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Title: Need to relax Cabotage law for the International Container Transshipment Terminal, a mega project at Vallarpadam, Kerala to attract the transshipments of Indian Cargo and Foreign Vessels.

SHRI K.C. VENUGOPAL (ALAPPUZHA): Thank you, Sir. I would like to utilize this opportunity to bring an important subject to the attention of this august House for a timely solution. It is regarding one of the upcoming mega-projects of India, namely, the International Container Transshipment Terminal at Vallarpadam, Cochin. This project is considered as the prestigious port-project of our country. I would like to congratulate our hon. Prime Minister and the UPA Chairperson for bringing such a mega-project, which is going to be a prestigious project for India.

19.00 hrs.

The terminal is immensely seeking "relaxation in cabotage law" for its smooth opening and getting pace in operations. This transshipment project is facing a crisis in its initial stages.

But as we know, Cabotage provisions under the Merchant Shipping Act restrict operation of foreign flag ships between Indian ports. Implementation of this law may be destructive for a new mega project like Vallarpadam because it will be beaten on the prospects of this super project, as we don't have sufficient transit infrastructure to meet the demands for the transshipment and it will lead to delay in the operations of cargo vessels along with extra costs.

If the terminal gets the cabotage relaxation it will allow foreign shipping vessels to carry cargo between Vallarpadam and other Indian ports. This special privilege is expected to help the port to ensure faster pooling of cargo and their delivery. Everybody believes this will enable the terminal to attract the Indian cargo, now being transhipped at the neighbouring ports of Colombo, Singapore and Dubai.

The transshipment hub needs the back-up of feeder services to pool cargo from other Indian ports and to deliver imported cargo to the final destinations. If, Indian feeder operators do not have the capacity to provide the required service then the foreign lines should be allowed to operate between the terminal and Indian ports. According to trade estimations, annually around three million TEUs of Indian cargo is transhipped through Colombo alone. If this traffic can be handled at Kochi, there will be a considerable saving in transit time and costs for Indian shippers. It is claimed that if Vallarpadam is given the cabotage relaxation, at least one million TEUs of the three million TEU of Indian cargoes now being handled at Colombo can be diverted to Kochi.

In fact, the Vallarpadam project itself was conceived of with the objective of developing a transshipment hub in India to help the country's sea trade.

I am sure that if the relaxation on cabotage for Vallarpadam is not considered, it will be adverse to the growth of entire Indian shipping industry along with degradation of Vallarpadam project. In fact as per the cabotage law, the transshipment containers coming from abroad and bound for other Indian ports, and containers originating in Indian ports and transhipped at Cochin on their way to overseas destinations, can be treated as domestic cargo. It is a vital clause in the Merchant Shipping Act and if it is being implemented strictly for a new port such as Vallarpadam, definitely it will adversely affect the potential of this project.

As we know the terminal is being set up at a cost of 500 million US dollars and is expected to be commissioned in near future and it will have the capacity to handle 1.2 million TEUs annually in the first phase and three million TEUs on full completion of the project.

So my request to the Government, especially to Shipping Ministry, is that urgent instructions may be given to the Director General of Shipping for relaxing the cabotage law, aiming at convenience and for the smooth opening in operations and development of this India's prestigious project. .