

Minutes of the 121st Meeting of the National Shipping Board held at Hotel Taj Club House, Chennai on 09.03.2013.

1. The 121st meeting of the National Shipping Board (NSB) was held under the chairmanship of Shri G.K. Vasan, Hon'ble Union Minister of Shipping on 9th March, 2013 at Hotel Taj Club House, Chennai.

List of those present in the meeting is enclosed at annexure – 1.

2. Beginning the proceedings of the Board meeting, **Capt. P.V.K.Mohan, Chairman, National Shipping Board, welcomed** the Hon'ble Union Minister of Shipping, Secretary Shipping, AS & FA, Ministry of Shipping, D.G.(Shipping), Hon'ble Members of the Parliament, members of the NSB and special invitees. He expressed his sincere appreciation of the Hon'ble Minister of Shipping for his active role in the difficult times of recession for navigating the industry in a very effective and dynamic manner. He stated that the National Shipping Board, during its last meeting, had, among other issues, recommended for two Emergency Towing Vessels, to be positioned one each on the east and the west coast, which needs to be expedited. Several issues related to Coastal Shipping were also discussed in detail.

3. **Secretary (Shipping), in his opening remarks**, welcomed the Hon'ble Minister for his gracious presence and his valuable advice and leading the shipping sector in the country. He thanked the Chairman, NSB for having invited him for this meeting. He stated that this particular meeting is indeed a rare occasion, where the Union Minister of Shipping is also present and that the deliberations will have the benefit of his guidance. He expressed his concern for very slow growth of the shipping sector over the previous 2 to 3 decades, when compared to port sector less than 10% of the Indian Cargo is being carried in Indian flag vessels and, we are dependent on foreign ships for the remaining 90% of cargo movement. Similarly, he informed that of the total Indian tonnage, 70% comprises of coastal ships and the remaining 30% are foreign going vessels. He requested that this Board meeting could deliberate the measures that are required to be taken to rectify the anomalies. He also informed that this Union Budget, for the first time, has given the Shipping sector, some relief in the Customs Duty which is an encouragement to the shipping industry. Another major step that has been announced is the lowering of excise duty for the ship building and also conversion of coastal to foreign vessels, which would help the Indian shipping industry to grow. He

stressed the need for increasing the handling of cargoes through Inland water ways, instead of road and rail. In this regard, discussions with the public sector undertakings are being taken up for increasing the movement of coastal cargo such as coal, steel, oil, etc.

4. **Hon'ble Union Minister of Shipping, in his inaugural address,** welcomed the Chairman of the NSB, Hon'ble Members of Parliament, special invitees, senior officers of the Ministry and DGS, other Members of the Board, Chairman of Ch.PT, CMD of EPL and other officials for coming to the city of Chennai for this meeting and expressed the hope that their stay in Chennai was comfortable.

He stated that NSB is a statutory body set up under the provisions of the Merchant Shipping Act and was inaugurated by Pandit Jawaharlal Nehru, the then Prime Minister of India on 10th March 1959. He appreciated the proactive role of NSB under the chairmanship of Capt. P.V.K.Mohan who has substantially contributed to the development and operational issues of the Ports.

The Hon'ble Shipping Minister informed that the National Shipping Board has also recommended various corrective and preventive measures to avoid major shipping casualties. On the recommendations of the NSB, the Ministry have notified the rules to regularize the entry of ships of age more than 25 years in Indian Waters to reduce the shipping accidents. Similarly, the recommendation of the NSB for the deployment of Emergency Towing Vessels, one at the eastern coast and the other one at the western coast, will also be commissioned shortly.

He stated that the Shipping industry plays a very vital role in the overall growth of our economy. He informed that in January 2011, the landmark target of 1 billion MT capacity of the Port sector was achieved and with the 11 pct annual growth, target of 3.2 billions MT would be achieved in the year 2012-13.

The Hon'ble Minister informed that 42 projects have been targeted at an investment of Rs.14,070 Crores, of which 25 projects have already been awarded entailing an investment of Rs.6,025 Crores. This is expected to increase capacity of about 107 million MT per Annum. On the shipping side, he informed that the Indian commercial fleet today stood at 1128 vessels with over 10 million GT. He complimented the DG shipping and its officials for their valuable support. The Hon'ble Minister of Shipping stated that the agenda for

the meetings was very relevant and looked forward to fruitful deliberations and clear set of recommendations for the Government for their follow up.

5. Confirmation of minutes of 120th NSB Meeting:

There being no comments received from members of the Board, the minutes of the 120th NSB meeting were confirmed in order.

6. Review of Action Taken Report:

a) Construction of Fishing Harbour at NMPT

The proposal of the NMPT for construction of fishing harbour at Kulai is being taken up with the Govt. of Karnataka.

b) Deployment of ETVs at East & West Coast –

Deployment of ETVs has already been approved for Chennai and Mumbai. It will take nearly 2 months to get clearance. Hon'ble Minister informed that it may be expedited before the onset of monsoon as it is an important measure for the disaster management.

c) VTS training for pilots –

DGLL informed that one training session has been conducted and the next training is scheduled for April 2013. He requested for nominations of more pilots for the said training.

d) Enhancement of financial & executive powers including delegation of powers to chairman for grant of pilot license.

The power for issuance of License to pilots can be vested with Chairman of the concerned Ports. MD, IPA informed that an amendment to this effect is required in the Act. Hon'ble Minister said that the matter can be taken up with the Secretary (Shipping).

e) Provision of land for Seafarers club in all the Ports –

Hon'ble Minister said that initiative may be taken for creation of Seafarers Club in all the Ports, as required. It was decided to compile a data on which ports do not have seafarers clubs and action can be taken up by the respective Ports to provide land for setting up such clubs.

7. Agenda Points:

a) New acquisition and capacity build up of DCI.

Capt. Mohanty, CMD, DCI, in his presentation highlighted the major uses of capital and maintenance dredging, land reclamation and types of dredging vessels. To a query by the Hon'ble Minister regarding beach nourishment, Capt. Mohanty explained the example of Ennore Port, where the southern side of the breakwater had accumulation of sand due to construction of breakwater and the northern side of breakwater had got eroded. The Ennore Port Authorities took the assistance of Dredger to pump the accumulated sand from the southern side of the beach to the northern side of beach to restore its original sealine condition which is known as beach nourishment.

Capt. Mohanty stated that the Maritime Agenda 2010-2020 has envisaged increasing the Port capacity to more than 3 billion tones per annum and therefore there is huge requirement for Dredging in India. In order to meet the growing need for dredging, orders have been placed for procurement of 3 TSHDs of 5500 cu.m capacity each with an estimated cost of Rs.1570 Crores. While, in May 2010, the first dredger has been commissioned, the second dredger is due for commissioning in July 2013 and the third is expected to be delivered during Feb.2014. he further informed that during the 12th plan, procurement of dredgers have been planned at an estimated cost of Rs.1972 crores. However, DCI has been subjected to critical liquidity position due to large outstanding amounting to nearly Rs.600 crores from Sethusamudram corporation. He stated that by the end of 12th plan period, DCI's capacity will increase to 80 M Cu.m per annum, enabling DCI to take up at least 80% of the maintenance dredging works of Indian Ports.

Capt. Mohanty requested that one time grant/equity infusion may be considered by the Govt. for procurement of new dredgers. He informed that expertise in rock dredging and blasting is not available with Indian dredging companies.

Further, Capt Mohanty suggested that an optional paper on dredging may be included in the syllabus for the DNS, B.Sc. Nautical Science and B. Tech Marine Engg. Courses. He also requested that two simulators, one for TSHD and one for Cutter suction dredger, may be installed at one of the IMU campuses for imparting Simulator training on dredging techniques.

Capt Mohanty suggested that the present tender documents may be revised in line with FIDIC and hydrographic survey, Geo technical investigation, bore hole data in adequate number, sediment transportation,

siltation study, sub bottom profile survey and more information on soil data etc. may be incorporated in the tender to reduce litigation.

Capt Mohanty suggested that the DG Shipping may consider implementation of assigning dredging load lines under DR 67/68 Rulers to the Indian dredgers.

Hon'ble Minister stated that the Secretary (Shipping) alongwith the DG Shipping would follow up on the suggestions made by Capt. Mohanty.

b) Offshore Growth Prospects and Industry Requirements:

Capt. Sandeep Kalia, Executive Director, GOL Salvage services Ltd., in his presentation informed that the offshore market is driven by price of oil and by investments in offshore exploration and production. He stated that 3.14 million sq.m of India is sedimentary area and offshore support vessels are the fastest growing ship type, within the offshore segment. He forecasted that offshore drilling would continue to be marked by high levels of activity in 2013, especially in deepwater segment.

He informed that in today's scenario, this sector requires larger, more capable specialized assets as it moves further to operate in much more challenging and harsher environments. He suggested that the Government needs to encourage national salvers for faster mobilization of vessel and equipment, cost effective equipment and resources. He emphasized that there is an imperative need for strong cabotage laws in the offshore sector for promoting Indian Offshore Ship-owners and trade. He strongly requested for streamlining the process for obtaining the Naval Security Clearance (NSC) and suggested that considering the 24x7 nature of operations of shipping, the NSC should also be processed and issued on 24x7 basis including weekends and holidays.

Secretary (Shipping) appreciated the comprehensive presentation and stated that the Indian offshore is still growing and there is lot of potential. He opined that Private and public sector should venture into offshore exploration. Shri Harsh Kumar, Hon'ble Member of Parliament, informed that the fishermen are not being taken care while drilling activities are undertaken in the offshore basin area and therefore suitable guidelines may be framed for drilling. Hon'ble Minister informed that this will be looked into.

c) Ports Business Intelligence System (PBIS).

MD, Indian Ports Association in his presentation emphasized that the PBIS is a vital business decision making tool with integrated software infrastructure that supports the entire Port business process and manages and co-ordinates all the resources, information and functions of a Port from shared data stores. He informed that 12 Major Ports and 6 Non-major Ports are using Indian Port Community system (IPCS). Hon'ble Minister enquired about the time limit for integration of all the Ports. MD (IPA) informed that it will take one year for implementation. Secretary (Shipping) informed that as the Port Community System was already developed, its implementation could be expedited. Hon'ble Minister directed that MD, IPA should provide a road map and time frame for integrating all ports.

d) Discussion on Modal Shift Initiatives

The modal shift initiatives were discussed in detail. Shri Shripad Naik, Hon'ble Member of Parliament, informed that there is no dedicated Coastal Shipping Act. Secretary (Shipping) opined that perhaps, instead of a separate Act, separate standards may be formed in the existing MS Act. He stated that old and unused Ports may be identified and developed to be brought as dedicated coastal Ports and for which Central Govt. may provide assistance to State Governments. He further suggested that ports may charge lesser Tariff for the coastal cargo. Chairman, ChPT informed that for berth hire charges and for pilotage charges, 30-40% discount is offered for coastal shipping.

e) Modern Ship Management

Capt. Deepak Hoonawar, MD, Wallem Ship Management, Hong Kong in his presentation informed that the India has a potential to be developed as a hub for Ship Management, similar to Singapore & HongKong. He further explained that International flavour of Hongkong and Singapore provides good marketability to reputed ship owners. He suggested that sufficient financial flexibility is to be provided in India. Citing an example, he explained that in Hongkong and Singapore, for submitting the financial turn over, audited statements are not insisted, whereas, in India it is a mandatory for all the Port users. Similarly, the Corporate Tax in Hong Kong and Singapore is 17% and Ship owners relocating to Singapore get tax exemption for 10 years. Ship Managers too receive a reduction of tax to 10% for a period of 7 years.

Shri Ramachandran, Member, NSB stated that as far as man power is concerned, India is a major supplier of man-power, but other taxation issues need to be addressed by the concerned Ministries.

Dr. Rajmohan, Member NSB suggested for a transparent policy for establishment of ports similar to the policy of allotment of Petrol/Diesel distributorships.

To a query from a **Shri Rambabu, Former Member of Parliament**, Chairman, ChPT informed that the commissioning of the work regarding development of a Dry Port at Sriperumpudur is under progress and already about 125 acres of land for the project has been acquired from the SIPCOT, Govt of Tamil Nadu. RFP Document was issued on 6th March 2013 and it is expected that the bids for the work will be opened on 20th March 2013 and that Hon'ble Minister is closely monitoring the project.

Secretary (Shipping) informed that for the development of a Port in the State of West Bengal, feasibility report has been prepared, in-principle approval of Government has also been obtained and it is in an advanced stage of implementation. The port is expected to have the capacity for handling 54 M.T. cargo. He also informed that another new Port has been planned for development in the State of A.P. This project was discussed by the State Cabinet and has been approved by the A.P. Govt.

In his concluding address Chairman, NSB thanked the Hon'ble Minister of Shipping, Secretary Shipping, Financial Advisor, MOS.,D.G.(Shipping), officials from various Ministries, special invitees and other members of the NSB for a very fruitful deliberations.

8. Resolutions of the 121st meeting of NSB.

8.1 In order to augment the capacity of DCI and dredging sector, it is recommended that;

a. suitable training aids (simulators) be set up at IMU and an optional paper on dredging be included in the Pre-sea training curriculum of the deck cadets.

Action: DGS / IMU

b. DR 67/68 Rules circulated by IMO through circ. 2285 dated 17.1.2001, that permit dredgers to load to higher draft, to be examined and favorably considered for Indian dredgers.

Action: DGS

2) NSC Clearance issued by Indian Navy needs to be streamlined and expedited and issued on 24x7 basis.

Action: IN

3) Petroleum Ministry is to be sensitized regarding concerns of fishermen while drilling activities are undertaken.

Action: MoS

4. Road map with timelines for implementing the PBIS to be prepared and discussed with Secretary(Shipping).

Action: MD, IPA

5. In order to support coastal shipping, there is a need to re-examine the existing technical and manning standards for coastal ships.

Action: DGS

