

18 May, 2020

To  
**Dr. Malini Shankar**  
Chairperson  
**National Shipping Board**  
Mumbai.

**Sub:** Interim report of the Sub-committee of the NSB on **Promotion of Coastal Multimodal Transport** group - led by Shri Rahul Modi

**Dear Madam,**

As directed by you, we have carried out three rounds of discussions amongst our members.

At the very outset, we realised that a majority of coastal cargo that is being moved or which has the potential for movement is clearly a combination of land / rail - sea - land / rail route and therefore multimodal movement. However, the requirements of this trade are distinct from those which apply to the international multimodal movement. It was therefore the first recommendation of the members that our sub-committee being called as Subcommittee for **Promotion of Coastal Multimodal Transport**.

We had, during our meeting this week indicated to you that we would be submitting an interim report on certain 'quick fix' items which are easy to resolve and which can lead to some substantial spur and growth of coastal shipping and coastal cargo.

Being spurred by the "**Atma Nirbhar Bharat Abhiyaan**" promoted by the Hon. Prime Minister of India, we seek to request the Ministry of Shipping to consider awarding special status to 'Coastal Multimodal Transport Operator' as a major stake holder in the supply chain services to the Indian industry. We request you to kindly endorse this request please.

I am available for any additional information that you may desire on the subject matter below or have any question on the same.

I request you to be so kind enough as to consider forwarding this report for onward transmission through your hands to the Hon. Minister of Shipping.

Best Regards,



**Rahul B Modi**

## **Interim report of the Sub-committee of the NSB on Promotion of Coastal Shipping - Coastal Vessels led by Shri Rahul Modi**

### **GOAL ONE: To immediately spur cargo volumes on the Indian Coast**

#### **1. Pilot project for generation of movement of key commodities through Coastal Multimodal movements:**

##### **A. Containerised Cargo -Short Distance Coastal Feeders services:**

- Movement of Cargo (i.e. Tiles / Reliance, Tata Chemicals), from GMB Minor ports i.e Navlakhi, Jamnagar, Okha to Kandla / Mundra/Pipavav (with Gujarat Maritime Board (GMB) support).
- Movement of containers from Cochin Port to Kerala Minor Ports i.e Kollam, Baypore, Azhikkal ports (with support Kerala Maritime Board (KMB) support).

##### **B. Bulk Cargo:**

- Movement of Pig Iron from Vedanta, Goa to Gujarat.
- Movement of steel and other cargoes from east coast to west coast (Steel Authority of India, Indian Oil and other private sector companies).

##### **C . With immediate effect we shall work on the modal shift of cargo for the following Cargo Movements, as their key supply chain supporter with support of respective Ministry and departments:**

- Movement of Food grains as FCI has huge movement for the same PAN India i.e. mainly from Punjab and Haryana to Kerala, Tamil Nadu, Karnataka, and Goa (with the support of FCI and Food Ministry)
- Movement of Import Fertilizer i.e IFFCO with support of Ministry of Fertilizers
- Movement of Dairy products i.e AMUL with Dry and Refrigerated containers (with the support of National Dairy Development Board)
- Pharmaceuticals movement from Gujarat – Pan INDIA – Dry, Refrigerated Movement (with the support of Ministry of Pharmaceuticals)
- Study on FMCG goods movement PAN India through Coastal Multimodal (with FMCG companies)

**Formation of an action committee led by JS (Sagarmala), with representation from CCTA, INSA, ICCSA, GMB, KMB, FCI, and IFFCO , to start this project. Scope of this committee shall be:**

- Assessing hindrances in creating a corridor for the movement and proposing action for over come same solution.
- Identify shore side facilities needed to begin the movement.
- Setting up a shipping operator/ service provider for end to end movements of the cargo.
- Resolving any other operational issues in a stipulated time.

The committee shall submit a by-weekly report/updates to Hon. Minister of Shipping.

2. All GoI PSUs to provide reserved contracts for transportation of at least 50% of raw materials and finished goods through Coastal Multimodal through MSME coastal multimodal service providers with turnover of less than INR 200 crore a year.
3. Amend Notifications 1, 2 and 3 of 2018 allowing foreign flag vessels to carry coastal cargo without DGS licence. Flow of EXIM containers to Indian coastal ships will provide filler cargo and improve feasibility of ships currently carrying coastal cargo one way.

## GOAL TWO: Policy related issues – To Support the Atmanirbhar Bharat Abhiyan announced by Hon. Prime Minister of India.

4. Creation of Working Group consisting of members of CCTA, INSA, ICCSA and Indian Banks Association for creation of a Standard Document for Coastal Multimodal movement of cargo on a “Door-2-Door” basis – (Coastal MTO Document). Such a document would be a simple document based on and having the same functionality as that of LR being used on Road Transport. However, this document will be a negotiable document and can be used for transfer to title in cargo just like a standard Bill of Lading without the complexities of a Bill of Lading. Such a Document, once finalized, may be prescribed notification by the Director General of Shipping to be used compulsorily for all Coastal Multimodal movement of cargo.
5. Time bound rationalization of manning scales of Merchant Class vessels based on international standards of operations, as well as Harbour Tugs and RSVs based on manning scales related to area of operations.
  - INSA/ICCSA to provide Comparative reports (While list MOU countries) for Merchant Class and international practices for Tugs and RSVs.
  - DGS to constitute a Working Group of NA and representative of INSA and representative of ICCSA and complete this within 30 days.
6. Inshore Corridor Movement (5 NM from Baseline)
  - (i) Permit maritime States to grant exemptions from provisions of DGS Order 8 of 2018 (as amended) for operations within the said state.
  - (ii) Expand scope of inshore corridor operations to include bunker barges, high flash point liquids, passenger ferries, Ro-Pax
7. Certification of on-board persons on Tugs and RSV vessels to be based on Practical skills e.g. I.V. & Fishing Certificates rather than STCW.
  - ICCSA to provide a report along with international practices.
  - Officers from DGS to examine legal impediments and methods to resolve those.
  - Joint report to DG for consideration within 30 days.
  - DG Shipping to be decided give directions within 5 working days.
8. Establishment of e-based governance system for all vessels providing Coastal services. DGS officers shall be encouraged to deal with requests on email. Response and closing of service request to in respect of the below mentioned items to be completed within 2 working days.
  - a. Queries/clarifications
  - b. Exemptions
  - c. Extensions

DGS may prescribe formats for request, if found necessary.

## **GOAL THREE: Port and Port infrastructure related matters**

9. A lower/reduced levy of VRC for coastal ships so that the cost impact/incidence of VRC per Teu of cargo is lowered. This will enable Indian container companies to compete with rail and road.
10. Priority berthing for coastal vessels at Major Ports so that such vessels face no delays and coastal cargoes can score over rail and road in terms of time efficiencies in the immediate term.
11. The NIT Award has been implemented in Chennai Port. This has resulted in reducing shore manpower costs upto 57 %, making Port costs that much cheaper (between Rs 75-150 PMT) - MOS to direct all Ports to implement this, citing Chennai Port as an example.
12. Ensure that VRC and CRC in respect of coastal vessels and coastal cargo are frozen for a period of 24 months by all Major Ports in India. Major Ports to offer a minimum of 15 free days for storage across all ports of India and 40% rebate on storage charges similar to discount being offered on VRC for coastal vessel.
13. Make available land parcels for exclusive storage and consolidation of coastal cargo with setting reasonable tariffs inside all port for dock stuffing, where tariff is controlled by the Port. Also requirement of Green Channel for coastal cargo Movements with the providing all required infrastructure.
14. Provide 30 days credit for payment of Port charges (including vessel and cargo related charges) to MSME Coastal vessel owners/operators and Coastal Service Providers. For Coastal vessel owners/operators and Coastal Service Providers that do not come under the ambit of MSME, the same credit facility may be granted to entities with CCR-A and above CRISIL Rating or equivalent.
15. The Major Ports have immensely benefitted from outsourcing of Tug services from private players. However, some of the Ports are still owners of the Tug fleet (estimated approx 40-45 nos.) and many of them are also contemplating to build more tugs. Indian Navy/Coast Guards: Indian Navy has already started privatization of Tug services and they realize the benefits of privatization. They are currently owners of large fleet of Tug boats. Similarly, Major ports should be asked to work with outsourced fleet in order to ensure that they have a young and dynamic fleet always and funds of the Ports can be used for potential investment in port services.

## **GOAL FOUR: Customs related issues.**

16. Customs – several customs related issues hinder the business of coastal cargo. This needs specific attention. A committee comprising of Joint Secretary (Customs) and Joint Secretary (Shipping) and representatives of CCTA/ICCSA/INSA to discuss point wise issues.

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