation from 11 Major Ports and Rail Vikas Nigam Limited (RVNL). The company since its inception has taken up 25 last mile rail connectivity projects covering 9 major ports. Out of these 25 projects, 14 projects (having total estimated cost of Rs. 10718.22 crore) are for preparation of DPR and 11 projects (having total estimated cost of Rs. 604.24 crore) are for PMC. Out of 11 projects, tender has already been awarded for 4 projects.

- **Port Modernization & New Port Development**

To meet the future growth in cargo traffic, a roadmap has been prepared to increase the capacity of major and minor ports from 1500 MMTPA in 2015 to more than 3000 MMTPA by 2025. Based on the global benchmarking exercise conducted for the 12 major ports, 104 initiatives were identified that would lead to unlocking of 100 MMTPA of existing major port capacity over the next 3 years. Thirty two of these initiatives have been implemented and the remaining initiatives are under implementation.

Forty one capacity expansion projects have been identified, under Sagarmala, from the master planning of existing major ports. These projects are expected to add approximately 220 MMTPA at an estimated investment of Rs. 19,200 crore.

Six potential new port locations have also been identified, including a transshipment port at Enayam (Tamil Nadu), which are expected to add 460 MMTPA of capacity. The Techno-Economic Feasibility Reports have already been prepared for 4 locations and are under preparation for other locations. In addition, Vizhinjam is being developed as a Transshipment port, under PPP mode, by the Government of Kerala with viability gap funding from Government of India.

- **Port Connectivity Enhancement**

To enhance the port-connectivity to country’s production and consumption centres, more than 80 projects have been proposed at an investment of more than Rs. 2 lakh crore. This includes last mile road and rail-connectivity infrastructure to the ports, freight expressways, heavy haul rail project to transport coal, new pipelines for transporting crude and petroleum products and new multi-modal logistics hubs. Logistics cost reduction opportunities of Rs. 35,000-40,000 crore per annum have been identified and it includes increasing the share of coastal shipping and inland waterways in the modal mix. The National Perspective Plan, proposes the priority development of 4 National Waterways (NW 1, 2, 4 & 5). In addition, 106 new waterways have been notified as National Waterways. An Inter-Ministerial Committee (IMC) has been constituted to develop a strategy and implementation roadmap for the coastal shipping of coal and other commodities/products.

**Photograph : Heavy Haul Rail Project**

- **Coastal Community Development**

As part of Sagarmala’s objective of coastal community development, skilling, fishermen and other community development projects have also been identified. A Community Development Fund is being set up to provide grants for these projects and initiatives. Implementation of the projects identified under National Perspective Plan, will be taken up, starting FY 2016-17, by the respective Ports, State Governments / Maritime Boards, Central Ministries, mainly through private or PPP mode. Sagarmala Development Company (SDC) is being set up by Ministry of Shipping to provide equity support to the project SPVs and funding support to residual projects.

- **Port-led Industrialization**

For promoting port-led industrialization, 14 Coastal Economic Zones (CEZs) covering all the Maritime States and Union Territories have been proposed. These CEZs will include 14 port-based discrete manufacturing clusters, in the sectors of Electronics, Apparel, Leather Products, Automotive, Furniture and Food-Processing, and 15 coastal bulk clusters such as Power, Refineries & Petrochemicals, Steel, and
Shipbuilding. These clusters will require an estimated infrastructure investment of Rs. 1 lakh crore and will attract an additional Rs. 7 lakh crore of industrial investment. These clusters are expected to generate approximately 1 crore new jobs, including 40 lakh direct jobs, and boost India’s merchandise exports by USD 110 Billion by 2025.

PORT PERFORMANCE

- Project Unnati (Benchmarking Studies of Major Ports to improve time and cost)

An international consultant was engaged to prepare a Quantitative Benchmarking Module which covered the operational, financial, human resources and efficiency related parameters for benchmarking of efficiency and productivity of Major Ports in India against international standards and define Key Performance Indicators for the ports and terminals. The study covered marine operations, stevedoring, jetty operations, vessel operations Yard performance, Labor productivity, Cargo storage (containers & dry bulk only), rake operations (loading/unloading of rakes), maintenance (Equipment uptime and breakdowns), Gate-In and Gate-out operations, safety, customs and penetration of IT.

The benchmarking study focused on identifying how efficiently capacity is utilized and underlying operational performance metrics across commodities. The low berth productivity and crane productivity across container terminals at Major Ports along with potential to drive 15-20% higher volumes of coal across ports, just by replicating ‘best demonstrated performance’ consistently was studied. Potential to double volumes of POL by replicating BDP and reducing non-working time and high costs of labour and maintenance dredging across ports was also analyzed.

On the basis of the quantitative and qualitative benchmarking carried out, a clear roadmap for improvement for each port has been laid out covering changes in the areas of core business processes, equipment, organization structure, people skills, information technology and infrastructure.

Photograph : Foundation Stone laying of 4th Container Terminal at JNPT

A total number of 104 new initiatives for 12 Major Ports has been identified which would increase the volume of traffic significantly and also avoidance of capital expenditure. The roadmap for improvement has been suggested along with the timelines, approach and methodology for implementation. All the 104 recommendations are to be implemented by December 2019. Out of these, 32 have already been implemented. The implementation of these initiatives has lead to improvement in the efficiency parameters of the Major Ports (Figure 1).

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<td>Avg. Turn around time (in Days)</td>
<td>2.55</td>
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<td>Avg. Pre-berthing Detention (in Hours)</td>
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<td>Avg. Ship Berth days Output (in Tonnes)</td>
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- Improvement in capacity and cargo of Ports

The aggregate capacity in Major Ports increased from 800.52 MTPA as on 31.3.2014 to 871.52 MTPA as on 31.3.2015 and to 965.36 MT in 2015-16. Capacity addition of about 94 MT during 2015-16 through 34
capital investment projects is the highest in a single year in the history of Major Ports. The annual increase in capacity in the last 5 years is at Figure 2.

Figure 2: Capacity Addition in Major Ports

The Major Ports have also witnessed significant annual growth in cargo handling volumes by 4.65% in 2014-15 and 4.3% in 2015-16, despite a slowdown in world trade. Kandla handled traffic of 100.05 Million Tonnes during 2015-16 and became the 1st Major Port to reach 100 MT traffic in a year.

Port-wise details of cargo handled

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• **Investment in Projects**

In order to achieve the coveted goal of transforming Indian Ports into world class facilities suited to the requirements of the future economy of India, the Ministry of Shipping has taken various initiatives during the recent past. The focus has been on improving the port infrastructure, modernisation of existing facilities and increasing the capacity and draught at Ports. The level of mechanization presently is less than 30% in Kolkata port, while in Kamarajar port at Ennore it is about 90%. Operations in other Major Ports are also mechanized to varying degrees.

As part of the modernization process, the Ministry of Shipping has been laying stress on mechanization of all operations/berths in Major Ports. The Boston Consultancy Group which was engaged by Ministry of Shipping to carry out a study on Benchmarking of efficiency and productivity of Major Ports in India against international standards and suggest a roadmap for improvement in the parameters, has also made recommendations in this regard which are under implementation. Five mechanization projects involving investment of Rs. 280 crore and capacity of 12 million tonnes per annum were awarded in 2014-15. During 2015-16, a total of 7 mechanization projects were awarded involving estimated investment of Rs. 2562 crore and capacity of 57 MTPA.

Based on the B.K. Chaturvedi Committee recommendation that there is a need to increase draught of major ports to at least 14 mtrs and in ports which is technically feasible and economically efficient, the draught should be increased to 17 mtrs so that these Ports can be developed into hub Ports, the Ministry has taken initiatives for increasing draft in Major Ports. Dredging is being carried out to increase draughts in two Major Ports of Mormugao and Kamarajar (Ennore) to 18 metres to cater to capsize vessels. The estimated investment in these two projects will be Rs. 793 crore (Rs.600 crore for Kamarajar Port and Rs.193 crore for Mormugao Port). The dredging project of Mormugao Port is expected to be completed by June, 2016 while that of Kamarajar Port is expected to be completed by September, 2017.

**Photograph : Ship Loader in Operation**

• **Improvement in Performance Major Ports**

Some of the striking improvements in performance in Major Ports in 2015-16 are given below.

i. 94 MTPA capacity has been added through 30 Capital investment Projects in Financial year 2015-16 - highest for any year.(Figure 1)

ii. Operating profit margins improved from 27% in Financial Year 2013-14 to 39% in Financial Year 2015-16.

iii. Operating profits increased by nearly Rs 670 crore (Rs 3593 crore in 2014-15 to Rs 4268cr in 2015-16)

iv. Kandla became the 1st Major Port to reach 100 Mn Tonne traffic in a year - recorded 20% improvement in port efficiency

v. JNPT became the 1st Major port to reach Rs 1,000 cr of net profits - recorded 12 % efficiency improvement

vi. Paradip Port achieved highest coal loading volumes of 24 Mn Tonne in FY 16 - achieved >30% efficiency improvement

vii. Efficiency improvement has lowered logistics costs for the trade creating a benefit of estimated Rs 400-500 cr per year
• **Project E- Port (Ease of Doing Business)**

On the suggested reforms of World Bank’s Report titled “Ease of Doing Business”, Ministry of Shipping has already taken the following significant steps to reduce congestion and faster evacuation of cargo at JNPT.

(i) Manual Form 13 & 11 have been eliminated w.e.f. 23/02/2015 and a software for web based e-Forms 13 has been developed, wherein the Customs authorization/endorsement is obtained online while accepting the containers. Other Major Ports are also directed to follow the above action.

(ii) Gate Automation System has been put in place at GTI terminal at JNPT, resulting in significant reduction of transaction time at the port gate for containers.

(iii) To ease the traffic, a Centralized Parking Plaza and pay & parking facilities are developed at JNPT for parking of Tractor-Trailer (TTs). Roads leading to JNPT and also those connecting the port to various CFSs around it are being widened for smooth traffic movement.

(iv) Inter-terminal transfer of Tractor-Trailers from JNPCT to GTI, JNPCT to NSICT and vice-versa has been started.

(v) Almost all the Shipping Lines (29/33) have implemented e-Delivery orders.

(vi) This Ministry is in process of procurement/installation of container scanners in some terminals of 7 Major Ports namely JNPT, KoPT, VoCPT (Tuticorin), PPT, KPL (Ennore), NMPT and VPT as decided in the Revenue Secretary’s meeting held on 24.10.2015 at JNPT and CoS meeting held on 23.12.2015.

Incorporating all the above, the Shipping ministry has chalked out an action plan Project e-Port with various activities such as establishment of single window clearance system, gate automation, integration of ICES-PCS-CFS-Terminal, Direct Port Delivery, E-delivery Orders, E-Payment, Installation of Container Scanners, implementation of RFID etc.

• **Project Green Port**

Ministry of Shipping has initiated green port initiative for making the Major Ports more clean and green in environment perspective. For this initiative, two major events have been evolved – one is green port initiatives related to environmental issues and the second one is Swachh Bharat Abhiyaan.

Under Green Port initiative 12 activities have been identified with certain time lines to achieve the targets and some of those initiatives are preparation of Environment Management & Monitoring Plan (EMMP), acquiring equipment required for monitoring environmental pollution, acquiring dust suppression system, setting up of sewage/waste water treatment plants/garbage disposal plant, setting up projects for energy generation from renewable energy sources, completion of shortfalls of Oil Spill Response (OSR) facilities (Tier-I), prohibition of disposal of almost all kinds of garbages at sea, improve quality of harbour waters etc.

Similarly, for Swachh Bharat Abhiyaan, Ministry of Shipping has identified 20 activities with time-lines to achieve the targets of each activity for promoting cleanliness programme in the Port premises. Some the activities are Cleaning the wharf, Cleaning and repair of sheds, Cleaning & repair of Port roads, Painting road signs, zebra crossings, pavement edges, Modernizing all Toilet complexes in the operational area and clean all the Toilets, Placing dust bins (of uniform colour preferably green) at regular intervals, Beautification & cleaning of parks, Boards – indicating cleanliness messages – Dos & Don’ts, Cleaning & repairing of all drainages & storm water system, Plantation in open areas, avenues and corners, Award to departments or officers whose area/jurisdiction is most neat & clean, Regular training to staff to generate awareness and inculcate the importance of a clean environment, Auction & disposal of all unserviceable items etc.
All Major ports have already initiated action on the above activities and are making good progress.

**Photograph : Solar Power**

- **Smart City**

The Government of India is working on an ambitious plan to build One Smart City within the port community at the country’s 12 major ports, at an estimated total investment of Rs.50,000 crore. These cities are proposed to be green cities. The land bank of Kandla Port is to be used to develop Smart Industrial Port City (SIPC) at Kandla-Gandhidham – Adipur Complex and township incorporating green initiatives and smart city components.

**Objectives of the SIPC Initiative**

- Develop two green field sites in 1,500 Acres of Smart Industrial Port City around existing Kandla – Gandhidham – Adipur Complex.
- Strategic development of urban and industrial infrastructure to promote economic growth and improve quality of services.
- Scalability to integrate the green-field development with existing township and drive improvement of overall urban infrastructure in the Kandla - Gandhidham - Adipur Complex.

**Implementation Strategy**

At this stage, it is difficult to estimate the magnitude, both in terms of type and size, of infrastructure components for the proposed SIPC. It is also difficult to ascertain institutional arrangements for execution and subsequent operation and maintenance of SIPC infrastructure at this stage.

It is proposed to devise a three-stage implementation strategy. Each of these stages will result in better clarity and project definition to enable us to progress the project to the next stage. As outlined in the Implementation Strategy, the scope of work will be assigned to Advisor. This includes development of SIPC vision, master plan, procurement strategy and financial modelling, and recommending institutional arrangements.

The draft concept plan will be ready by June, 2016 and final Master Plan will be ready by August, 2016.

Paradip Port trust has initiated action to prepare Detailed Project Report (DPR) for Smart Industrial port city (SIPC) project. Consortium of Tata Consulting Engineerings Ltd. and Townland Consultants Pvt. Ltd. have been entrusted to prepare the DPR. The preparation of DPR is underway and likely to be completed by August'2016

Paradip Port trust has also initiated action to prepare Detailed Project Report (DPR) for Smart Industrial port city (SIPC) project. Consortium of Tata Consulting Engineerings Ltd. and Townland Consultants Pvt. Ltd. have been entrusted to prepare the DPR. The preparation of DPR is underway and likely to be completed by August, 2016.

**Deepening draft to handle large vessels**

Major Ports have undertaken initiatives to enhance their capability to handle larger vessels as explained below.

- In 2012-13 only Vizag Outer Harbour had 18 metres draft(handling 2 lakh DWT vessels). In 2016-17 Mormugao and Kamarajar will also have 18 metres draft.
- In 2012-13 only Chennai, Mormugao and Kamarajar Port had 14 metres draft. In 2016-17, nine major ports have 14 metres draft.
NATIONAL WATERWAYS

Jal Marg Vikas Project- New projects

Finance Minister, in his Budget Speech (2014-15), announced that development of inland waterways could improve vastly the capacity for the transportation of goods. A project on the river Ganga called ‘Jal Marg Vikas’ (National Waterways-I) would be developed between Allahabad and Haldia to cover a distance of 1620 kms, which would enable commercial navigation of at least 1500 ton vessels. The project would be completed over a period of six years at an estimated cost of Rs. 4200 crore.

The Jal Marg Vikas Project is being implemented with technical assistance and investment support from the World Bank.

The following three Consultancies had been commissioned to carry out studies on NW-1:

i) Detailed Feasibility Study for Capacity Augmentation of NW-1 and Detailed Engineering for its Ancillary Works. The study commenced on 25.05.2015 and progressed as per schedule. The critical reports for multi-modal terminals, navigation lock etc. were submitted in time.

ii) Environmental and Social Impact Assessment Study (ESIA), including Environment Management Plan (EMP) and Resettlement Action Plan. The study commenced on 25.03.2015 and progressed well. The scheduled EIA, EMP & CIA reports were submitted in time.

iii) IWT Sector Development Strategy and Market Development Study for capacity augmentation of NW-1. The study commenced on 24.04.2015 and the consultant has submitted the Traffic study reports for the Multi-modal terminals at Varanasi, Haldia, Sahibganj, Ghazipur and GR Jetty at Kolkata; final draft for Part-A of Market Development Analysis Report; and final draft report of Part-B Institutional Development Study.

Implementation of five major subprojects under Jal Marg Vikas Project are in progress. These are:

(i) Construction of the Multimodal Terminal at Varanasi.

The tender process for award of work for construction of Phase-I(A) of the terminal on 5.586 hectares of land has been completed and M/s AFCONS Infrastructure Pvt. Ltd., the lowest responsive bidder has been notified on 13.11.2015. The cost of the project is Rs. 169.59 crore. Hon’ble High Court of Allahabad has permitted construction work in the hearing held on 28.4.2016. The work will commence soon and completed in 26 months.

(ii) Construction of Phase-I of the Multimodal Terminal at Sahibganj.

The Competent Authority has approved the proposal to acquire 195 acres of land at a cost of Rs.187 crore including the cost towards rehabilitation and resettlement of the project affected families.

Tender for procurement of EPC contract for construction of Phase-I of the terminal (excluding construction of external approach road and road over bridge) at a cost of Rs.292.10 crore is in progress. The project will be completed in 30 months.

(iii) Construction of Multimodal Terminal at Haldia

61 acres of land has been taken on 30 year lease from the Haldia Dock Complex for construction of the terminal. Possession of the land has been taken over by IWAI.

Tender for construction of Phase-I of the terminal at a cost of Rs. 465 crore was published on 03.03.16. The duration of the Phase-I of the Project is 30 months after award of work.
Construction of a new Navigational Lock at Farakka.

14.86 hectares of land for construction of the new Navigational Lock parallel to the existing lock has been transferred from Farakka Barrage Project to IWAI on 3.2.2016. Tender document for the project is under finalization in consultation with the World Bank. The estimated cost is Rs.359 crore and the project will be completed in 30 months.

Provision of Least Assured Depth on the Farakka-Bhagalpur stretch.

The estimated cost of the Project is Rs.203 crore. Tender process is in progress. The work contract will be for a period of five years.

- National Waterway 2 (River Brahmaputra)

During the past two years, major IWT projects are being implemented on National Waterway-2 from Bangladesh Border to Sadiya (891 km) in Assam as given below.

i) Permanent Ro-Ro terminal at Dhubri: The construction of a permanent Ro-Ro terminal at Dhubri is in progress and 72% work has been completed. Due to protracted follow up with executing agency, CPWD, the project is expected to be completed by August 2016, as per schedule. A similar terminal will be developed at Hatingimari on the downstream of opposite bank of river Brahmaputra once the river bank stabilizes there.

ii) Temporary Ro-Ro service between Dhubri and Hatsingimari: Ro–Ro operation between above locations has commenced during Feb 2016. This Ro–Ro service provides a direct link between Assam and Meghalaya thus avoiding circuitous route of 220 km through Jogighopa.

iii) Development of Ship/vessel repair facility (Slipway) in North East:
Since the N.E. Region do not have any vessel repair facility with dry docking, the vessels of the region need to be taken to Kolkata for the purpose. To facilitate dry docking repair in NER, a project for construction of slipway at Pandu has been sanctioned and work is underway. The project is scheduled to be completed by December 2018.

Movement of Over Dimensional cargo (ODC) in NW-2 through Indo-Bangladesh Protocol routes

11 consignments of ODC of M/s. Power Grid Corporation Ltd have been transported successfully through Indo-Bangladesh Protocol routes and NW-2 during the last two years.

Increase in funding for projects under Central Sector Scheme (CSS) for NE States

Earlier, a fund provision of Rs. 3 to 4 crore was provided in the budget every year for projects to be implemented under the Central Sector Scheme.

(i) Construction of 20 nos. floating terminals for various terminals locations on the river Brahmaputra at a cost of Rs 4.50 crore completed. Another project for construction of 15 floating terminals at a cost of Rs 6.07 crore is underway and would be completed in December 2016.

(ii) DPR for development of IWT in river Gumti and Haora had been completed at a cost of Rs 0.83 crore. Project for development of IWT in these rivers at a cost of Rs 12.59 crore and Rs 11.19 crore had been submitted by Tripura. The project for development of IWT in river Gumti was considered under CSS and Rs. 2.00 crore was released to Govt. of Tripura as 1st installment.

(iii) Project for development of IWT in Loktak Lake at a cost of Rs 7.88 crore was submitted by Govt. of Manipur. The project was considered under CSS and Rs. 1.20 crore was released to Govt. of Manipur as 1st installment.
In 2016-17, the budget provision under the scheme has been increased to Rs. 25 crore which is more than 6 times the earlier budgets.

- **New National Waterways - Development Strategy**

National waterways of India are well in line to become the lifeline of the country. They will serve the transportation obligations of our nation and also act as recreational centers. After the enforcement of the National Waterways Act, 2016, IWAI has initiated developmental works for the new 106 National Waterways. These have been grouped into three categories as given below:

i. Eight waterways which are viable, have been prioritized for developmental works and are positioned in Category 1. Feasibility and detailed projects reports of these waterways are available, environmental studies are underway and tender documents for development of these rivers stretches are being carried out on EPC (Engineering Procurement & Construction) basis.

ii. 46 waterways which fall in the coastal regions and have tidal stretches are placed in Category 2. These waterways have been sub-divided into 8 clusters and developmental works of such waterways shall be taken up based on the results of 2-stage DPR studies. (Stage I feasibility study and Stage II DPR based on viability). The feasibility studies are underway and reports would be available from May 2016 onwards.

iii. The remaining 52 waterways which are in remote, inaccessible & hilly regions are placed in Category 3. Feasibility studies have already been awarded for these waterways and the reports will be received from June 2016 onwards. Developmental works would be planned based on the outcome of these reports.

➢ **MAKE IN INDIA**

- **New Shipbuilding & Ship-repair policy approved.**

To counter cost disadvantage vis-a-vis imported ships, the Government on November 24, 2015 has exempted customs and central excise duties on inputs used in shipbuilding.

Ministry of Finance, Department of Economic Affairs has issued a notification for granting Infrastructure Status to shipbuilding and ship repair industry by including shipyards in the Harmonised Master List of infrastructure sub-sectors

To promote domestic shipbuilding industry it was decided to provide the following incentives on December 09, 2015 :-

(i) Financial assistance for Indian shipyards equal to 20% of the lower of the “Contract Price” or the “Fair Price” (as assessed by three international valuers) of each vessel built by the shipyards for a period of at least ten years commencing from 2015-16. Committee was constituted under the Chairmanship of JS(S) to formulate the guidelines regarding financial assistance policy. Comments on the same received from stakeholders/ inter-ministerial departments/general public were compiled and incorporated in final guidelines. The final guidelines have now been submitted for approval. The expected financial support to be provide is as follows:-

(ii)  

<table>
<thead>
<tr>
<th>Year</th>
<th>Financial Assistance</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016-17</td>
<td>Rs. 25 crore</td>
</tr>
<tr>
<td>2017-18</td>
<td>Rs. 75 crore</td>
</tr>
<tr>
<td>2018-19</td>
<td>Rs. 150 crore</td>
</tr>
<tr>
<td>2019-20</td>
<td>Rs. 300 crore</td>
</tr>
</tbody>
</table>

(ii) Revision of domestic eligibility criteria to ensure that all the government departments or governmental agencies such as CPSUs procuring vessels for governmental purposes or for own purposes shall undertake bulk tendering for their vessel related requirements with deliveries
starting from 2017-2018 with a Right of First Refusal (RoFR) for Indian shipyards and shall ensure that from 2025 onwards, only Indian-built vessels are procured for governmental purpose or for own purpose. Similar relaxation will be applicable for repair of their vessels. A Committee was constituted under the Chairmanship of Joint Secretary (Shipping) to formulate the guidelines regarding domestic eligibility criteria for shipbuilding and ship repair industry. Comments on the same received from stakeholders/inter-ministerial departments/general public were compiled and incorporated in final guidelines. The final guidelines are to be issued shortly.

- **Simplification of Taxation for shipbuilding and ship repair - Tax Incentives to make shipbuilding competitive.**

  In order to provide the Indian shipping industry a level playing field and make it competitive at international level, the government has implemented certain policies as mentioned below:

  (i) **Infrastructure status for shipyards.**

  Ministry of Finance, Department of Economic Affairs has issued a notification for granting Infrastructure Status to shipbuilding and ship repair industry by including shipyards in the Harmonised Master List of infrastructure sub-sectors

  (ii) **Financial assistance and eligibility support for Indian shipyards.**

  Government has on December 9, 2015 approved Financial assistance policy for Indian shipyards for ten years commencing from April 1, 2016. Government has also approved that all government departments or agencies including CPSUs have to provide Right of First Refusal to Indian shipyards while procuring or repairing vessels.

  (iii) **Parity between indigenously built ships and imported ships.**

  Government has on November 24, 2015 exempted Customs and Central Excise duty on inputs used in manufacture of ships to provide a level playing field between indigenously built ships vis-à-vis imported ships.

  (iv) **Ease of Doing Business for Indian shipyards.**

  Government has on November 24, 2015 relaxed the limitation to operate shipyards under customs control under Section 65 of the Customs Act, 1962 to avail duty free imports or domestic procurement of inputs used in shipbuilding.

  (v) **Boost to movement of containerised cargo through coastal route.**

  Government has on September 17, 2015, exempted Customs and Central Excise duty leviable on bunker fuels, namely IFO 180 CST and IFO 380 CST, used in Indian flag vessels carrying a mix of EXIM, empty and domestic containers between two ports in India. This tax incentive will reduce operational costs of coastal transportation and will encourage growth of Indian tonnage as well as promote development of transhipment hub in India.

  (vi) **Parity for Indian seafarers employed on Indian flag ships vis-à-vis those employed on foreign flag ships.**

  Government has, on August 17, 2015, brought parity in the tax regime of Indian seafarers employed on Indian flag ships vis-à-vis those on foreign flag ships and mandated that the period of stay in India shall be counted as per the entries made in his/her Continuous Discharge Certificate (CDC). This would benefit around 35,000 seafarers presently employed on Indian flag ships. This would not only change the
perception of Indian seafarers with regard to serving on Indian ships, but would also reduce the additional cost burden on Indian companies and help retain quality officers.

(vii) **Simplification in collection and assessment of light dues.**

E-payment of light dues was put in place on May 5, 2015. For the collection of light dues, a simplified mechanism have already been adopted on November 26, 2014 for container ships to whereby collections shall be made on TEU (Twenty feet Equivalent Unit) basis instead of net tonnage basis. This would facilitate faster clearance of ships and reduce detention time of vessels for payment of light dues.

(viii) **Reduction of service tax incidence on coastal shipping.**

Realizing the need for encouraging transportation of goods through coastal shipping rather than road or rail, the Government has, in the Union Budget 2015-2016, brought the abatement of service tax on coastal shipping at par with road and rail i.e. 70%. With this change, only 30% of the value of the service for transportation of goods by vessels would be subject to levy of service tax. This initiative would reduce costs of coastal transportation for shipper and would encourage use of coastal shipping by the shippers for domestic transportation of cargo.

(ix) **Simplification of procedure for registration of Ship Repair Units.**

As a step towards creating a climate of ease of doing ship repairing business in the country, Government has, on February 13, 2015, simplified the procedure for registration of Ship Repair Units by dispensing with the requirement for their registration with the Director General of Shipping, Mumbai with immediate effect. This would encourage establishment of more ship-repair units which would maximize employment potential.

(x) **Use of re-rolled steel obtained from ship-breaking for the purposes of ship-building.**

To bring down the cost of construction of barges, river sea vessels (RSV Types 1 & 2) and port and harbour crafts and to meet demand for steel by ship and barge builders, the Government has, on February 9, 2015, decided that re-rolled steel obtained from re-cycling yards/ship breaking units would be certified for use in construction of these vessels.

(xi) **Indian shipping enterprises allowed to maintain foreign flag vessels in India.**

Government has, on July 23, 2014, allowed shipping enterprises based in India to acquire ships abroad and also flag them in the country of their convenience. This policy initiative of “Indian Controlled Tonnage (ICT)” has facilitated Indian ship-owners to gain access to cheaper funds abroad and also save on costs of setting up subsidiaries abroad to acquire and maintain such tonnage.

(xii) **Simplification of procedure for registration of Ship Repair Units**

As a step towards creating a climate of ease of doing ship repairing business in the country, the procedure for registration of Ship Repair Units has been simplified by dispensing with the requirement for their registration with the Director General of Shipping, Mumbai with immediate effect. This simplification in the registration procedure in ship repair industry is expected to attract more FDI in SRUs add to employment potential besides meeting a long standing demand of the ship repair industry.

- **Ships for Andaman & Nicobar Islands by Cochin Shipyards Ltd.**

There was heavy demand on the requirement of ships at A& N islands as no new ships have been sanctioned for the last 10 years. During 2015-16 two 500 Pax vessels costing Rs 468 crores and two 1200 pax vessels costing Rs 819 crores have been sanctioned by the Ministry. The work has also been awarded to
Cochin Shipyard Limited on nomination basis through transparent and acceptable price discovery mechanism, in line with Govt. of India Make in India policy. The construction time of the vessel is 48 months from the date of signing of agreement.

In order to meet the immediate requirements the proposal of Chartering a ship at a cost of Rs. 257.80 crores for a period of five years has been recommended by the Committee on Non Plan Expenditure. After getting the approval of competent authorities the sanction will be issued.

- **Project for Modernization of Alang Sosiya**
  JICA Survey Team will begin preparatory survey for modernization of Alang Sosiya shipbreaking facilities by end of May, 2016 and end it by the end of 2016. GMB has submitted application for CRZ Clearance on 01.03.2016. CRZ clearance is expected to be available by the end of September, 2016. GMB has allotted four quarters to ESIC on 15th February, 2016 for five years for starting a medical dispensary. Other measures taken for improvement:- (a) A compound wall of about 5 kms has been constructed. (b) To further augment security in areas where compound wall was not feasible, installation of 5 watch towers with high resolution CCTV cameras and recording facilities will be completed by June, 2016.

- **TOURISM AND COASTAL SHIPPING**

- **Lighthouse Tourism**

In the 47th Report of the Parliamentary Standing Committee it was suggested “To explore the possibility of development of Lighthouses with a view to attract tourist”. In compliance to that DGGL is harnessing the hidden attributes of lighthouses and developing heritage lighthouses at places of tourist interest revealing them to the general public.

In pursuance of the above Directorate General has earmarked 78 lighthouses for Promotion of Tourism of which 44 are in main land and 34 are on islands.

The basic theme of the project are as below:

- Enhance and develop the existing lighthouses and its premises into a unique tourism destination.
- Conserve and protect the heritage character of Lighthouses hence contributing to the art, architecture & cultural values of the country.
- Create awareness & educate the public on the significance of the lighthouses, its history, and technology.
- Develop allied Maritime infrastructure like heritage museum, technical museum, National Maritime museum.
- Create employment opportunities & to enhance the socio economy of the local village & communities.

The Request For Proposal (RFP) has been invited for four lighthouses i.e. Aguada, Minicoy island, Kanhoji Angre and Sunk Rock and Request For Qualification (RFQ) has been reinvited for remaining four lighthouses i.e. Mahabalipuram, Kanyakumari- Muttam, Chandrabhaga, Kadalur Point, due to poor response. A committee comprising of experts from tourism, finance and environmental fields have been constituted for evaluation of the applications.

The proposed developments of these lighthouses includes viewing gallery, resort/hotels, theme/amusement centers, amphitheatres, sound & light/laser show, restaurants/ food courts, drive in restaurants, etc.

DGGL has also invited Expression of Interest (EOI) from intended bidders for development of another 70 lighthouses on PPP mode. The proposed developments of these lighthouses will be same as initial 8
lighthouses. However the prospective bidders has also been given option to submit their individual ideas for development of these lighthouses.

EOI for 50 lighthouses have been received which are to be evaluated by the Project Development Consultant.

In order to make the prospective developers aware about the initiative of Ministry of Shipping/DGLL conducted road shows at Kochi, Visakhapatnam and Chennai with the help of Port Trust and Investor’s Summit which was held in Mumbai on 29th October 2015.

The proposed development works shall be carried out after obtaining necessary environmental clearances and it shall be ensured that no degradation to the environment occurs and emphasis shall be on promotion of eco-friendly tourism at all places.

To augment tourism activity, DGLL has undertaken in-house development at the following lighthouses by establishment of Lighthouse museums:

- Madras Lighthouse in Tamilnadu
- Mahabalipuram Lighthouse in Tamilnadu
- Alleppy Lighthouse in Kerala
- Kannur Lighthouse in Kerala

The inflow of tourists has augmented manifold on establishment of lighthouse museum at Madras, Mahabalipuram, Alleppy and Kannur.

- **National AIS Network, Phase-II**

Automatic Identification System (AIS) is a ship to ship and ship to shore based data broadcast system, operating in the VHF maritime band. Its characteristics and capability make it a powerful tool for enhancing situational awareness, thereby contributing to the safety of navigation and efficiency of shipping traffic management. The work of NAIS Phase-II has been completed in November, 2014 with 13 AIS base stations covering Andaman & Nicobar and Lakshadweep group of islands. The sites in Phase-II have been integrated with two RCCs at Port Blair and Kavaratti with the main NAIS Network. The system is integrated with the NAIS Phase-I and is operational.
**National Navtex Network**

NAVTEX (NAVigationalTEXt messages) is a system to deliver local weather reports and navigational warnings to ships operating in coastal areas. It is an international automated direct printing service for promulgation of navigational and meteorological warnings and urgent information to ships. NAVTEX data is broadcast worldwide on 518 kHz. The transmission is carried out every 4 hours for 10 minutes on time sharing basis. However urgent message covering contingencies can be transmitted any time on instructions from the National Authority. NAVTEX is also transmitted in local language at 490 kHz or 4209.5 kHz depending on the convenience of the local authority.

DGLL has established National Navtex Network to provide seamless coverage through 7 transmitting stations along the coast line of India at Veraval, Vengurla Point, Muttom Point, Portnovo, Valakpudi, Balasore, Keating Point. Information is collected from NHO, IMD, ICG and DG Shipping regarding NavArea warning, weather information, Search & Rescue and safety related messages respectively. The Network is presently working on trial basis.

To promote coastal shipping, the Ministry of Shipping has brought out a vision document. The vision document *inter alia* envisages increasing the combined modal mix share of coastal shipping and Inland Waterways Transportation from the present rate of 7 per cent to 10 per cent by financial year 2020. The following initiatives have been taken promote coastal shipping:

(i) Cabotage has been relaxed for Ro-Ro, Hybrid Ro-Ro, Ro-Pax, Pure Car Carriers, Pure Car and Truck Carriers, LNG vessels and Over-Dimensional cargo or Project cargo carriers for 5 years w.e.f. 2nd September, 2015.

(ii) Abatement of service tax has been brought at par with Road and Rail at 70%.
Customs and Excise Duty leviable on bunker fuels for transportation of EXIM, empty and domestic containers between two ports in India have been exempted.

A scheme for providing financial assistance up to 75% of the cost subject to maximum of Rs.30 crore for construction of exclusive berths at ports is in operation.

Major ports have been directed to provide priority berthing to coastal ships to reduce waiting time of ships.

Green channel clearance system introduced at major ports for faster evacuation.

- **EASE OF DOING BUSINESS**
  - One time licensing of ships to remove burden of periodic licensing

The Directorate General of Shipping has been granting General Trading Licence (GTL) to Indian ships with a validity of one year. Recognizing the need for further simplification of the procedure for issuance of GTL, Ministry of Shipping has decided that the shipping companies who are already in possession of a valid GTL may approach the Registrar of Indian Ships for issuance of a new one time GTL, at any time before expiry of the GTL. 648 General Trading Licenses have been issued from January, 2015 to April, 2016.

- **Simplification of procedure for registration of Ship Repair Units**

As a step towards creating a climate of ease of doing ship repairing business in the country, the procedure for registration of Ship Repair Units (SRU) has been simplified by dispensing with the requirement for their registration with the Director General of Shipping, Mumbai. This simplification in the registration procedure in ship repair industry is expected to attract more FDI in SRUs, add to employment potential besides meeting a long standing demand of the ship repair industry.

- **Reducing logistics costs – Cabotage Relaxation**

**Cabotage Relaxation for Specialised Vessels**

To promote transportation of Automobiles and project cargo through coastal shipping, the government has relaxed cabotage for specialised vessels such as Ro-Ro, Hybrid Ro-Ro, Ro-Pax, Pure Car Carriers, Pure Car and Truck Carriers, LNG Vessels and Over-Dimensional Cargo or Project Cargo Carriers which are in short supply in India, for 5 years w.e.f. 2nd September, 2015.

**Cabotage Relaxation for Container Transhipment Port**

To promote container transshipment port in India, the Government has on 7th March, 2016 relaxed cabotage restrictions for ports which transship at least 50% of the container handled. The cabotage relaxation will enable shipping lines to consolidate Indian EXIM and empty containers at transhipment port in India for onward transportation to destination ports by main shipping lines.

The cabotage relaxation will enable, in addition to Indian vessels, foreign vessels to transport EXIM and empty containers from any port in India to transshipment port and vice versa. The spare capacity of the foreign flag ships which could not be utilized earlier due to cabotage restrictions will now be gainfully utilized enabling them to offer competitive container slot rates to exporter and importer leading to competition led efficiency in container transportation and lower logistic costs for the shippers.

- **Simplification of rules**

A large number of Rules and Regulations have become obsolete and instead of serving the process of governance many of these were leading to avoidable confusion. It was felt necessary to weed out those archaic Rules and procedures which have become outdated/obsolete. In line with this intention, the Ministry of Shipping set up Committees to identify “obsolete” Rules and Regulations of this Ministry with a
view to achieve process simplification. The context, purpose and objectives of all the Rules/Regulations, administered by this Ministry, were studied and it was found that thirteen Rules under the Merchant Shipping Act, 1958 (as amended) were obsolete and unnecessary. Based on the committees recommendations, notification for rescinding the following 13 obsolete Rules under the Merchant Shipping Act, 1958 was published in the Gazette of India Extraordinary on 17.11.2015:

1. Merchant Shipping (Distressed Seamen) Rules, 1960
2. Merchant Shipping (Certificate of Service) Rules, 1970
5. Merchant Shipping (Examination of Masters and Mates) Rules, 1968
6. Merchant Shipping (Examination of Engineer Officers in the Merchant Navy) Rules, 1989
7. Merchant Shipping (Certificate of Competency) Rules, 1989
8. Merchant Shipping (Safety Convention Certificates) Rules, 1975,
9. Merchant Shipping (Radio Direction Finders) Rules 1968,
10. Merchant Shipping (Distress Messages and Navigational Warnings) Rules, 1964
11. Merchant Shipping (Muster) Rules, 1968
12. Merchant Shipping (Pilot Ladder) Rules, 1967
13. Lifeboatmen’s (Qualifications and Certificates) Rules 1963

This step will de-clutter the legislative framework governing merchant shipping sector in India and streamline the processes and procedures in the shipping sector. Besides, the rescinding of these Rules will further promote ‘ease-of-doing-business’ in India.

- **Re-Rolled Steel from Ship breaking allowed for shipbuilding**

As a step towards meeting the heightened demand for steel by ship and barge builders, Government has decided that re-rolled steel obtained from recycling yards/ship breaking units, after ascertaining its sourcing and processing, would be certified for use in construction of inland barges, river sea vessels (RSV Types 1 & 2) and port and harbour crafts. The use of re-rolled steel will help in bringing down the cost of constructions of barges, river sea vessels and port and harbour crafts.

- **IMPROVING SERVICES TO SEAFARERS**

  - Grievance redressal through Social media

An account of Ministry of Shipping in the Twitter by name shipmin_india, has been opened. The comments/grievances from the stakeholders are received on the twitter account. Further, a whatsapp group comprising of officers of Ministry of Shipping and Directorate General of Shipping has been formed. The grievances received on the twitter account are forwarded on the whatsapp group and then disseminated to respective offices for a quick redressal. Parallely a helpdesk enlisting the common problems faced by the stakeholders and their solutions has been created and put up on the website of Directorate General of Shipping. A set of twenty e-mail ids have been allocated to the field offices, specifically for receipt of the grievances from the stakeholders and the same have been put up on the help desk.

- **New e-Gov Package**

Directorate General of Shipping (DGS) has initiated the process of replacing the existing e-governance system with completely new, updated, state of the art e-governance system to be developed by leading players in the field. DGS has engaged a reputed agency for carrying out a comprehensive study of the existing work processes and feedback from the stakeholders to be followed by Business Process
Reengineering (BPR) so that the services are delivered online with minimum interaction and zero footfalls. Existing 18 modules and 6 new modules will be shifted to the new e-platform by September, 2017.

- **Evacuation of Indian and foreign national by sea from Yemen.**

In the first wave of the Saudi Arabia led coalition forces armed interventional attacks against the Houthi rebels in Yemen, in February-March, 2015, which escalated into a war situation there, approximately 4,500 Indian nationals got stranded in that conflict. The Govt. of India, through Ministry of External Affairs [MEA], arranged to mobilize all-round efforts to evacuate these Indian nationals from Yemen, to safety.

- **Introduction of online facilities by DG Shipping - Reducing paper filing**

  In the past two years, following changes have been made in the existing e- Governance system to make the functioning of DGS & its field offices paperless and footfall free:

  i. Application, processing and issuance of the chartering permissions has been made completely online and e-payment enabled since December, 2014. Total number of 3523 applications received till April, 2016.

  ii. Process of assessment of eligibility and seat booking for examination for Certificate of Competency has been made online and e-payment enabled since January -15. 58688 seafarers have utilized this facility till April, 2016.

  iii. Process of application and issuance of registration certificates to Multimodal Transport Operators (MTO) has been made online and e-payment enabled since March -15. Total number of 465 MTO operators have utilized the facility till April, 2016.

  iv. Process of application and processing of the Continuous Discharge Certificates (CDCs) and its renewal made online and e-payment enabled since June -15. Total number of 24853 users has been benefitted till April, 2016.

  v. Process of application and processing of Replacement/Duplicate Continuous Discharge Certificates (CDCs) made online and e-payment enabled since October -15. 1955 users have been benefitted till April, 2016.

  vi. Process of registration of ships made online and e-payment enabled since June -15. Numbers of users that have utilized this facility till April, 2016 are 495.

  vii. Application, processing and issuance of Certificate of Competencies, Dangerous Cargo Certificates, GMDSS certificates and Cookery Certificates has been made online and e-payment enabled w.e.f 14.12.15. 8589 candidates have utilized this facility till April I, 2016.

  viii. A Master Checker has been created, wherein all the details of the seafarers, as uploaded by the third parties such as training details, CDC details, COC details, sea service details etc can be viewed by the Officers of DGS, while assessing the eligibility of the seafarers for various examinations and certifications.

- **Simplification of income tax for Indian seafarers.**

As a step towards creating a climate of “Ease of Doing Business” in the country, Ministry of Finance vide Notification dated August 17, 2015 has inserted a new rule in part XV, after rule 125 of the Income Tax Rules, 1962, defining the methodology for computation of period of stay of a seafarers in India. The period of stay in India henceforth will be counted from the date entered into the Continuous Discharge Certificate (CDC) in respect of joining the ship by the said individual and ending on the date entered into the CDC in respect of signing off by that individual from the ship. This would benefit around 35,000 seafarers presently employed on Indian flag ships.

This would not only change the perception of Indian seafarers with regard to serving on Indian ships, but would also reduce the additional cost burden on Indian companies and help retain quality officers. The amendment would bring equality in taxation of Indian seafarers serving on Indian ships vis-à-vis foreign ships.
IMPROVING PERFORMANCE OF SHIPPING CPSEs.

The Shipping Corporation of India Limited

SCI has been achieving a very healthy profit to turnover ratio due to its financial and operational efficiency. Due to high creditworthiness, SCI has been able to raise funds from the foreign market for vessel acquisition at a mere interest of 2.18%. The loan portfolio of SCI is also expected to come down substantially by 2017-18. Further, average age of SCI’s fleet is now very young at about 9 years as against the Indian average of 17 years besides also comparing favourably with the world average of 15 years. Hence SCI is better placed to take advantage when the market upturns.

SCI’s own and modern fleet of 17 Bulk Carriers is bearing the brunt of the depressed market condition in the dry bulk segment. Similarly in the container segment due to arrival of mega-box ships and falling trade volumes, the freight levels in the container segment have fallen to an extent where survival has become increasingly difficult.

Further, due to fall in the global oil prices, the exploration of oil blocks has virtually come to a standstill and there is an oversupply in the offshore sector, especially in Platform Supply Vessel, Offshore Supply Vessel and Anchor Handling tugs. These are the areas in which SCI currently operates and this oversupply is also affecting profitability of SCI. SCI’s fleet of 37 Oil and gas Tankers account for bulk of its earnings. SCI’s fleet of 5 VLCCs has shown improved profitability alongwith SCI’s fleet of Suezmax and Aframax tankers.

Bunker procurement, which accounts for nearly 40% to 45% of SCI’s entire operating expenses has substantially reduced due to low bunker prices thereby improving SCI’s profitability. After making a profit in 2014-15 of Rs. 200.93 crore, SCI has made profit of Rs. 384 crore in the first 3 Quarters of 2015-16. This trend is likely to continue for the balance period of 2015-16.

SCI is also exploring the possibility of commencing Ro-Ro service on the Indian coast. SCI is in the process of restructuring its container operations so as to deploy them more effectively on the Indian coast. Commencement of Ro-Ro service has been included in draft MoU 2016-17. SCI has also signed key MoUs with IWAI, IOCL and EXIM Bank in the recently held Maritime India Summit – 2016. SCI is also opening up wholly owned subsidiaries in Kolkata to specially catering to the transportation of cargo through Inland Waterways.

Dredging Corporation Of India Limited

Financial performance.
The Profit after Tax for Dredging corporation of India limited for the last 5 years is given hereunder :
(figures Rs.in lakhs)

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Profit after tax</td>
<td>3951</td>
<td>1318</td>
<td>2051</td>
<td>3755</td>
<td>6240</td>
<td>4197</td>
</tr>
<tr>
<td>% of increase/decrease over the previous year</td>
<td>(44%)</td>
<td>(67%)</td>
<td>56%</td>
<td>83%</td>
<td>66%</td>
<td>% of increase of PAT for 2015-16 would be around 20% over the figure of 2014-15</td>
</tr>
</tbody>
</table>

The Profit after tax of the Company for 2014-15 increased to Rs. 6240.84 lakh from Rs. 3754.67 lakh for 2013-14 i.e a rise of 66%. The Company’s earnings per share also increased to Rs.22.29 for 2014-15 as compared to Rs.13.41 for 2013-14.
The operational income of the Company is Rs.73496.05 lakh for 2014-15 as compared to Rs.77040.86 lakh for the 2013-14. The other income is Rs.883.25 lakh as compared to Rs.229.41 lakh for the previous year. The total income for the year is Rs.74379.30 lakh as compared to Rs.77270.27 lakh for the previous year.

- **Cochin Shipyard Limited**

Details of Profit after Tax for the last 5 years is given below.

<table>
<thead>
<tr>
<th>Parameter</th>
<th>2015-16 (Rs Crores)</th>
<th>2014-15 (Rs Crores)</th>
<th>2013-14 (Rs Crores)</th>
<th>2012-13 (Rs Crores)</th>
<th>2011-12 (Rs Crores)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Provisional</td>
<td></td>
<td>Actuals</td>
<td>Actuals</td>
<td>Actuals</td>
<td>Actuals</td>
</tr>
<tr>
<td>Profit After Tax (PAT)</td>
<td>276.13</td>
<td>235.07</td>
<td>194.24</td>
<td>185.27</td>
<td>172.33</td>
</tr>
<tr>
<td>% increase on Previous Financial Year</td>
<td>17.47%</td>
<td>21.02%</td>
<td>4.84%</td>
<td>7.51%</td>
<td>-24.26%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Parameter</th>
<th>2015-16 (Rs Crores)</th>
<th>2014-15 (Rs Crores)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profit After Tax (PAT)</td>
<td>200.56</td>
<td>195.29</td>
</tr>
<tr>
<td>% increase on 9 months of Previous Financial Year</td>
<td>2.70%</td>
<td></td>
</tr>
</tbody>
</table>

Cochin Shipyard Ltd, Kochi in the State of Kerala was incorporated in the year 1972. Cochin Shipyard can build ships up to 1,10,000 DWT and repair ships up to 1,25,000 DWT. The yard has built varied types of ships including tankers, bulk carriers, port crafts, offshore vessels, tugs and passenger vessels.

The global downturn witnessed in 2008 had a severe impact on the shipping and the shipbuilding sector with the charter rates and new build prices coming down sharply. The shipyards world over were witnessing the dilemma of sharp decline in new building prices and cancellation of orders. A number of shipyards were closed down and were burdened with debt. In this scenario, through a judicious mix of commercial and defence ships, CSL continued to post impressive performance year after year.

During the year 2015-16, the Profit before Tax and Profit after Tax of the Company as on 31.3.2015 was Rs. 367.56 Crores and Rs. 235.07 Crores and as on 31.12.2015 was Rs.307.03 Crores and Rs. 200.56 Crores respectively. The total shipbuilding and ship repair income for the year 2015-16 up to December, 2015 was Rs. 983.06 Crores and Rs. 297.48 Crores respectively. In the year 2015-16, the total turnover achieved up to 31.12.2015 was Rs. 1284.41 Crores.

During the year 2014-15, CSL recorded growth in both turnover and profits. The company achieved a turnover of Rs.1859 crores as against the previous year’s turnover of Rs.1637 crores. Profit After Tax grew from Rs. 194 crores in 2013-14 to Rs.235 Crores in 2014-15. The company contributed Rs.190 Crores to the national exchequer by way of Valued Added Tax, Income Tax, Central Excise Duty, Customs Duty, Service Tax and Dividend Tax etc.

The indigenous Aircraft Carrier was launched on 12th August 2013. The indigenous Aircraft Carrier (P-71) designed by the Indian Navy (Directorate General of Naval Design) and built by Cochin Shipyard is one of the most prestigious warship project of the Ministry of Defence and is unprecedented in terms of size and complexity compared to any indigenous warship project till date. With this project, India becomes the fourth nation to join the select club of 40,000 Tonnes aircraft carrier designers and builders. The major
outfitting of work of the ship is scheduled for completion by 2016, after which basin trials and extensive sea trials of the ship will be progressed prior to delivery.

**Photograph : Capital Dredging**

- **Product Diversification by Cochin Shipyard Limited – LNG Vessels.**
  Cochin Shipyard Limited (CSL) has successfully completed a Mark-III Flex Mock-Up, which has been certified by GTT, France, thereby completing all requirements to be licensed by GTT to build LNG ships for any client world-wide using their patented Mark-III Technology. This makes Cochin Shipyard Limited, the first Indian shipyard in India to obtain this coveted license from GTT. This achievement on the part of Cochin Shipyard is a significant step towards our “Make in India” initiative. Cochin Shipyard Limited has signed an agreement on December 21, 2015 with French technology company – Gaztransport & Technigaz (GTT) for its maiden foray into liquefied natural gas (LNG) ship-building.

- **Cochin Shipyard Limited IPO – establishing new facilities.**
  The Cabinet Committee on Economic Affairs has accorded approval for issue of an Initial Public Offer (IPO) of Cochin Shipyard Limited (CSL). The approval is for issue of an IPO to the public consisting of 3,39,84,000 equity shares of Rs. 10 each amounting to an equity capital of Rs. 33.984 crore of CSL consisting of fresh issue of 2,26,56,000 equity shares and sale of Government of India’s stake in CSL worth 1,13,28,000 equity shares of Rs. 10, through a public offering in the domestic market according to Securities and Exchange Board of India (SEBI) rules and regulations.

  The proceeds of the IPO will be used to set up new Dry Dock in Cochin Shipyard and International Ship Repair Facility at Cochin Port.

  A Committee has been constituted for working out the modalities/steps for IPO of CSL. The Committee met on January 22, 2016 and decided to appoint Merchant Banker and Legal Counsel. Legal Counsel has since been selected and Committee is in the process of finalizing Merchant Bankers.

- **Cochin Shipyard Limited – Indigenous aircraft carrier**
  The indigenous Aircraft Carrier was launched on 12th August 2013. The indigenous Aircraft Carrier (P-71) designed by the Indian Navy (Directorate General of Naval Design) and built by Cochin Shipyard is one of the most prestigious warship project of the Ministry of Defence and is unprecedented in terms of size and complexity compared to any indigenous warship project till date. With this project, India becomes the fourth nation to join the select club of 40,000 Tonnes aircraft carrier designers and builders. The major outfitting of work of the ship is scheduled for completion by 2016, after which basin trials and extensive sea trials of the ship will be progressed prior to delivery. The phase II of contract of the work on the aircraft carrier with the Ministry of Defence was signed on 16 Dec 2014.

- **Restructuring of Hoogly Dock and Port Engineering Limited (HDPEL)**
  HDPEL, Kolkata is a loss making PSU under the administrative control of Shipping Ministry. Cabinet in its meeting held on 16.09.2015 has approved the improved VRS package for the employees of HDPEL and restructuring of the company through JV failing which it would be disinvested. In line with the decision of Cabinet dated 16.09.2015 improved Voluntary Retirement Scheme (VRS) was implemented in HDPEL from 13.10.2015 to 12.01.2016. As on completion of improved VRS, 269 employees out of 313 employees have opted for improved VRS. Regarding restructuring of HDPEL through Joint Venture (JV), the Request for Proposal (RFP) and relevant documents were prepared and circulated to concerned Ministries/Departments. The revised RFP is being prepared for taking up for bidding process for JV formation. The JV is expected to be completed by July 31, 2016.
• Closure of Central Inland Water Corporation Ltd. (CIWTC)

CIWTC, Kolkata is a loss making PSU under the administrative control of Shipping Ministry. The Cabinet in its meeting held on 24.12.2014 has approved the proposal for providing improved Voluntary Retirement Scheme (VRS) for employees of CIWTC and disinvestment of the company, thereafter. The improved VRS was well received by employees of CIWTC; out off 272 employees, 267 employees has opted for VRS. In line of the recommendation of DoD for seeking fresh Cabinet approval for modalities of Disinvestment of CIWTC assets, a fresh draft cabinet note for dissolution of CIWTC has been circulated to appraisal Ministries. the final Cabinet note incorporating the suggestions of various Ministries have been put up for approval of competent authority before sending for approval of Cabinet.

➢ INDIAN MARITIME UNIVERSITY

• Online Common Entrance Tests (CETS)

All admissions to IMU’s U.G and P.G programmes are done through an All-India Common Entrance Test (CET) conducted every year. Three CETs – one for all the U.G programmes put together; another for the 2 MBA programmes; and a third for the 2 M.Tech programmes- are held on the same day, usually in May-June. A separate CET is held for the February batch of DNS.

Previously, IMU’s CET used to be conducted in pen-and-paper mode. But in June 2014, in a major shift, IMU switched over to Computer based (Online) CET [on the pattern of IIT-JEE, IIM-CAT, JIPMER, AIIMS, GRE, GMAT etc. exams] with the entire spectrum of activities - from the registration of applications to the payment of examination fee to the downloading of hall tickets to the conduct of the test to the declaration of results – being done online. While even the IITs and IIMs had hiccups in their first year of online CETs, IMU’s maiden venture went off smoothly without any glitch at any stage. Since then, Online CET for admissions has become the norm.

• Online Common Recruitment Tests (CRTS)

IMU has also switched over to Computer-based (Online) Common Recruitment Tests (CRTs) for recruitments to various categories of entry level posts. The first set of Online CRTs were successfully conducted by IMU on 10.01.2016 for the following categories of posts in 12 Test Centres across India: 1) Assistant Registrar – 157 candidates; 2) Assistant Registrar (Finance) – 28 candidates; and 3) Assistant (Finance) – 92 candidates. Another set of Online CRTs for the posts of Assistant Professor and Associate Professor of Nautical Science and Marine Engineering will be held on 04.06.2016. Online CRT for recruitments to entry level posts in IMU has become the norm.

• Online Counselling

IMU decided to switch over to Online Counselling from 2014-15 onwards so that the candidates need not come from all over India to IMU Headquarters at Chennai physically for the Counselling. In the past, this had caused enormous hardship to candidates and had resulted in avoidable dropouts. Even from the angles of transportation and lodging, 6000-plus candidates descending on Chennai within five days was a logistical nightmare. Online Counselling has obviated all these problems. Candidates exercise their options online entirely on their own without being solicited or pressurised by anybody. They get more time to make up their minds about the Course/Institute that they would like to join, and also to change their minds a couple of times before the last date is over. After Online Counselling is over, the admission letters to candidates are generated online automatically and sent to the candidates by email. Hard copies are also sent by speed post. Online Counselling is now the norm in IMU.

• Streamlining of University's finances

Till 2014-15, the fees and other charges collected by the various IMU Campuses were retained and spent by the Campuses themselves which was not good financial practice. The financially weaker Campuses used to request IMU Headquarters for assistance. Further, there was no standardization of accounts maintained
across the Campuses. The state of maintenance of accounts in IMU Campuses was not satisfactory. IMU’s finances were streamlined with effect from 1.8.2014:

(i) by directing that all fees and other charges collected by the Campuses during the preceding week should be transferred to IMU Headquarters every Monday morning;
(ii) by arranging for the automatic release of the grants due to a Campus on the first day of every month without the Campus having to make a claim;
(iii) by prescribing a standardized set of 6 accounts to be maintained both in IMU Headquarters and the Campuses and by closing all other accounts;
(iv) by creating a Campus Development Fund in every Campus and a University Development Fund in the Headquarters.

The new system is working very well and enables better supervision and monitoring of Campus receipts and expenditure by IMU Headquarters and lends itself to end-to-end computerisation.

There was no proper delegation of Financial Powers to the Officers of IMU. A comprehensive Delegation of Financial Powersto the Vice Chancellor, Registrar and Campus Directors was approved in the Executive Council Meeting held on 21.08.2015.

- Plan Funds for the period 2014-15 To 2018-19

The conversion of the 7 legacy institutes, which were training/research/undergraduate colleges, into a full-fledged University like IMU entailed the creation of University-specific teaching and non-teaching posts and of additional physical infrastructure like classrooms, seminar halls, workshops, laboratories, libraries, student hostels, administrative buildings, residential quarters among others and the related furniture and equipment. Part of the shortfall in physical infrastructure (for the existing courses) was made good under the Expenditure Finance Committee (EFC) - I Scheme for the period from 2009-10 to 2013-14 under which a sum of Rs.256.43 crores was released before 31.3.2014. But there are still large gaps in physical infrastructure, especially with regard to workshops and laboratories which need to conform to the International Convention on Standards of Training, Certification and Watch-keeping for Seafarers (called STCW norms). Hence, a proposal for sanction of Plan funds for Rs.294.19 Crores for the period from 2014-15 to 2018-19 was sent to Ministry of Shipping and the same was sanctioned on 19.02.2015.

The Campus-wise break-up is as follows:

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Total (Rs. in crore)</th>
</tr>
</thead>
<tbody>
<tr>
<td>IMU Headquarters</td>
<td>29</td>
</tr>
<tr>
<td>Chennai Campus</td>
<td>37.65</td>
</tr>
<tr>
<td>Mumbai Campus</td>
<td>81.05</td>
</tr>
<tr>
<td>Kolkata Campus</td>
<td>61.34</td>
</tr>
<tr>
<td>Vizaq Campus</td>
<td>64.3</td>
</tr>
<tr>
<td>Cochin Campus</td>
<td>20.85</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>294.19</strong></td>
</tr>
</tbody>
</table>
The Year-wise break-up is as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>2014-15</th>
<th>2015-16</th>
<th>2016-17</th>
<th>2017-18</th>
<th>2018-19</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Plan Fund</td>
<td>22.39</td>
<td>107.13</td>
<td>99.68</td>
<td>58.10</td>
<td>6.90</td>
<td>294.19</td>
</tr>
</tbody>
</table>

The Item-wise break-up is as follows:

<table>
<thead>
<tr>
<th>Sl. No</th>
<th>Particulars</th>
<th>Amount (Rupees in Crore)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Works</td>
<td></td>
</tr>
<tr>
<td></td>
<td>a) Hostels</td>
<td>60.39</td>
</tr>
<tr>
<td></td>
<td>b) Classrooms</td>
<td>55.88</td>
</tr>
<tr>
<td></td>
<td>c) Workshops &amp; Labs</td>
<td>21.73</td>
</tr>
<tr>
<td></td>
<td>d) Others</td>
<td>26.60</td>
</tr>
<tr>
<td></td>
<td>Total (Works)</td>
<td>164.60</td>
</tr>
<tr>
<td>2</td>
<td>Equipment for Labs &amp; Workshops</td>
<td>100.55</td>
</tr>
<tr>
<td>3</td>
<td>IT Hardware &amp; Software</td>
<td>16.50</td>
</tr>
<tr>
<td>4</td>
<td>Library</td>
<td>12.54</td>
</tr>
<tr>
<td></td>
<td>Total (1+2+3+4)</td>
<td>294.19</td>
</tr>
</tbody>
</table>

To enhance the quality of maritime education and training, IMU is in the process of purchasing state-of-the-art Simulators from out of Plan funds. This includes a Simulator for training Pilots of various Major Ports in the country.

The over 4-year old dispute with the Government of Tamil Nadu over the grant of Planning Permission to IMU Headquarters buildings has been resolved in IMU’s favour and Planning Permission has been granted by CMDA on 21.03.2016.

- **Non-Plan Funds for the period 2014-15 To 2018-19**

Under the Expenditure Finance Committee (EFC) - I [covering the period 2009-10 to 2013-14], IMU had been sanctioned only Rs.6.92 crores as Non-Plan Funds. It was expected that IMU would be self-reliant and that the fees would be revised @20% every two years. Unfortunately, IMU was created at a time when the shipping industry was entering into a prolonged global recession/slowdown leading to contraction of the job market and declining student intake, and the proposed fee revision didn’t materialise. In the absence of Non-Plan funding, IMU had fixed very high fees causing hardship to students, especially those who were from socially and economically disadvantaged backgrounds. Further, without adequate Non-Plan funding, IMU had not been able to engage the full complement of quality teaching and non-teaching staff which adversely affected IMU’s image and student intake. Further, when all other Central Universities, IITs and NITs were being sanctioned Non-Plan Funds liberally, denying the same to a fledgling university like IMU was unfair. Therefore a strong bid for sanction of Non-Plan funds for IMU at least for the period from 2014-15 to 2018-19 was made by the Vice Chancellor as well as the Finance Committee and the Executive Council.

IMU submitted a Non-Plan funding proposal for Rs.197.17 crores for the period from 2014-15 to 2018-19. During 2014-15, the Ministry of Shipping had released Non-Plan support of Rs.33.50 crores to IMU to overcome the pressing financial problem. Sanction for Non-Plan funds@ Rs.40 crores per year for the 4 years from 2015-16 to 2018-19 was obtained from Department of Expenditure, Government of India in May 2015. This has solved one of IMU’s most pressing problems since inadequate sanction of Non-Plan funds was the main reason why IMU was perceived as a non-starter in its first 5 years.

- **Reservation of Seats for students from Andaman & Nicobar Islands and North eastern States**

Since starting an IMU Campus in Andaman & Nicobar Islands, Lakshadweep and Minicoy Islands or the eight North Eastern States (Assam, Meghalaya, Arunachal Pradesh, Mizoram, Nagaland, Manipur, Tripura
and Sikkim] is not a feasible proposition, and the only way by which opportunities for maritime education
and employment can be assured to the students of these regions is by reserving a certain number of seats
in UG courses in IMU Campuses, IMU has decided that from the academic year 2015-16 onwards
candidates native to Andaman & Nicobar Islands, Lakshadweep and Minicoy Islands, the eight North
Eastern States and Jammu and Kashmir or those domiciled in these regions for at least 5 years shall be
eligible for the reservation provided the candidates have cleared IMU’s Common Entrance Test (CET).

The maximum number of seats reserved in a given academic year for all UG Programmes put together in all
IMU Campuses put together shall be as follows:

1. Andaman and Nicobar Islands - 20 seats
2. Lakshadweep and Minicoy Islands - 10 seats
3. Eight North Eastern States (including Sikkim) - 40 seats
4. Jammu & Kashmir - 10 seats

The reserved seats will be allotted to the eligible candidates based on their CET rank and their
preference(s) for UG course(s)/IMU Campuses. If the reserved seats are not filled up in a given academic
year, they shall not be carried over to the next academic year and the unfilled seats shall be filled up from
the General list of CET-passed candidates.

• Signing MOUs

The Maritime India Summit 2016 held in Mumbai from 14 – 16 April 2016 was a great success in terms of
maritime investments attracted and MOUs/business agreements signed. IMU signed 4 MOUs on this
classical with the following premier Universities/Institutes in the presence of Shri Nitin Gadkari, Hon’ble
Union Minister of Shipping, Road Transport and Highways:

(1) Plymouth University, Plymouth, U.K (established in 1862).
(2) Admiral G.I. Nevelskoi Maritime State University, Vladivostok, Russia (established in 1890).
(4) Bangabandhu Sheikh Mujibur Rahman Maritime University, Dhaka, Bangladesh (established in
2014).

The MOUs aimed at facilitating co-operation between IMU and the Universities/Institutes through:

• faculty and student exchange;
• joint post-graduate programmes;
• joint scientific and technological research;
• academic information exchange; and
• joint arrangement of seminars, symposia, conferences and workshops.

IMU signed a 5th MOU with Andaman & Nicobar Administration, Port Blair permitting it to conduct the
Common Entrance Test (CET) for admissions to IMU’s programmes for candidates from the Andaman &
icobar Islands, taking into account the special needs of the islanders. Andaman & Nicobar Administration
agreed to provide 120 assured on-board training slots in the vessels owned by it for the students of IMU
Campuses.

University Kuala Lumpur (UniKL), Malaysia had also agreed to sign a MOU with IMU during the Maritime
India Summit but they dropped out at the last minute. Steps have been taken to sign the MOU offline and
separately i.e. IMU has signed 2 copies of the MOU in India on 21.04.2016 and has sent them to UniKL by
courier; Uni KL will sign the 2 copies in Malaysia, retain one copy and courier the other copy of the MOU to
IMU. The same is awaited.
IMU has also signed a MoU with JSW (Sajjan Jindal Group) on 15.02.2016 to set up a Maritime Institute at Jaigarh, Ratnagiri District, Maharashtra on 20 acres of land to be donated by JSW. It is proposed to develop a full-fledged Port Officers’ Training Institute in Jaigarh with the support of JSW.

- **Performance-based Reward Scheme for Meritorious Students of IMU Campuses**

IMU has introduced a “Performance-based Reward Scheme” for meritorious students of IMU Campuses with effect from the December’15/January’16 end-Semester Examinations. The scheme is aimed at motivating the students to continue to perform meritoriously from semester to semester; to maintain discipline and good conduct; and to reduce the bank loan burden of meritorious students. As it is a reward for pure merit, it will not be linked to economic means nor will it be a bar to a student getting any scholarship/freeship/studentship/fellowship, etc. from any other source.

The Performance-based Reward is for a semester only, based on the academic performance in the immediate previous semester examination. At the time of reward, the students should not have any arrear papers relating to that semester examination or the earlier semester examinations, and should not have suffered any punishment for ragging or examination malpractices (both of which will render a student permanently ineligible for the reward).

Under this scheme, ‘toppers’ of each batch and of each programme get Rs.1,00,000/- each while students coming within the top ten percentile (other than toppers) get Rs.75,000/- each. The first set of Performance-based Rewards was given to 189 meritorious students (out of whom 20 were toppers) at an expense of Rs.1.47 crores.

- **Miscellaneous**

A number of academic and administrative reforms have been implemented/are under implementation including:

- IMU will introduce M.Tech (Marine Technology and Management) and M.Sc (Commercial Shipping & Logistics) as new P.G courses from the academic year 2016-17.
- IMU will make all its 5 Campuses as centres for doing research leading to Ph.D before 2018-19.
- 57 Ordinances relating to Recruitment Rules have been comprehensively amended/framed afresh in the last 22 months.
- 24 Ordinances relating to academic matters have been comprehensively amended/framed afresh in the last 22 months.
- 3 new Boards- Board of Research Studies (to deal with all Ph.D-related matters); School of Naval Studies (to promote academic interaction with Indian Navy); School of Allied Studies (to develop modular courses) have been set up.
- A policy on Endowments has been framed to attract donations for Orations, Awards and Scholarships from IMU’s alumni or the industry. Endowments to the tune of Rs.30 lakhs from Mumbai Port Trust and Rs.8 lakhs from Tuticorin Port Trust have been received towards Scholarships for SC/ST students.
- A Group Medical Insurance Scheme has been introduced for IMU employees w.e.f. 1st September 2015.

➤ **REDRAWAL OF HIGH RISK AREA (HRA)**

Piracy off the coast of Somalia in the Gulf of Aden/Horn of Africa (East Africa) had surged significantly from 2008 to 2012, leading to innumerable attacks and hijackings of merchant vessels and their crew. These vulnerable areas, characterized by piracy attacks or hijackings, were identified as High Risk Area (HRA) and defined as such by the industry.
In 2008, the HRA line in the Indian Ocean region was designated at 65°E which was quite far away from India’s West Coast. However, in 2011, the HRA was extended to 78°E, which was very near the west coast of India.

This stretching of the HRA had serious implications for India. Additional War Risk Premium (AWRP) on movement of merchant ships in this area was imposed by insurance providers, which escalated the cost of transportation of Indian EXIM cargo by about Rs. 3,600 Crores per year during 2008 to 2012 thereby resulting in huge financial burden for Indian EXIM trade and Indian consumer.

Since 2011, India has been consistently taking up the issue of the restoration of the said HRA geographical coordinate from its existing position of 78°E to 65°E in several global fora, such as International Maritime Organization (IMO) and the Contact Group on Piracy off the Coast of Somalia (CGPCS). In view of the efforts put in by India, the international bodies (International Chamber of Shipping and others) agreed to retract HRA from 78°E to 65°E on October 8, 2015 and it came into effect from December 1, 2015.

This shall result in huge savings for India’s EXIM trade and consumers on account of reduced insurance premium and consequently freight costs. It shall improve safety of fishermen and fishing boats and the improvement in the security along India’s coastline.

- **INTERNATIONAL CONVENTION RATIFIED**
  - India accedes to the Anti Fouling Systems (AFS) Convention 2001 of International Maritime Organization (IMO).

This Convention was adopted by IMO on 5/10/2001 and it entered into force internationally on 17/9/2008. It prohibits the use of harmful organotins in anti-fouling paints on ships and prevents the potential future use of other harmful substances in anti-fouling systems. Anti-fouling paints are used to coat the bottoms of ships to prevent sea life such as algae and molluscs from attaching themselves to the hull of the ship.

The Merchant Shipping (Amendment) Act 2014 to implement the AFS Convention in India was brought into force with effect from 1/4/2015. The Indian Instrument of Accession was deposited with IMO on 24.4.2015 and the Convention entered into force in India on 24.7.2015.

Marine life in Indian waters is protected from the harmful effects of AFS paints used by foreign ships coming to India. Besides, Indian ships visiting foreign ports shall be complying with the Convention and avoid survey/detention of Indian ships by those foreign countries which are party to the Convention.

- India ratifies Maritime Labour Convention (MLC) 2006 of International Labour Organization (ILO)

For the welfare of seafarers and to protect their rights, the International Labour Organization (ILO), in its 94th (Maritime) Session held on 23/02/2006 adopted the Maritime Labour Convention, 2006 (MLC). The Convention entered into force internationally on 20.8.2013. MLC is a single, coherent instrument which replaces and consolidates 37 separate ILO maritime labour conventions adopted since 1920. This Convention is considered as the 'Bill of Rights' for the seafarers across the world. The MLC provides for international standards for the living and working conditions, of seafarers, including their food, accommodation, medical care, repatriation, social security, and recruitment.

India has second largest number of seafarers after the Philippines and contributes approximately 6 to 7 percent of the total workforce in the shipping industry. By ratifying MLC, India will ensure an improvement in the working and living conditions, and employment rights of Indian national seafarers, and provide, *inter alia*, the following benefits to them:

a) safe and secure workplace on a ship;

b) fair terms of employment;

c) decent working and living conditions on a ship; and

d) right to health protection, medical care and other social protection.
The Merchant Shipping (Second Amendment) Act 2014 to implement the MLC 2006 in India was brought into force with effect from 1/4/2015. The Indian Instrument of Ratification was deposited with ILO on 09/10/2015 and the Convention will enter into force in India on 09/10/2016 as per the Convention provisions.

Every Indian flag vessel of 500 gross tonnage or more and engaged in international voyage(s) will be issued a Maritime Labour Certificate after an inspection of the ship concerned. This enables them to get preferential treatment and exemption from their inspection for this purpose at foreign ports thereby reducing operational time and transaction costs for them. Further, India will ensure that all foreign flag vessels entering India are subject to an inspection under the MLC, by which the rights of all seafarers regardless of their nationality are protected.

- India ratifies International Labour Organization (ILO) Convention No.185 on the Seafarer Identity Document (SID)

The 91st Session (June 2003) of the International Labour Conference adopted the Seafarers’ Identity Documents Convention (Revised), 2003 (No.185).

The aim of this new Convention is to ensure the rights and freedoms of maritime workers and to facilitate mobility in the exercise of their profession - for example when they board their ships to work, take shore leave or return home. The issuance of SID by the respective countries to their national seafarers would also strengthen security measures in the maritime transport sector. Ensuring the security of seafarers and the ships they work on, is crucial to the continued smooth flow of world trade.

The Indian Instrument of Ratification was deposited with ILO on 09/10/2015 and the Convention entered into force on 09/04/2016 as per the Convention provisions.

A biometric based seafarer’s identity document will be developed, mainly, to ensure a foolproof security system to ward off the potential risk of breach of security and possible terrorist attacks. India’s ratification of this Convention will benefit Indian seafarers, who may otherwise find a threat to their job opportunities, in the near future, in the global maritime sector if India doesn’t ratify the Convention.

The proposed SID has provisions for bar coding of the biometrics based identity of seafarers and a centralized database maintained in the issuing country, which can be accessed globally through an interoperable and standard biometric template. Indian Seafarer holding SID will be able to have unrestrictive movement in foreign shores during leave, get recognition as identified seafarers in the global market and will have easy access to better job opportunities in the global maritime sector. Around 1.8 lakh seafarers will benefit from the ratification of this Convention.

**INTERNATIONAL SHIPPING AND PORT AGREEMENTS APPROVED**

**DETAILS OF MOUs/PROTOCOL/AGREEMENT ON MARITIME TRANSPORT/ MERCHANT SHIPPING ETC. SIGNED WITH FOREIGN COUNTRIES**

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Name of the Country with whom MoU/Agreement/Protocols of Intent signed</th>
<th>Year in which signed</th>
<th>Title</th>
<th>Date of Cabinet’s Approval</th>
<th>Date of Ratification</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Republic of Korea</td>
<td>13 April, 2016</td>
<td>The MoU on Cooperation in Port related industry between India and Republic of Korea.</td>
<td>06.04.2016</td>
<td>Not applicable</td>
</tr>
</tbody>
</table>
PROPOSALS APPROVED BY THE CABINET DURING THE PAST TWO YEARS FOR SIGNING OF MOUs/PROTOCOL/AGREEMENT ON MARITIME TRANSPORT/ MERCHANT SHIPPING ETC. WITH FOREIGN COUNTRIES BUT NOT SIGNED

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</tr>
</thead>
<tbody>
<tr>
<td>2.</td>
<td>Spain</td>
<td>MoU between the Government of the Republic of India and the Kingdom of Spain on cooperation in Port matters.</td>
<td>16.12.2015</td>
</tr>
</tbody>
</table>

**MARITIME INDIA SUMMIT, 2016**

The maiden Maritime India Summit, 2016 was organized by the Ministry of Shipping in Mumbai from April 14th – 16th, 2016. The objective of the Summit was to create awareness of the untapped potential of Indian maritime sector and showcase investment opportunities. The focus was on presenting India as an attractive investment destination.

The Summit was inaugurated by Hon’ble Prime Minister of India on 14th April, 2016, to mark the 125th birth anniversary of Dr. B.R. Ambedkar, who is the Architect and Founding Father of our Constitution and the creator of the water and river navigation policy in India. Hon’ble Prime Minister also released the National Perspective Plan of the Sagarmala programme on the occasion. The release of National Perspective Plan firmly places the ports and national waterways at the centre-stage of national development agenda.

Secretary General of International Maritime Organisation, Mr. Kitack Lim and Minister of Oceans and Fisheries, Republic of Korea, Mr. Kim-Young Suk also addressed the gathering during the Inaugural Session. Shri Rajnath Singh, Hon’ble Home Minister was the Chief Guest at the Valedictory session.

Republic of Korea was the Partner Country for the Summit. A delegation from Republic of Korea led by Minister of Oceans and Fisheries along with two Deputy Ministers, senior Government officials and
representatives of over 50 maritime sector companies participated in the Summit. Maharashtra was the host state for the summit and provided all necessary support for successfully hosting the summit in Mumbai.

More than 5200 delegates from across the world participated in the Summit. Eleven Union Ministers, Chief Ministers/Ministers from 4 Maritime States in India and Union Ministers of state participated in the Summit. Other Maritime States had official level participation. Participation of Minister led delegation from eight countries lent importance to the summit.

The 3 day exhibition organized during 14-16 April, 2016 drew enthusiastic response from 197 exhibitors including 81 international companies, 80 Indian private sector companies and 36 Government owned entities.

An exclusive CEOs’ Forum of select industry leaders was held to deliberate on the potential and growth opportunities in the Indian Maritime Sector. Thirty Eight CEOs comprising 19 CEOs of multinational companies and 19 CEOs from the Indian maritime sector companies participated in the forum.

Thirteen thematic sessions and three special sessions were organised, on Sagarmala, Shipbuilding, hinterland connectivity, port modernisation and new port development. Sessions on maritime States and Maritime nations were also organised. More than 80 eminent speakers from various countries shared their vision and experience and interacted with the audience.

The Summit also provided a unique platform to forge new partnerships with other countries. On the sidelines of this Summit, high level bilateral meetings were held with 12 participating countries. Over 300 B-2-B meetings were held between interested stakeholders for exploring potential business tie-ups which in due course is expected to yield positive outcomes.

More than 140 Business Agreements were signed during the Summit. The value of investments in these 140 projects is around $13 Billion (approximately Rs. 83,000 crores). The Ministry of Shipping also showcased around 240 projects which present investment opportunities in the sector in India in the next few years. The investment potential of these projects is around $66 Billion (Rs. 4.34 lakh crores).

To follow up on the investment proposals and provide assistance to potential investors, an Investment Facilitation Cell has been constituted in the Ministry of Shipping to support investors and assist in follow-up of all Business Agreements that have been signed during MIS 2016.

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