

**Minutes of the 117th Meeting of the National Shipping Board
held at Hotel Trident, Cochin on 24th September, 2011.**

The 117th Meeting of the national Shipping Board (NSB) was held under the chairmanship of Capt. P.V.K. Mohan on 24th September, 2011 at Hotel Trident, Cochin. List of those present in the meeting is enclosed at **Annexure- I.**

2. Before calling the meeting in order, Capt. Harish Khatri, Member Secretary of the Board informed the members and the dignitaries about the sad demise of Dr. M.K. Pandhe, Hon'ble Member of the Board. The contributions made by Dr. Pandhe to the activities of the Board were well remembered and greatly appreciated. Thereafter, two minutes silence was observed to pay homage to the departed soul.

3 The meeting began with Ganesh Vandana by the staff of Cochin Port Trust which was followed by the presentation of floral bouquets by the Chairman, Cochin Port Trust to Capt. PVK Mohan, Hon'ble Chairman, S/Shri. K.B. Shanappa, Hon'ble MP (RS) and Ramchandra Rao, Hon'ble MP (RS), Shri. K.Mohandas, IAS, Secretary (Shipping), Shri.Vijay Chhibber, IAS, Additional Secretary & Financial Adviser, M/o Shipping and the members of NSB. In his welcome address, the Chairman, Cochin Port Trust thanked the Chairman, NSB for giving him an opportunity to host this meeting at Cochin. Thereafter, the Member Secretary requested the Chairman, NSB to begin the proceedings with his opening remarks.

4. Chairman, NSB welcomed the Hon'ble Members of Parliament, Members of the Board, Secretary (Shipping) and others present. He informed that some of the Board's recommendations made during the last meeting have been implemented. They are; orders have been issued for banning of vessels over 25 years old and notification for placing armed guards on Indian merchant ships issued. Other recommendations such as, coastal shipping policy and amendments to Indian Ports Act, 1906 and Major Ports Act, 1963 are being vigorously pursued by Ministry of Shipping. He also informed that a Committee was constituted to take up the issue of awareness about seafaring profession in tier 3 & tier 4 cities and exploring the possibilities to provide employment

opportunities to those with fishery background in merchant navy. The Chairman congratulated the Shipping Corporation of India Ltd. (SCI) on its Golden Jubilee celebrations. Before summing up his address, the Chairman requested all to actually participate in the deliberations. He also thanked the Chairman, Cochin Port Trust for the excellent arrangements made for conducting the meeting smoothly.

5. Thereafter, Shri. K. Mohandas, Secretary (Shipping) welcomed the Hon'ble Members of Parliament and other dignitaries present. In his address, Shri. Mohandas stated that NSB has been contributing substantially in making policy decisions and various matters relating to Indian maritime sector. He stated that in the Ministry of Shipping, since there are none internal technical experts, technical inputs have to come from outsiders. He further mentioned that before any major decision is to be taken, the draft formulations are hosted on the website to obtain views of all stakeholders and final decision is arrived after detailed discussions. Secretary (Shipping) mentioned about the proposed new Indian Ports Act to replace the existing Indian Ports Act, 1906 and Major Ports Act, 1963, draft of which has already been prepared and State Governments are being consulted as there will be implications on them after enactment of the new Act. Many of the State Governments have concurred with the draft Act while feedback from some are in the negative. However, further discussions are to be held before a decision is taken on the amendment of said Act. On the shipping side, he informed that International Maritime Organization (IMO) Conventions are to be ratified and amendments to domestic law are to be provided. He also informed that Special Trade Practice Bill is at the final stage. Likewise, enactment of new Admiralty Bill is to be expedited. As regards Coastal Shipping Policy, which includes permitting modal shift of transport from road to coastal sea routes, same would be taken to the Cabinet within 2 months time, subject to concurrence of the Finance Ministry.

6. Confirmation of minutes of the 116th NSB meeting:

There being no comments received from members of the Board, the minutes of the 116th NSB meeting were confirmed in order.

7. Review of Action Taken Report:

a) Income Tax exemption for Indian Seafarers:

The Chairman stated that a third party Consultant should be urgently appointed to collate all possible arguments in favour of waiver of Income Tax for seafarers. Dr. S.B. Agnihotri, IAS, Director General of Shipping informed that keeping in mind the adventurous and arduous nature of duties carried out by seafarers in ships, prevailing piracy situation and hostage crisis, the Board should put forward the suggestion before the Government of India. Secretary (Shipping) advised INSA to complete the task within one month's time.

b) Upgrading the existing Mercantile Marine Department (MMD) offices and to establish new field offices:

The Director General of Shipping informed that the Directorate had submitted a detailed proposal to the Ministry of Shipping in February, 2011. Ministry had asked the Directorate to send the proposal in proper format and same is being done. The Chairman enquired about the up gradation of the existing Port Blair Mercantile Marine Department, to which the Director General of Shipping stated that separate proposal is being sent for the same. At this point, Capt. M.M.Saggi, Nautical Adviser to the Government of India submitted the problems of shortage of manpower/Surveyors especially to carry out Port State Control (PSC) inspections. Due to this, ship-owners tend to divert the ships to such smaller ports, where there are no MMD / PSC inspections.

c) Creating awareness about Merchant Navy in Tier 3 & Tier 4 cities.

As per the Resolution of the 116th meeting, a Sub-Committee under the Chairmanship of Joint Director General of Shipping was set up to make awareness of seafaring profession. Capt. Rajesh Tandon, Member, NSB and one of the member of the Committee informed that the Sub-Committee met in the Directorate General of Shipping where representatives of INSA, FOSMA, MASSA

and Maritime Training Trust were also present and the following recommendations emerged :-

- (i) Engaging a professional agency like PAN-India for conducting a time-bound and result oriented campaign;
- (ii) Tap into the Sainik/Air Force / Naval Schools and Kendriya Vidyalayas and other similar academic institutions;
- (iii) Explore utilizing the National Cadet Corps (NCC : Naval wing);
- (iv) Utilize the Central Institute of Fisheries, Nautical and Engineering Training students;

Capt. Tandon further informed that there was a general opinion among the members that currently, the cadets, especially the Diploma in Nautical Science (DNS) cadets find it very difficult to get the required shipboard training, as the tie-ups arrangements of the Maritime Training Institute do not work effectively. The Director General of Shipping informed that for enabling the cadets to get shipboard training, the Directorate has recently issues Circulars No. 1A and 1B of 2011, which mandate the foreign flag ships trading in Indian waters for more than 90 days / 180 days in a calendar year, to employ Indian crew/provide training berths for Indian cadets.

8. Agenda Points :

Presentations on :

(a) Wreck Removal – Practical Overview – By M/s. Resolve:

Capt. Farhat Imam of M/s. Resolve gave a detailed presentation on the subject of ship wreck removal. After the presentation, Shri Sandeep Chandra, Member of the Board, enquired about the wreck retrieval and cost effective factors. The Director General of Shipping informed that normally, the ship-owners work out the cost factor. In the case of collision between M.V. “MSC Chitra” and M.V. Khalijia-3” in August, 2010, the cost of salvage operations was borne by owners of MSC Chitra through their insurance. Capt. M.M. Saggi mentioned that as per the proposed Nairobi Wreck Removal Convention, it is the responsibility of ship-owners for removal of ship wreck and India is in the

process of ratifying this Convention. Taking into account the recent incidents of oil pollution by ships, Shri K.B. Shanappa, Hon'ble Member of Parliament, suggested to keep in mind this aspect while building ships and adopt such technology to prevent oil leak mishaps. To this suggestion, Shri S. Hajara informed that safety measures are adopted by IMO while constructing new ships. The Chairman stated that he has noted the suggestions made by the Hon'ble MP and deliberations would be made in the future meetings. Capt. Imam thanked the Chairman and members of the Board for giving opportunity to for making the presentation.

(b) Comprehensive amendments to Indian Ports Act / Major Ports Act – By Managing Director, Indian Ports Association:

Shri A. Janaradhana Rao, Managing Director, Indian Ports Association, New Delhi made a detailed presentation on Port Legislations. After the presentation, Shri Vijay Chhibber, Additional Secretary and Financial Adviser, M/o Shipping, mentioned about the wage structure and pension related issues of Major Ports. He opined that the cost factor is completely not sustainable as shipping companies may shift their operations and Major Ports may face competition from Minor Ports. He further opined that some kind of re-look at the lost factor is required and it is better if NSB makes recommendations to the Government of India from logical and comprehensive points of view. At this point, Shri S. Hajara drew the attention of the members about the comparison of the port charges between some of the Indian ports and foreign Ports as mentioned in the agenda items submitted by the SCI. Shri. Sandeep Chandra wanted to know the solution of the above problem to which the Chairman stated that the solution is productivity by the Indian Ports. The Chairman also informed that this will be taken up as a special agenda item in the next Board meeting. Capt. A.M. Surej, Director General of Lighthouses and Lightships enquired about the legislation of the State Maritime Boards in the proposed Port legislation. Shri. Rao stated that State Maritime Boards are already covered under State Governments.

(c) Commercial Impact of Piracy – By Shri S.K. Bhalla, INSA:

Shri. S. K. Bhalla, Adviser–Technical, Indian National Ship-owners' Association (INSA) made a presentation outlining the pros and cons of Piracy relates issues. The general query raised by members present in the meeting was for the solution to stop the menace of Piracy. Capt. Manoj Rawat, Indian Navy informed that Indian Navy is not the only agency involved in dealing with the Pirates/Piracy issues. The solution lies in comprehensive action by International Community as a whole. He further informed that major leaders are in hinterland who manage the finances of Pirates and until the prevailing situation inside Somalia is improved, it is very difficult to contain this menace. He also gave the statistics of Somalian Pirates captured by the Indian Navy during 2010 – 2011 and stated that since February, 2011, there has been no hijacking in the Indian waters by Somali Pirates.

Capt. Harish Khatri, Member Secretary informed the statistics about the number of ships attacked/hijacked by Somali Pirates and the number of seafarers captured by Somali Pirates. He further informed that two ships, namely, M.V. “Suez” and M.V. “Sinin” have been recently released by Somali Pirates, where Indians were part of the crew. He further informed that Government has already issued guidelines for deployment of Private Armed Guards on Indian merchant ships. The Directorate General of Shipping has also submitted a paper to the IMO for the ensuing 27th Assembly meeting scheduled to be held at the IMO Headquarters in London on 21st - 24th November, 2011 suggesting to amend the IMO Circular No. MSC.1/circ.1333 so that flag states are tasked to provide information about welfare of captured crew to the substantially interested state.

(d) Coastal Shipping Policy – By Shri Samuel Darse, DDG:

Shri Samuel Darse, Deputy Director General of Shipping made a presentation on Coastal Shipping Policy outlining the salient features of the Policy. Since the draft Policy has already been submitted to the Ministry of Shipping and the draft Cabinet Note is being prepared for sending the same to the Cabinet, no further discussions were held.

(e) Agenda items submitted by Ministry of Commerce and Industry:

Regarding the item submitted by the Ministry of Commerce and Industry, the Chairman informed that the matter has already been taken up with the various concerned Ministries/Departments. He also opined that a representative of Ministry of Commerce be requested to attend the NSB meeting, when their agenda items are to be discussed.

(f) Agenda items submitted by Ministry of Defence (Navy) :

(i) Deployment of CISF at existing and new Ports:

The Chairman stated that the matter has to be taken up with the Ministry of Home Affairs. The representative of Indian Ports Association mentioned that this has been included as uniform security in the proposed Indian Ports Act. It was further mentioned that Central Industrial Security Force (CISF) does not have adequate manpower for deployment in Ports and the cost of deployment of CISF personnel is also very high, i.e. 3 – 4 time more. The Chairman stated that this matter has to be further examined.

(ii) Meeting the manpower requirement of Merchant Navy:

Capt. M.M. Saggi, Nautical Adviser stated that the matter has been taken up appropriately in the Directorate and the Directorate welcomes and encourages the ex-naval personnel for employment on merchant ships. Notification has already been issued for employment of ex-naval personnel on coastal ships. It was further informed that the Directorate has to abide by the International Conventions and incrementally, matter has to be sorted out. Standards of Training, Certification and Watchkeeping for Seafarers (STCW) Convention are applicable and mandatory to coastal ships also. The Director General of Shipping informed that three rounds of discussions and negotiations had taken place in the Directorate about this subject. He further informed that the Directorate would convene one more meeting and fresh notification to this effect would be issued thereafter.

(iii) Visit Board Search and Seize (VBSS) and slithering operations on board SCI ships:

Member Secretary informed that the Shipping Corporation of India has always been co-operative in conduct of training for VBSS for the naval personnel. However, it was required that commercial operations of merchant ships are not hampered during VBSS exercise of Indian navy/Coast Guard and to this extent, sufficient notice must be given to the concerned shipping company and also to the ship's command.

(iv) Enactment of law pertaining to Wreck Removal:

This item was already covered in the presentation made by Capt. Imam of M/s. Resolve and no further discussions were held.

9. 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 also thanked the Chairman and other officers/officials of Cochin Port for the arrangements made for the meeting. He further informed that the Hon'ble Minister of Shipping has agreed to attend one meeting of the National Shipping Board, as per his convenience.

10. Resolutions of the 117th Meeting of the National Shipping Board:

(a) Indian National Ship-owners' Association (INSA) to expeditiously contract a Consultant to re-examine the various arguments in support of claiming waiver for income tax of Indian seafarers and submit report within one month so that the issue could be taken up within the present budget session.

(Action:- INSA)

(b) Strengthening and augmentation of Mercantile Marine Departments to be taken up expeditiously by DG Shipping / Ministry of Shipping.

(Action:- DGS/MoS)

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