

Minutes of the 118th Meeting of the National Shipping Board held at Hotel Trident, Bhubaneswar on 21st January, 2012.

The 118th meeting of the National Shipping Board (NSB) was held under the Chairmanship of Capt. P.V.K. Mohan on 21st January, 2012 at Hotel Trident, Bhubaneswar. List of those present in the meeting is enclosed at **Annexure – I**.

2. The meeting began with lightening of the lamp by the Chairman, NSB and other dignitaries which was followed by the presentation of floral bouquets by Shri G.J. Rao, Chairman, Paradip Port Trust (PPT) to the Chairman, NSB, Shri Adv. A. Sampath, Hon'ble MP (LS) and all the members of National Shipping Board. In his welcome address, the Chairman, PPT thanked the Chairman, NSB for giving him an opportunity to host this meeting at Bhubaneswar. Thereafter, the Member Secretary requested the Chairman, NSB to begin the proceedings with his opening remarks.

3. Chairman, NSB welcomed the Hon'ble Members of Parliament, Members of the Board and special invitees and thanked Sri G.J. Rao, Chairman, PPT for the excellent arrangements made for conducting the meeting. He appreciated the progress made so far on issues discussed at the NSB meetings and hoped that the present meeting will also be used as a platform to take up some new subjects and also embark on some policy issues which will facilitate the industry in future. He briefly explained the progress made by the committee constituted under the Chairmanship of Jt.DGS regarding increasing awareness about seafaring profession. He informed that recently 2 pirated ships were released along with 38 seafarers which has reduced the total no. of Indian seafarers still held by Somali pirates to 22. He also emphasized the importance of wreck removal and hoped that the Government will take up the subject as a policy requirement for the industry.

4. Confirmation of minutes of the 117th NSB meeting :

There being no comments received from members of the Board, the minutes of the 117th NSB meeting were confirmed in order, except a typographic error in para 8 (b), line 7 should be read as “He further opined that some kind of re-look at the cost factor is required and it is better if NSB makes recommendations to the Government of India from logical and comprehensive point of view”

5. Review of Action Taken Report :

a) Income Tax Exemption for Indian Seafarers :

NSB, Chairman, NSB mentioned that, in the last meeting, we discussed the issues of Seafarer Taxation, and a paper has been given by INSA and meetings with Secretary (Shipping) and subsequently with the Revenue Secretary were also held. He requested INSA to give an update on that and in case there is anything more, that has to be taken up.

b) Upgrading the existing MMD offices and to establish new field offices:

It is understood that a proposal is now with the Ministry of Shipping for augmenting the manpower strength of MMDs.

6. Agenda Points :

Presentation on :

(a) Preparedness of Ports for Tier 1 Oil Pollution – By Coast Guard :

Mr.A.A.Hebbar, DIG, Coast Guard gave a comprehensive presentation on Preparedness of ports for tier-1 oil pollution contingency. During his presentation he elaborated various points towards possible remedial measures to be taken by the Ports for oil pollution. He also described the threat to marine life due to oil Pollution.

In the discussion, many points were raised i.e. role of International Oil Pollution Fund, the possible usage of the oil pollution cess that is being collected at ports etc. The presenter, suggested to draw the money from the cess fund for environment protection, at the time of an incident of oil spill on Indian Coast. He cited

the example of U.S which has 130 such private oil spill responsible organization. Mr. Sandeep Chandra raised the question that why we should not make our own fund so that necessary funds for combating oil spill could be available in time. In response to that Capt. Saggi opined that in absence of specific funds nothing was ear marked for combating oil spill, the present system of collection of oil cess should continue until we evolve more effective mechanism. Hon'ble Chairman, NSB questioned as to whether the proposed plan for a separate fund is only for major ports or for all minor ports and private ports also. It was clarified that the proposal under examination of the Ministry is to cover all ports. Hon'ble Chairman, NSB also desired to know the view of the Chairman, PPT for ensuring the reimbursement of the port's money which was spent in the case of "Black Rose" incident off Paradip coast, in 2009. PPT had almost spent 20 crores rupees towards removal of bunker oil. Dr. Agnihotri, DG Shipping said that "Black Rose" is not an oil cargo ship and therefore, he explained that "Black Rose" is not entitled for IOPF reimbursement, because the oil spilled from "Black Rose" is bunker oil. The question of IOPF reimbursement arises only in case of oil spill from a vessel which carries oil as a cargo. DG Shipping further explained that the Cess which is being collected is only for the import of oil as a cargo.

Capt. M.M.Saggi, raised the concern about the abandoned ships lying at Major Ports which are threat to the marine life. Such situation arises when a ship is arrested by the Court due to commercial dispute and since the decision of the courts are usually delayed, the ship stops earning money and thereafter the owner of the ship withdraw their responsibility of the ship partly or fully, and crew members slowly vacate the ship and nobody takes the responsibility. These ships become headache to the concerned Port where they lie arrested by the Govt. He opined that in such cases, the Port should takes charge of it because it is the property of the Port which is being threatened and hazard to the navigation. The Port should very forcibly take up the case before the Courts and convince the Hon'ble Courts to expedite the decision making. The Courts should be explained that these type of cases is very

different than that of the land based issues. Capt. Saggi also explained that every Port has number of Tug boats which can, in emergency, move the said vessel to a safer place as a “first aid”. He suggested that each Port should have one Tug which is used as a first aid in situation like this till the emergency towing vessel arrives. Dr. S.B.Agnihotri, DGS informed that DG Shipping has suggested to the Government that SCI, being a Navaratna public sector, can enter into an arrangement that they will have a panel of reputed Salvagers, who can be contacted in case of emergency.

(b) Marine Insurance – By Capt. Sunil Thapar, Director, SCI, Mumbai

Capt. Sunil Thapar, Director, SCI gave the presentation regarding Marine Insurance. He pointed out various aspects of marine insurance and its benefits.

Dr. S.B. Agnihotri, DG Shipping mentioned that, Merchant Shipping Act 1958 has not kept pace with the developments in the shipping sector. He opined that every ship which come into an Indian Port should have valid Insurance Certificate. He cited the example of “Black Rose” which sank off the Paradip coast. The ship had no valid insurance certificate which has caused difficulties in fixing financial responsibility for removal of wreck.

(c) Agenda submitted by Dr. Rajamohan,Member, NSB :

i) Customer-based Concessional Tariff System (CBCTS).

Dr. Rajmohan while thanking the Chairman, NSB for giving him an opportunity to address the august gathering, informed that the traffic volume of major ports was 318 million tons in the year 2004-05, and in 2010-11, it crossed 570 million tons. He expects that the ports should double their productivity in next six years. He further informed that Coal India for example had recently introduced its new pricing policy based upon their calorific value i.e. quality of coal. Extension of concessions to such customer is an incentive. Therefore he suggested introduction of customer based concessional tariff by prescribing skills and standards. The Chairman, PPT told that customer based tariff reduction is already in existence. He cited

the example of Chennai Port where the CPCL is importing crude for which they were paying 38 rupees per ton in 2004-05 and today the rate is reduced to Rs.8. This is because of competition and also that the ports want to retain that cargo. Similarly he also cited the example of New Mangalore Port Trust and informed that each Port has its own system.

ii) Smooth-Sailing in Marine Education

Dr. Rajmohan suggested that the Marine Education including on-board training should be made easier. Indian universities are entering into memorandum of understanding with foreign entities and hence he suggested similar such arrangements may be made with the vessel owners and companies including foreign companies for on-board vessel training for students in Marine Education.

Dr. S.B.Agnihotri, DG, Shipping thanked Mr. Rajmohan for his suggestions and informed that the idea of Government taking on the responsibility for ship board training, would be completely disagreeable for a simple reason that the education institutions, would very neatly separate profit making by the shore training 'shops' while de-linking from the commitment to facilitate complete training which includes on-board training. He further informed that when the Merchant Navy training was opened up to private sector, the objective was legitimate profit making against good service delivery. It was not meant for profiteering by any and everybody without sticking to quality. He stated that unfortunately, what we have looked upon as growth has turned out to be malignant, a view which have been opined in various form. He questioned as to why we don't have the same kind of problem for a GME course or for a Marine Engineering Course and even for B.Sc Nautical course? This problem has come up in DNS course, where everybody wants to make profit out of DNS without discharging the responsibility of organizing the structure ship board training programme (SSTP). He stated that he was imposing reporting system on all the institutions with in 3 to 4 months which would

reduce the intake capacity of those institutional whose candidates could not get on-board training berth. DGS further stated that certain initiatives have already been taken which will increase the number of on-board training slots. It has now been made mandatory for ships which are operating on the Indian shore for more than 90 days to provide on-board training slots/certain number of Indian crew. Secondly, DGS also stated that a new proposal would allow not just Indian shipping companies but also Indian companies which have subsidiary offices abroad to take on the SSTP training.

Capt. P.V.K Mohan, Chairman, NSB appreciated the suggestion of Dr. Rajmohan and requested DG to also look into the matter of delay in the issuance of CDCs after passing out from pre-sea training. D.G. Shipping promised that he is taking necessary steps for the timely issue of CDCs so as to ensure that the CDCs are given to candidates on the day of passing out from their institutions and this will be applicable for those batches passing out in July, 2012 onwards.

(d) Agenda submitted by Shipping Corporation of India, Mumbai.

i) Service Tax on coastal vessels :

Hon'ble Chairman, NSB invited Mr.S.Hazara, CMD, Shipping corporation of India to present his agenda i.e. "Service Tax on coastal vessels". He said that service tax for movement of cargo by any mode of transport should be on par.

DG, Shipping submitted that there is possibility of funding support either coming from Ministry of Environment directly or it can come through bilateral funding on the ground that it is a low carbon mode of transport

ii) High port dues :

Shri Vijay Chibber Addl. Secretary & FA, MOS mentioned that the major Ports are facing competition from the non-major Ports. He further opined that some kind of relook on the cost factor be undertaken for the operation of Major Ports. He suggested if NSB could make recommendation to the Govt. of India after a comprehensive study of costs to the user perspective and not only the port charges.

Chairman, PPT requested Chairman NSB to constitute a three members Committee consisting of one port Chairman, representative of SCI, MD, Indian Ports Association, to study in detail the 'cost to user" at various ports and submit a report by the end of April,2012.

iii) Interpretation of the Custom Rules and other 5 items.

Could not be discussed due to paucity of time.

(e) Agenda submitted by Indian Navy :

i) Deployment of CISF at Existing and New Ports.

Capt. D.J. Revar, Indian Navy informed that CISF is the only agency who can carry arms in water.

Capt.M.M.Saggi informed that CISF is doing an excellent job but the problem is that non-major ports are also demanding CISF security and CISF does not have sufficient manpower. He further stated that once CISF is deployed, it is CISF which decides on security requirements and not the concerned port. Further, the deployment of CISF personnel in large number is very much expensive. He suggested that CISF needs to modernize so that expenses can be rationalized.

Chairman, NSB suggested that, Joint DG may please examine the Airport Authority Model which have more experience with CISF.

ii) Helipad at Minor/Major/Captive ports.

Capt. Revar, Indian Navy informed that not only from security aspect but at the time of natural disaster, ' Helipad' is very useful requirement at all ports. He cited that some non-major ports do not have a Helipad. Chairman, PPT stated that all the Major Ports should have Helipads. Capt. Saggi informed that Helipad should be made mandatory for all ports.

(f) Indian Maritime Service :

Chairman, NSB opined that elaborate discussion is required to examine the issue of setting up of Indian Maritime Service. He informed that the Hon'ble Minister has agreed to participate in the next NSB meeting, therefore it would be an opportunity to actually concretize during the next meeting the concept of IMS. He further stated that the IMS is required so that a dedicated entity staffed with professionals is focussed for institutional facilitation of the shipping industry which is growing consistently.

7. Concluding the meeting, Chairman, NSB thanked Hon'ble Members of Parliament, members of the Board and other dignitaries for their active participation in the deliberations of the meeting.

He declared that the next meeting of NSB will be in April at Mumbai
The meeting ended with a vote of thanks to the Chair.

8. Resolutions of the 118th Meeting of the National Shipping Board :

(a) To constitute a three members Committee consisting of one port Chairman, representative of SCI and MD, Indian Ports Association, to study in detail the "cost to user" at various ports and submit a report by the end April, 2012.

(b)

(Action :- NSB Secretariat)

