



## PORTS AND SHIPPING

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### SUMMARY

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India has 12 major ports and around 200 non-minor ports.<sup>1</sup>

The total cargo handling capacity of Indian ports is about 2400 million tonnes per annum (MTPA).<sup>2</sup>

Ports in India handle approximately 95% (by volume) and 68% (by value) of India's external trade.<sup>3</sup>

India is one of the world's top 5 ship recycling countries and holds 30% share in the global ship recycling market.

India has become the fourth country in the world to have its independent Regional Navigation Satellite System (IRNSS).<sup>33</sup>

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### REASONS TO INVEST

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The Ministry of Shipping strives to increase the overall port capacity to 3300+ million tonnes per annum (MTPA) to cater to projected traffic of 2500 MTPA by 2025.<sup>4</sup>

India has jumped to 68 rank in 2019 in the Trading Across Border (TAB) parameter of Ease of Doing business (EoDB) from 80 in 2018 in World Bank's 'Ease of Doing Business Ranking 2020.' This is due to parameters such as elimination of manual forms, direct port delivery, direct port entry, installation of container scanners, e-delivery orders and introduction of RFID.<sup>5</sup>

58 projects involving a cost of USD 6.6 Bn have been identified as part of National Infrastructure Pipeline (NIP) for infrastructure augmentation and development at major ports up to 2025.<sup>6</sup>

The Sagarmala Programme aims to lead port industrialization by the development of Coastal Economic Zones (CEZs), Coastal Economic Units (CEUs), Port-Linked Industrial & Maritime Clusters and Smart Industrial Port Cities.<sup>7</sup>

Under Sagarmala Programme, port projects worth INR 3.55 lakh cr are under various stages of development.<sup>8</sup>

Under the Sagarmala Scheme, the Ministry has sanctioned a proposal of Maharashtra Maritime Board (MMB) for construction of Ro-Ro Services at Rewas, Raigad at a total estimated cost of INR. 25.07 cr for assistance under.

Under Project Unnati 116 new initiatives to improve the efficiency and productivity of the major ports were identified of which 95 have been completed.<sup>9</sup>

India's increasing integration into Global Value Chains requires a well-established port infrastructure.

The Budget Estimate of Gross Budgetary Support (GBS) for FY 2019-2020 was INR 1902.56 crore for the Ministry.<sup>26</sup>

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[Explore more about infrastructure availability in Ports and Shipping sector >](#)

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### RECENT ANNOUNCEMENTS

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**30th December 2020:** Cabinet approves Deepening and Optimization of Inner Harbour Facilities including Development of Western Dock on Build, Operate and Transfer (BOT) basis under Public-Private Partnership PPP model to handle cape size vessels at Paradip Port.

[Read More](#)

**21st December 2020:** Ministry of Ports, Shipping and Waterways (MoPSW) has been working continuously for the promotion of Coastal Shipping under Sagarmala Programme. Ministry identified new routes for RO-RO, RO-PAX & Ferry Services

[Read More](#)

**17th December 2020:** The 3rd meeting of Joint Working Group (JWG) India suggests maritime cooperation with Denmark on online knowledge cluster, ship registry, training, security and digital certificate for seafarers.

[Read More](#)

**7th December 2020:** Ministry of Ports, Shipping and Waterways issues draft guidelines of Technical Specifications of Floating Structures for public consultation.

[Read More](#)

**13th October 2020:** Public Procurement (Preference to Make in India) to provide for Purchase Reference (linked with local content) in respect of Shipbuilding / Ship repairs.

[Read More](#)

**28th October 2020:** The Government of India (Department of Post) and United States Postal Service signed an agreement for Electronic Exchange of Customs data related to postal shipments. Due to this agreement now it will be possible to transmit and receive electronic data of international postal items prior to their physical arrival and this would enable customs clearance of postal items.

[Read More](#)

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### STATISTICS

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India is the 16<sup>th</sup> largest maritime country in the world, with a coastline measuring more than 7500 km.<sup>10</sup>

The cargo handling capacity of Major Ports stood at 1524.91 million tonnes in the year 2019-20 (till December 2019).<sup>11</sup>

During April 2019 to March 2020, the cargo traffic handled at major ports was 704.63 million tonnes.<sup>12</sup>

The overall installed capacity of the major ports in India has increased over 76% to reach 1,534.91 MTPA in Mar 2020, vis-a-vis 871.52 MTPA in March 2014. Moreover, the total traffic handled by these major ports has reached to 704.92 MT during 2019-20.<sup>35</sup>

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## **FDI POLICY**

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The Government of India allows 100% FDI under the automatic route for port development projects.<sup>15</sup>

The cumulative FDI equity inflow in the Port industry is USD 1,637.30 bn during the period April 2000 to September 2020.<sup>14</sup>

[Read more about Foreign Direct Investment Policy in India >](#)

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## **SECTOR POLICY**

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### **SAGARMALA PROGRAMME**<sup>16</sup>

Sagarmala Programme aims to change India's logistics sector performance, by unlocking the full potential of India's coastline and waterways. Various projects have been initiated under the Sagarmala project:

Port Modernization

Connectivity enhancement

Port led Industrialization

Coastal Community Development

The Sagarmala Project has the following aims:

Reduce logistic cost for export import (EXIM) and domestic trade with minimal infrastructure investment

Optimise cost of EXIM container movement

Lower the logistics cost of bulk commodities by locating future industrial capacities near the coast

Improve export competitiveness by developing port proximate discrete manufacturing clusters

Reduce cost of transporting domestic cargo through optimising modal mix

Under Sagarmala Programme, 500 projects worth USD 47.3 Bn of investments have been identified for implementation up to 2035.

Ministry has sanctioned financial assistance of INR 27 cr and released INR 6.14 cr towards balance payment of second instalment to Chennai Port Trust for Development of Paved Storage for handling export cargo.<sup>30</sup>

On 8th November 2020, Hon'ble PM Shri Narendra Modi inaugurated Ro-Pax terminal at Hazira and flagged off the Ro-Pax ferry service between Hazira and Ghogha in Gujarat under Sagarmala Programme.

In the last 15 months (July 2019 – October 2020), 20 Sagarmala projects worth INR 4,543 cr have been completed which comprise 9 projects of Port Modernization worth INR 1,405 cr, 7 Port Connectivity projects worth INR 2,799 cr and 4 Coastal Community Development projects worth INR 339 cr.<sup>34</sup>

### **COASTAL BERTH SCHEME**<sup>17</sup>

The scheme aims to provide financial support to ports/state governments for the creation of infrastructure for movement of cargo/passenger by sea or National Waterways. This scheme was integrated under the Sagarmala Programme

### **MAJOR PORT AUTHORITIES BILL, 2020**<sup>18</sup>

The bill was introduced in Lok Sabha in March 2020 with an aim to replace the Major Port Trusts Act, 1963.

The bill aims to decentralize decision making and infuse professionalism in the governance of ports. It will also help bring transparency in operations of various ports.

### **RECYCLING OF SHIPS ACT, 2019**<sup>19</sup>

The Recycling of Ships Act, 2019 to provide for the regulation of recycling of ships by setting certain international standards and laying down the statutory mechanism for enforcement of such standards.

### **SAROD-PORTS:**<sup>29</sup>

SAROD-Ports was launched on 10 September 2020 by Shri Mansukh Mandaviya, MOS(IC) Shipping. These ports are for affordable and timely resolution of disputes in a fair manner and enrichment of Dispute Resolution Mechanism with the panel of technical experts as arbitrators.

This institution will promote ease of doing business in the maritime sector because of the fast, timely, cost-effective and robust dispute resolution mechanism.

### **MERCHANT SHIPPING BILL**

The envisioned advantages of the Merchant Shipping Bill, 2020 are promoting ease of doing business, embracing digital technology and increasing tonnage and Vessel as a Tradable Asset.

Ministry of Ports, Shipping and Waterways has circulated a draft of Indian Ports Bill 2020 for public consultation which will repeal and replace the Indian Ports Act, 1908 (Act No. 15 of 1908).<sup>32</sup>

[Explore Government policies/ schemes in Ports and Shipping sector >](#)

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## **FINANCIAL SUPPORT**

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### **KEY PROVISIONS IN UNION BUDGET 2020-21**<sup>20</sup>

Total allocation made to Ministry of Shipping in 2020-21 stands at INR 1800 cr.

Total capital expenditure allocation in 2020-21 stands at INR 85 cr.

Total budget allocation towards the development of ports stands at INR 143.5 cr.

An allocation of INR 297 cr has been made towards the Sagarmala Projects.

The total allocation for inland water transport stands at INR 678.30 cr.

For further details about the budget allocation for the Ministry of Shipping, please log onto [Budget Allocation for Ministry of Shipping](#).

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## INVESTMENT OPPORTUNITIES

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Shipbuilding

Ship repair

Ship recycling

Development of inland waterways and inland water transport

Port and harbour construction projects

Port and harbour maintenance projects

[Explore projects to invest in Ports and Shipping sector >](#)

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## FOREIGN INVESTORS

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AP Moller Maersk (Denmark)

PSA Singapore (Singapore)

Dubai Ports World (UAE)

Hyundai Engineering and Construction Company Limited (South Korea)

Jan De Nul Group (Luxembourg)

Boskalis (Netherlands)

SAAB (Sweden)

Van Oord (Netherlands)

Wartsila (Finland)

P&O Ports (UAE)

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## AGENCIES

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1. Ministry of Ports, Shipping and Waterways
2. Directorate General of Shipping, Mumbai
3. Directorate General of Lighthouses and Lightships
4. Indian Ports Association
5. Indian Marine University

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## KEY ACHIEVEMENTS

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Under the Sagarmala Programme, 143 projects were completed, while 190 projects worth INR 2.12 lakh cr have been awarded and are under implementation.<sup>21</sup>

The average turnaround time was 59.51 hours during 2018-19.<sup>22</sup>

The average output per ship berth day was 16,541 in 2018-19.<sup>23</sup>

The development of the 13th major port has been approved at Vadhavan in Maharashtra.<sup>24</sup>

The MoU was signed between Cochin Port and MPEDA on 28 September 2020 for taking up the Modernisation of Cochin Fisheries harbour project at a cost of INR 140 cr.<sup>27</sup>

The Ministry of Shipping in order to make the process transparent and participatory issued the draft of Coastal Shipping Bill, 2020. This will be an integral part of the transport chain and recognizes the policy priorities of the sector to meet the demands of the Indian shipping industry.<sup>28</sup>

MoU between IWAI and the Government of Assam for "Operation and Management of 4 Ro-Pax Vessels on 22.10.2020. All four vessels have been handed over to the Government of Assam in terms of MoU approved by the Ministry of Shipping."<sup>30</sup>

MoU between IWAI and KSINC (Kerala Shipping and Inland Navigation Corporation) for "operation and Management of two IWAI Ro-Ro Vessels".

Department of Commerce issued an enlistment for the addition of Hazira Port as the import of scrap port and no exception would be allowed even in case of EOUs, SEZs.<sup>31</sup>

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