ESTIMATES COMMITTEE

(2001-2002)

NINTH REPORT

(THIRTEENTH LOK SABHA)

MINISTRY OF SHIPPING

EXPANSION AND MODERNISATION OF PORTS

WITH SPECIAL REFERENCE TO MORMUGAO PORT TRUST

Presented to Lok Sabha on 30.04.2002

LOK SABHA SECRETARIAT

NEW DELHI

April 30, 2002/Vaisakha 10, 1924 (S)

C O N T E N T S

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2. Shri K.L. Narang - Director

3. Shri Cyril John - Under Secretary

4. Shri N.C. Gupta - Assistant Director

INTRODUCTION

I, the Chairman of the Estimates Committee having been authorised by the Committee to submit the report on their behalf present this Ninth Report on the Ministry of Shipping – `Expansion and Modernisation of Ports with special reference to Mormugao Port Trust'.

2. The subject was selected for detailed examination by the Estimates Committee (2001-02). The Estimates Committee took evidence of the representatives of the Ministry of Shipping and Mormugao Port Trust on 11th December, 2001. The Committee also visited Mormugao Port Trust, Chennai Port Trust, Kolkatta Port Trust, Mumbai Port Trust and Jawahar Lal Nehru Port Trust and interacted with their representatives to get first hand information of modernisation and development of Ports. The Committee wish to express their thanks to the officers of the Ministry and the Ports for placing before them the detailed written notes on the subject and for furnishing information desired in connection with the examination of the subject. The Committee also appreciate the frankness with which the officers shared their views, perceptions and constraints with the Committee.

3. The Report was considered and adopted by the Committee at their sitting held on 24th April, 2002.

4. The Report is divided into four chapters. The Committee have inter alia made the following important observations/recommendations:

(i) A bill for corporatisation of ports has been introduced in Parliament. The Committee have hoped that the Bill would soon become a comprehensive law so that ports become professionally managed entities and contribute towards the national economy in a more positive manner.

(ii) The Committee have noted that Mormugao Port has got most of the features of a modern port and needed additional facilities like mechanised handling facilities to handle bulkcargo of coal/coke dedicated container handling facilities, augmenting the capacity of mechanised ore handling plant and capacity to handle liquid cargo.The Committee have desired that all these facilities be developed with due promptitude.

(iii) The Committee have noted that present traffic handling capacity of Mormugao Port Trust is 19.98 MT which is proposed to be increased to 31.50 MT by the end of Xth Five Year Plan. The Committee have desired that all steps be taken with due promptitude to enhance the traffic handling capacity to 31.50 MT as targeted. As the report submitted by M/S Frederic R. Harris Private Limited have stated that traffic at high scenario by 2008 and 2013 would be approximately 41 and 43 million tonnes, the Committee have desired that additional facilities be created after fully assessing/taking into consideration the methods suggested in the report of Frederic R. Harris for improvement/modernisation and further requirement of additional facilities.

(iv) The Committee have been constrained to note that during last five years out of an approved outlay of Rs.169.20 crores, Mormugao Port Trust spent only 85.65 crore i.e. about 50% of the total funds allocated to them. Though funds were sanctioned for implementing projects sanctioned during IX Five Year Plan they were not executed on one ground or other, main reason being delay in their completion/ execution or deferring of certain projects to X Five Year Plan.

The Committee have desired that all the schemes/projects not executed or deferred be implemented with due promptitude. They have also emphasised that in future projection for fund requirement be assessed more realistically.

(v) The Committee have noted that in Ports having higher volume of Labour and higher manual handling the cost operation ratio is higher than the Ports where Cargo handling is done through machines, which involve minimal Labour. Operating cost ratio of Ports is also higher due to more operating expenditure on account of salaries and wages, cost of power, medical expenses, dredging, stores and material.

The Committee, have, therefore, desired that Mumbai, Mormugao and Cochin Port Trust which have higher cost operation ratio should equip themselves with state-of-the art equipment and reduce their operating expenditure so as to bring down the cost ratio.

The Committee have been unhappy to note that there is no mechanism either at Port Level or Ministry of Shipping Level to evaluate the performance of other modern ports in the developing countries. The Committee have felt that such a evaluation is necessary not only from point of view of enhancing the performance efficiency of our Ports and reducing their cost operation ratio but also to make them competative vis-a-vis Ports situated in adjoining countries.

(vi) Due to absence of transshipment facilities in the country not only delays take place in import and export of goods making our importers and exporters less competitive vis-à-vis their counterparts in other countries there is a loss to the tune of 1000 crores to Indian economy. With no transshipment facilities available in the country, other countries, like, Dubai and Sri Lanka are strengthening their economy at the cost of Indian cargo.

The Committee have desired that all possible measures be taken to develop JNPT and chennai Ports as hub ports of West Coast and East Coast so that all cargo domestic as also international from these region aggregate at these ports and goes through the mother vessel to their destination.

The Committee have also noted that Cochin Port is planned to be developed as a transshipment port to attract Indian and international cargo. The Committee have desired that the hub ports of West and East Coast and transshipment port at Chennai be developed expeditiously.

(vii) The Committee have been constrained to note that JNPT which is equipped with state-of-the-art equipments, proper training had not been given to officers/employees for operating a very important system viz. Vessal Training Management System (VTMS) which control the vessal traffic coming to the Port and safety in navigational channel.

The Committee have found that though training programmes were conducted for officers and staff of JNPT but the training was mainly imparted on subjects covering safety aspects, performance appraisal system, handling of hazardous goods, Managerial Leadership and Team Building etc.

The Committee have desired that syllabai of training programme be suitably revised to include training in operation of state-of-the-art equipments installed/proposed to be installed in various ports and all officers/staff manning those equipments at all the ports be given training to handle them efficiently.

5. For facility of reference, the observations/recommendations of the Committee have been printed in bold type in the body of the report and have also been reproduced in consolidated form in the Appendix.

Ummareddy Venkateswarlu,

Chairman, Committee on Estimates

NEW DELHI

April 24, 2002 / Vaisakha 4, 1924(S)

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MORMUGAO PORT TRUST

Historical background

1.1 Mormugao Port, a protected open type natural harbour, is situated at the mouth of Zuari River in Goa on the West Coast of India. The Port is approximately 370 Kms. south of Mumbai and 575 Kms. north of Cochin. It is one of the oldest Indian Ports on the West Coast proudly serving the nation in its economic development for over a century.

The Port owed its origin to the Treaty of Lisbon signed in 1878 between the British and the Portuguese Governments. The construction operation and maintenance of the Port and its connected metre guage railway was entrusted with the West of India Portuguese Guaranteed Railway Company (WIPGR), a British company, in 1881 under an agreement with the Portuguese Government. In 1887 the first Port structure, the quay wall corresponding to the length upto berth No. 3 protected by a breakwater, was constructed and also during the same year, the first portion of the metre guage railway line form Mormugao to Sanvordem in Goa (43 Kms.) was completed. Berth No. 4 with an extension of the breakwater was completed in 1912. Berth No.6 was partially completed in 1934 and it was fully completed much later alongwith the barge berth No. 7 in 1959, when a Mechanical Ore Handling Plant with a rate capacity of 1000 tonnes per hour was also installed there by a private company. WIPGR Company terminated their agreement of 1881 with the Portuguese Government in 1959 and ceased the operation. Subsequently, the administration of the Port was entrusted to an autonomous body constituted by the Portuguese Government.

On 19th December, 1961 Goa was liberated from Portuguese regime and reunited with India. Subsequently, the Administration of the Port and the connected railway was taken over by the Government of India through an Administrative Officer on 8th January, 1962. Later on the railway section of the Port was transferred and merged with Southern Railway w.e.f. 1st May, 1963. The Indian Ports Act was extended to Goa under the Notification dated 2nd December, 1963 and the Mormugao Port was

declared a Major Port of India by the Ministry of Transport. Consequently, the Major Ports Act, 1963 was made applicable to the Port and under the provisions of Major Ports Act a Board of Trustees was constituted w.e.f. 1st July, 1964. The management and administration of the Port are carried out by the Chairman for and on behalf of the Board of Trustees. The Chairman is assisted by the Deputy Chairman and Heads of Departments.

Major developments of the Port were taken up only after it became a Major Port. A number of developmental projects were implemented under the various Five Year Plans of the Government of India. Consequently, a dedicated mineral oil berth, berth No. 8 was constructed in 1976 and in 1979 an ore loading berth, berth No. 9 installed with a modern Mechanical Ore Handling Plant (MOHP) having a rated ore loading capacity of 8000 tonnes per hour was commissioned. Later on as the general cargo traffic was gradually picking up a number of schemes were implemented with a view to augmenting the general cargo handling facilities at the Port. Two major schemes in this regard were the construction of two multi-purpose general cargo berths, berth No. 10 and No. 11 which were commissioned in 1985 and 1994 respectively alongwith appurtent shore facilities. In the meanwhile the Mechanical Ore Handling Plant installed in 1959 at Berth No. 6 was decommissioned in 1992. So also the obsolescent and the age old berths 1 to 3 were leased out to a private company, Western India Shipyard Limited for installing a modern ship repairing facility, which was commissioned in 1995. Action has been taken to construct two modern multipurpose General Cargo Berths 5A & 6A, which will have a combined capacity of 5 million tones per annum. The project has been awarded to M/S ABG Pvt. Ltd. to construct and operate the terminals on BOOT basis in 1997, the metre guage railway of the Port linking to the south Central Railway was converted to broad guage. By this, the Mormugao Port is now accessible for any part of the country through the broad guage railway station.

Statutes/rules framed regarding its constitution and working

Mormugao Port Trust (MPT) is a body corporate, framed under section 5 of Major Port Trust Act, having perpetual succession and a common seal with powers, subject to the provisions of this Act to acquire, hold or dispose of property and made by the name of which it is constituted, sue or to be sued. The MPT also functions under the provisions of Indian Ports Act 1908. The provisions of Major Port Trust Act, 1963 has been extended to MPT with effect from 1.7.64. The MPT have framed regulations under Section 28 and 123 for the purpose cited therein, as per the requirements of the organisation. Under Section 28 of the Major Port Trust Act, 1963, the Board has framed regulations on the service conditions of the employees. MPT has framed 33 regulations under MPT Act, 1963. Almost all the areas have been covered by various regulations. These regulations are amended from time to time on the basis of Central Government provisions on the subject matter. If any area is not covered, then, the Central Government Rules are referred for guidance and follow up action. The provisions of Merchant Shipping Act, 1958 are also applied wherever needed.

Merchant Shipping Act, 1958

The Merchant Shipping Act, 1958 was enacted to foster the development and ensure the efficient maintenance of an Indian Mercantile Marine in a manner best suited to serve the national interests, to provide for the registration of Indian ships and generally to amend and consolidate the law relating to merchant shipping. Salient features of the Act are at Annexure.

Major Port Trust Act, 1963

1.2 The Major Port Trusts Act, 1963 has been enacted to make provision for the constitution of Port Trust Boards, for Major Ports in India and to vest the administration, control and management of such ports in Port Trusts Boards and for matters connected therewith. The Major Port Trusts Act, 1963 has been amended in 1997 when chapter 5A on TAMP (Tariff Authority for Major Ports) has been introduced. Subsequently, the Major Port Trust Act was also amended in June, 2000 when sub section 3A has been added to section 42, authorising the Board to enter into agreement or other arrangements whether by way of partnership or joint venture with anybody or any person to perform any other service or function assigned to the Board with the previous sanction of the Central Government.

Corporatisation of Ports

1.3 Asked as to whether the provisions contained in the Merchant Shipping Act, 1958 and Major Port Trust Act, 1963 were adequate for the smooth functioning of ports, MPT in a written note furnished to the Committee stated :

"The provision of Merchant Shipping Act, 1958 and the Major Port Trusts Act, 1963 are adequate for the smooth functioning of Ports. The Government is currently considering an amendment to the Major Port Trusts Act, 1963 to bring an enabling provision for corporatisation of the Major Ports."

1.4 Asked to indicate the current status of corporatisation and the benefits of corporatisation of major ports, Secretary, Ministry of Shipping during evidence before the Committee stated:

" Currently major ports in India function under Major Port Trust Act. In a port trust, what happens is that we have a trust; all the stakeholders are present and in other words, persons who are interested in the ports are on the Board. The modern method of functioning or the business like method of functioning is to be a company under the Companies Act. Corporatisation will enable the major ports to become companies under the Companies Act. Here, three things will follow. One is that they will be more independent and less under the direct control of the Government. They will have greater powers because they will be companies under the Companies Act, that none of the restrictions that the Major Port Trust Act places on them. The second is that they will become more commercial and more financially savvy. Today, they are not really commercial entities in the sense that they cannot make adjustments in their commercial dealings to get more business or to increase business or to maximise advantages. They are less commercial oriented. Finally, if they come under the Companies Act, they will be able to revamp their balance sheets to do true commercial accounting and to access banks or access commercial funding for their expansion projects. Today, that is much less possible because they do not really have a balance sheet. So, once they become companies under the Companies Act, they will really be on their own, in the sense that they will have their own balance sheets; there will be shares and to the share holders, they will have to pay dividend which they do not do today.

Indeed the Bill has been introduced in the Parliament. The idea is really to make a minor amendment in the Major Port Trust Act to enable the Government to denotify those ports that have already been notified. They will denotify it and then hand over those assets to the new port company which will again be a Government company.

If this is hurried up, then, you will find that the Ports are much more efficient, they are more economically-oriented and financially-oriented. It is said that in a corporate structure, we tend to maximise the benefits of shareholders. In a Port Trust structure, we maximise the benefits of the individual. So, it is the individual trustee or the individual's interest whose benefit is maximised. In the corporate structure, we tend to maximise the benefits of the shareholders. So, the Government, the society and the economy gain more if we corporatise quickly.

1.5 Pointing out that public sector undertaking despite being corporations were not faring well, committee asked as to whether ports, if corporatised would be able to function better. In reply, Secretary Shipping stated

"It is a valid point. The PSUs certainly have their own problems. This will be a PSU and also a fully Government-owned undertaking. But, at least, it will not be under the Trust structure. In a Trust, you basically have a person, who is a beneficiary of the Port, sitting on the Board. He will never agree to increase any rate. You will have each person representing a personal interest there. So, you maximise the welfare of that particular individual. If it is a corporate structure, you maximise the welfare of the shareholders. In this case, the Government will be the shareholder. But, beyond that, it can be taken up. You can always think of privatisation also which you can do. Then, you can sell the shares. You cannot do it if it is a Trust under the Trust Act."

1.6 The Committee agree that Ports need to be equipped with more financial and operational autonomy so as to enable them to be competitive not only amongst themselves but also with similar ports in countries which have hitherto been attracting shipments that ought to accrue with us.

The Committee note that a bill for corporatisation of ports has been introduced in Parliament. They hope that the bill will soon become a comprehensive law which ensures that corporatisation of ports is expedited so that they become professionally managed entities which contribute towards the national economy in a more positive manner.

1.7 Organisational set up of Mormugao Port Trust

The management and administration of the Mormugao Port Trust is carried out by the Chairman for and on behalf of the Board of Trustees constituted under the provisions of the Major Port Trusts Act, 1963. The Chairman is assisted by Dy. Chairman and Heads of Department.

For administrative convenience, working of the Port is divided broadly among the following departments. Each "Head of Department" who is appointed by the Ministry of Surface Transport, functions within the powers delegated to him under the provisions of the Major Port Trusts Act, 1963.

General Administration Department

The General Administration Department is headed by the Secretary. This Department functions as a Secretariat of the Port Trust and its other functions and responsibilities, inter-alia include personnel matters, labour issues, management of legal matters, security affairs, public relations, watch and ward, estate, inter departmental co-ordination and assistance to the Chairman/Dy. Chairman in day-to-day matters regarding information, direction and policy.

Traffic Department

Traffic department is headed by the Traffic Manager. This Department is responsible for all operations connected with landing, receipt, storage, delivery and shipment of gods and documentation relating thereto, embarkation and disembarkation of passengers, control of traffic in Port area, and terminal railway operations.

Civil Engineering Department

Civil Engineering Department is headed by the Chief Engineer. This Department is responsible for all the Civil Engineering works being executed by the Port Trust. The duties of the department inter-alia comprise construction, maintenance and repairs of the quays/jetties, sheds, buildings, roads, railways, water supply drainage repairs, capital dredging and development of land acquired by the Port.

Finance Department

The Finance Department is headed by the Financial Advisor and Chief Accounts Officer. The Department is responsible for the financial management, management accounting, book keeping, preparation of financial and performance budgeting and budget control, fixing of rates and charges for services rendered by the Port, appraisal and clearance of capital expenditure projects, inventory proposals and dealing with Statutory Audit Reports.

Besides, the department arranges auditing of various departments and carried out periodical verification of Stores and inventory.

Medical Department

The Medical Department is headed by the Chief Medical Officer. This department looks after the Medical Services to the employees of the Port. The department runs a hundred bedded hospital.

Mechnical Engineering Department

The Mechanical Engineering Department is headed by Chief Mechanical Engineer. This Department looks after the operation & maintenance of Mechanical Ore Handling Plant, other cargo handling equipment and all other mechanical/electrical works of the Port. This department is also responsible for acuisition, installation and maintenance of the Port crafts, locomotive, wagons, other items of machinery and automobilies. A fully equipped Mechanical/Electrical Workshop is maintained by this department to cater to all the maintenance work.

Marine Department

The Marine Department is headed by the Deputy Conservator. This department is in-charge of all the navigation and marine conservancy services which include pilotage, berthing/unberthing of vessels, marine surveys, salvaging operations, receiver of wreck etc. The various crafts like mooring barge, tugs, survey/pilot launches etc. are also manned and operated under this department. This department also carries out the maintenance dredging and is in-charge of fire fighting & Pollution control services and also communication services between ships and the Port.

Planning & Management Services Department

The Department is headed by the Director. It is in-charge of the corporate planning, economic evaluation of future projects and plans, preparation of feasibility reports, and collection, compilation, analysis and maintenance of comprehensive data on traffic, shipping and utilisation of port equipment and crafts submission of Management information, dissemination of information to Ministry and other agencies, traffic forecast, market surveys and trade promotion. Port's hinterland studies, in-house training and human resources development, centralised record keeping system, library, information and publicity services.

Materials Management Department

Headed by the Materials Manager, this department is in-charge of procurement, stocking and inventory control of all the stores, materials, consumables required for Port operations and maintenance including acquisition of spares for the Port's Mechanical Ore Handling Plant and floating crafts like tugs, dredgers, launches etc.

Cargo Handling Labour Department

This department is headed by the Chief Manager. The function of the Department is to ensure greater regularity of employment to dock workers and to ensure that an adequate number of dock workers is available for the efficient performance of dock work.

1.8 Staff Strength

Manpower of the Mormugao Port as on 30.09.2001 was as under:

Category	Class I	Class II	Class III	Class IV	Total
	149	74	2061	1576	3860

The Committee were informed that 334 promotional posts were vacant as on 01.10.2001 as per details given below:

Category	Class I	Class II	Class III	Class IV	Total
	19	12	178	125	334

Most of the posts were lying vacant since 1/6/2001, consequent upon rolling back of retirement age from 60 to 58 years and implementation of Special Voluntary Retirement Scheme(SVRS). The resultant vacancies had not been filled up for the following reasons:

i. As a matter of policy, all posts, which have fallen vacant due to SVRS, are to be abolished. The work load is to be rationalised amongst existing staff.

ii. The manning scales of various ports are being examined by National Tribunal set up in January 2001. Unless the award of Tribunal is received it would not be prudent to fill up vacancies because if the Award reduce manning scales in some port activities, there will be surplus manpower for redeployment".

CHAPTER – II

Modern Port

2.1 As per a note furnished to the Committee by Mormugao Port Trust:

> "A modern port is one which can provide safe and efficient services to the exporters and importers in an cost effective manner, thus contributing to the economic development of the country. It should have achievement of high degree of mechanism and automation for its operation, thus making it less labour intensive."

2.2 The salient features of modern port are as follows:

i. Availability of safe depths and proper berthing facilites.

ii. Availability of highly manoeuvrable tugs and trained qualified Pilots.

iii. Availability of adequate navigational aids.

iv. Availability of efficient communication network.

v. Availability of facilities for bunkering, fresh water provision, ship chandelling, ship repair, medical, crew repatriation and air port in the vicinity.

vi. Modern safety gear/fire fighting equipment

vii. Minimum environmental pollution within permissible limits

viii. High speed cargo handling equipment

ix. Proper road/rail connections for fast evacuation of cargo

x. Adequate storage/warehousing facilities.

xi. Modern management techniques and trained employees.

xii. Vessel Traffic Management System (VTMS) for safe navigation of vessels.

2.3 The Committee were informed that following areas/divisionsin the Mormugao Port Trust have been modernised and expanded so far:-

i. The iron ore handling plant at berth NO.9 is a fully mechanised plant.

ii. Efficient communication system has been installed which includes satellite communication, VHF network, telephone, fax, etc.

iii. The Port has highly manoeuvrable tugs to assist in berthing/unberthing of vessels. The Port also has trained qualified Pilots. Adequate navigational aids have also been provided.

iv. A modern survey launch with DGPS and automatic plotter.

v. Ship repair facility for repairing ocean going vessels upto 60,000 DWT.

vi. Modern Fire fighting system at berth NO.8 (Oil Berth).

vii. Construction of 3 Mooring dolphins to provide for mid-stream loading for the ships upto 70,000 DWT.

viii. Co-ordination of depts. Electronic Data Interchange (EDI) System on EDIFACT standards, to speed up the transactions of documents by Port Users/Agents etc. and proper

ix. Vessel Traffic Management System (VTMS), for vessel traffic control and safety in the navigational channel and other areas of port water. VTMS as expected to be commissioned by January, 2002.

x. The Port has adequate facilities for bunkering fresh water provision and ship chandelling, medical and crew repatriation.

xi. The Port is well connected with rail, road and air.

2.4 On being asked to indicate the other modern facilities that needed to be developed at the Mormugao Port, the MPT in its note further stated as under:

a. Mechanised Handling facilities to handle bulk cargo like coal/coke.

b. Dedicated Container Handling facilities with necessary handling equipments and infrastructure.

c. Augmenting the capacity and upgrading the facilities of the present Mechanised Ore Handling Plant.

d. Augmenting the existing capacity to handle liquid cargo.

2.5 Asked further as to what steps had been taken by MPT to develop above facilities, the MPT in their note stated as under:

"(i)Proposed berths 5A and 6A are primarily meant for handling coal/coke. Hence, mechanical handling facilities to handle coal and coke will be provided by the BOOT operator.

(ii)A berth for handling containers is proposed to be constructed in the Vasco Bay.

(iii)The major modifications of the conveyor system have been done at a cost of approx. Rs.3 crores. Order has been placed for replacement two barge unloaders which will will cost Rs. 14.10 cores. During the Xth five year plan a number of schemes are planned to be taken up which includes replacement and modernisation.

(iv)The Port handles about 1.2 million tonnes of POL and 0.14 million tonnes of other liquid cargo at oil berth (Berth No.8) which has a capacity of 1.5 million tonnes through pipleline connnected to tank farms within the Port in Vasco area which belong to oil companies.

(v)With a view to incrasing the present liquid cargo traffic the Port has permitted tankage of Ammonia and Edible Oils."

2.6 Asked to indicate target date, estimated cost, actual position of the work done so far, MPT in its note stated as under:

Details of Development of Various Facilities

(Rs. in Crores)

Sl.No.	Scheme/ Project	Target date	Estimated cost	Actual postion	Expendi-ture incurred	Remarks
1	Construction of Berths 5A & 6A	Nov.2002	Rs.224.00	Bund construction		
2.	Construction of Container Berth	2006	Rs. 50.00	Project under formulation		

3	Modernisation & replacement of MOHP.	2007	Rs.107.00	1.Phase-I modificaiton to conveyor system completed 2.Work order for replacement of two barge unloaders placed in July,2001.	6.50	
4.	Augmenting the capacity to handle liquid cargo					Private participation being requested.

2.7 On being asked to give details of cost and time overrun in the construction of modern multipurpose general cargo berths 5A & 6A, MPT in their written note stated:

> "An agreement was signed between Mormugao Port Trust and M/s. ABG Goa Port Ltd. on 11/04/99 for the construction and operation of two multipurpose bulk cargo berths on BOOT basis. The area was handed over to M/s. ABG Goa Port Ltd. on 09.06.99 as per the provisions of the License Agreement.
>
> The actual construction work commenced on 22.02.2001. The target date for completion was December, 2001 which has been extended to November, 2002. The estimated cost is Rs.224 crores. No revised cost has been indicated so far by the BOOT operator, hence details of the cost overrun cannot be assessed at this stage.
>
> Funds have been allocated by M/s. ABG Goa Port Ltd., the details of expenditure incurred have not been given to the port.
>
> Till date 85 metres of bund has been constructed and by 31.1.2002 the balance 75 metres bund will be completed and construction of berths will commence."

2.8 The Committee note that Mormugao Port has got most of the features of a modern port and need facilities like mechanised handling facilities to handle bulkcargo of coal/coke dedicated container handling facilities, augmenting the capacity of mechanised ore handling plant and capacity to handle liquid cargo.

The Committee desire that all these facilities be developed with due promptitude. The Committee note that M/s.ABG Goa Private Limited who were entrusted with the work of construction of modern multipurpose general cargo berths 5A and 6A could not complete the work by target date of December, 2001 which has not been extended till November, 2002. The Committee desire that the progress of work be closely monitored so that work is completed by the extended date. Consultation should be held with private operators with due promptitude for implementing the project for augmenting the capacity to handle liquid cargo.

Traffic Handling Capacity

2.9 Traffic handling capacity of the Mormugao Port and the capacity envisaged by the end of Tenth Five Year Plan was stated to be as under:-

Sr.No.	Berth No.	Type	Present capacity(in million tonnes)	Capacity Envisaged by the end of 10th Five Year Plan(in million tonnes)
1	8	Oil Berth	1.50	1.50
2	9	Ore Berth	9.50	10.50

3.	10	General Cargo Berth	1.48	2.00
4.	11	General Cargo Berth		
5.		Transhippers	7.50	7.50
6.	5A & 6A	Construction of 2 Multipurpose	..	5.00
7.		Construction of 3 Nos. Mooring Dolphins	..	2.00
8.	11	Construction of Two Multipurpsoe General Cargo Berths and one container Berths	..	3.00
		Total	19.98	31.50

2.10 The position of the work with regard to augmenting the capacities of each of the berths mentioned above as stated by Mormugao Port was as under:

"(i) At Berth no. 9, phase 1 of modification of the conveyor system has already been completed. An order has been placed in July `01 for two nos. barge unloaders at a cost of Rs. 14.10 cores. The other works with regard to augmentation of the existing MOHP facilities will be taken up in a phased manner without affecting the operations of the Mechanical Ore Handling Plant (MOHP). The capacity available at Berth No.9 at present is 9.5 million tonnes. With augmentation of the system it is envisaged that by the end of the Xth five year plan it will be 10.50 million tonnes.

ii. The general cargo berths 10 & 11 with a combined capacity of 1.48 million tonnes have been further deepend and it is assessed to 2 million tonnes.

iii. The berth No. 5A & 6A are under construction.

iv. The work on construction of 3 nos. mooring dolphins has already been started from October, 2001 and the same will be completed in June, 2002. The Port will be able to handle 2 million tonnes traffic after completion of this facility.

v. In the Vasco Bay development, it is proposed to construct 2 multipurpose general cargo berths and 1 container cargo berth with a capacity of 1 million tonne each."

2.11 The Committee noted that M/s. Frederic R. Harris (India)

Private Limited carried out a study to provide additional facilities at Mormugao Port Trust. The scope of the study included, traffic study for projection of future traffic, examination of existing facilities to identify constraints and possibilities to improve operational efficiency, an assessment of capacity of existing facilities and additional facilities to be created to handle the projected traffic examination of possible alternative options available for location additional facilities and selection of the most favoured option for development.

The consultants have already submitted their report. Considering various options they have selected Vasco Bay as the ideal site for immediate development.

The Consultants have also carried out market survey/traffic projections, assessed the capacity of the existing facilities and suggested methods for improvement/modernisation and further requirement of additional facilities.

The consultants have given the traffic forecast upto the year 2013. As per their forecast by the year 2008, the traffic for the low scenario will be approx. 25 million tonnes and high scenario approx. 41 million tonnes. By the year 2013, the low scenario traffic will be approx. 26 million tonnes and high scenario traffic approx. 43 million tonnes.

2.12 On current traffic handling by Mormugao Port and expected traffic increase in future, Chairman MPT during his oral evidence before the Committee stated:

> "We are looking forward to the development of the Port. Right now we have got a capacity of 19.98 million tonnes of cargo. In the previous year, we have handled 19.63 million tonnes of cargo and in the current year, that is, in 2001-2002, we shall be handling about 20.4 million tonnes of traffic. We are thinking that by about the end of the Tenth Five Year Plan, we shall be handling up to about 31 million tonnes of the cargo. The increase will be basically in coal which we are handling for the Jindal Steel Plant. From about two to three million tonnes, it may also go up to around 5 million tonnes. There may be the other users of coal for the power plants around the Port and we shall be utilising the Port for handling coal for them also.
>
> We handle very little number containers. We handle nearly 6,220 of them. We are expecting that this container traffic may, over the years, also go up; but certainly not more than 40,000 to 45,000 TEUs. But our main area of development will be bulk cargo and we specialise in handling that."

2.13 The Committee note that present traffic handling capacity of Mormugao Port Trust is 19.98 MT which is proposed to be increased to 31.50 MT by the end of Xth Five Year Plan. The Committee desire that all steps be taken with due promptitude to enhance the traffic handling capacity to 31.50 MT as targeted. As the report submitted by M/S Forederic R. Harris Private Limited have stated that traffic at high scenario by 2008 and 2013 would be approximately 41 and 43 million tonnes, the Committee desire that additional facilities be created after fully assessing/taking into consideration the methods suggested in the report of Fredoric R. Harris for improvement/modernisation and further requirement of additional facilities.

Under Utilisation of Funds

2.14 The Committee expressed their concern that as against an outlay of Rs.169.29 crore for construction/development of various projects in MPT during Ninth Five Year Plan (1997-98 to 2001-2002), actual utilisation upto September, 2001 was 85.85 crore, which is nearly 50% of the total outlay.

2.15 Figures of approved outlay and actual utilisation during each of the year were as under:-

(Rs. in crores)

Year	Approved Outlay	Actuals
1997-1998	14.92	7.78
1998-1999	15.00	26.55
1999-2000	30.00	25.51
2000-2001	50.21	15.48
2001-2002(Upto Sept.2001)	59.16	10.33
Grand Total	169.20	85.65

Asked to give the reasons for heavy under-utilisation of funds, the MPT in a note furnished to the Committee gave following reasons for under utilisation year-wise:

"1997-98:

The outlay was Rs.14.92 crores as against the actual expenditure of Rs.7.78 crores. The reasons for under utilisation of Rs.7.14 crores are as under:-

(Rs. in crores)

Sl.No.	Name of Project	Outlay(Rs.)	Reasons
1.	Dredging for double banking operations	3.00	Work suspended due to encountering of wreck.
2.	Purchase of land	1.00	Purchase of land was under process with Goa Govt. and could not be finalised.
3.	Acquisition of 2 Nos. mobile cranes	2.00	The scheme was dropped.
4.	Container handling equipment	1.50	Reach stacker has been hired on BOOT basis for a period of 10 years since 1997.

1998-99

The approved outlay was Rs.15 crores and actual expenditure amounted to Rs.26.55 crores. The reasons for such high expenditure is due to completion of spill over schemes which were taken up in the previous years.

1999-2000

The outlay was Rs.30 crores and the total expenditure amounted to Rs.25.51 crores. There has been a under utilisation of Rs.4.49 crores during the year 1999-2000 due to non execution of projects such as provision of Vessel Traffic Management System and replacement of Barge Unloaders.

2000-01

The outlay has been Rs.50.21crores as against the actuals of Rs.15.48 crores. The under utilization amounts to Rs.34.73 crores for the Scheme not executed during 2000-2001 and the reasons thereof are listed below:-

(Rs. in crores)

Sl.No.	Name of Project	Outlay	Actual Expenditure	Outlay Under utilised	Reasons
1.	Acquisition of 2 tugs	22.00	7.32	14.68	Delay in completion
2.	Acquistion of Stacker cum Reclaimer	1.00	Nil	1.00	Deferred to Xth Five Year Plan
3.	Provision for vessal Traffic Management System	8.50	0.46	8.04	Delay in completion
4.	Construction of	4.00	0.14	3.86	Delay in execution

	100 bedded Hospital				
5.	Broad Gauge railway connection	1.00	Nil	1.00	Scheme to be implemented according to progress of Berth 5A & 6A.
6.	Construction of 3 sets of Mooring Dolphins	5.78	Nil	5.78	Delay in execution

2001-2002:

The outlay was Rs.59.16 crores as against the actuals of Rs.10.33 crores (upto September, 2001). The proposed outlay was reduced to Rs.27.76 crores during RE 2001-02(Oct.2001). the projects originally proposed were shelved for reasons of financial crunch felt by the port on account of heavy financial outflow for SVRS(Rs.9.48 crores) and roll back of retirement age from 60 to 58 years (Rs.19.45 crores). The schemes to be executed are as under:-

(Rs. in crores)

Sl.No.	Name of the Scheme	Expenditure upto November 2001
1.	Construction of Four Lane Road	2.00
2.	Acquisition of two tugs	4.10
3.	Modification of Receiving & Shipping System (MOHP)	0.45
4.	Replacement of Barge Unloaders	3.58
5.	Provision of Vessel Traffic Management System	1.84
6.	Construction of 100 bedded hospital	0.95
7.	Procurement of 3 Nos. Mooring Dolphins	0.70
	Total	13.62

The balance of Rs.14.14 crores out of the total outlay of Rs.27.76 crores, as indicated in the RE 2001-2002, will be spent during the remaining months of the year."

2.16 Giving reasons for under-utilisation of funds, Chairman MPT during his evidence before the Committee stated as under:

"I will explain. The tugs are made to order and they are not off the shelf projects. We have placed the order for two tugs. In that year it was placed and it takes nearly about 18 months to deliver. One of them will be available in March 2002. This allotment of money which has been kept, we ordinarily put it on phase-wise and since it has been placed there and could not be made available in that year, this money had been carried forward to this year, 2001-2002. That will be spent now.

…….As far as construction of Mooring Dolphins are concerned award has been given and by June that will be ready. These are specialised things. During monsoon and rainy 2002

season because of bad weather it could not be done. Civil structures are to be made in the water basin. These are specialised marine construction works but these will also be ready by June 2002.

The railway line that we are talking about is again connected to two general cargo berths which are under construction through private participation. Unless the civil structure is ready, because the railway line is on the berth, unless berth is built you cannot lay the railway line. Since the berth has been delayed about eleven months' extension time is given for the construction of this berth. Hon. Chairman has remarked that in June, 1999 the work was awarded and by December 2001 these two berths should have been ready. But due to certain difficulty extension of time has been given and these two berths will be ready in November, 2002. We are anticipating that after berth top is ready, this railway line could be laid. This is a major BOOT work. Work was awarded in 1999. Land was given. Presently, there is about 85m of the bund. About 60,000 water-spread area is to be reclaimed and filled. For that, two bandhs of 195m and 135m are necessary. In the first 185m bund, about 85m has been completed. They have started with the balance work and it will be over by January 2002. From the 1st February we will start constructing the quay valve, the facing portion of the berth and by November this work should be over. So, all these work are in progress."

2.17 During evidence Committee desired to know the reasons for deferring to Ten Five Year Plan the acquisition of stacker-cum-reclaimer. In reply Chairman Mormugao Port Trust stated :

"The role of the stacker-cum-reclaimer comes in when the ironore is unloaded in the stackyard then it becomes a big heap in the stackyard. The stacker-cum-reclaimer is a machine which has got a wheel having 8 buckets. From the heap it goes on cutting it. This ore is then unloaded. We have got a limited place for unloading. We have to clear these heaps. We have only 10 lakh tonnes capacity in the stackyard and nearly two million tonnes of ore comes every month. The role of the stacker is to stack the cargo. We required that stacker-cum-reclaimer because at a particular point of time, it was thought and we decided that the ore which is being handled from Bellary-Hospet, will be handled through Mormugao and we will be requiring additional capacity for stacking purpose as well as also for reclaiming purpose. So, we thought to buy this stacker-cum-reclaimer. But subsequently, the decision has not yet been finalised whether the Bellary-Hospet ore will be coming to Goa or not. There are also the other alternative which are being examined. For that purpose, this particular machine was not purchased.

We have a stacker-cum-reclaimer in the port. This is an additional one that we wanted to have so that we can also take advantage of the additional cargo. But since the additional cargo has not come, we thought that this can be deferred for the time and hence we dropped it. We are waiting for the cargo to come and as soon as it comes, we will be acquiring."

2.18 The Committee are constrained to note that during last five years out of an approved outlay of Rs.169.20 crores, Mormugao Port Trust spent only 85.65 crore i.e. about 50% of the total funds allocated to them. Though funds were sanctioned for implementing projects sanctioned during IX Five Year Plan they were not executed on one pretext or other, main reason being delay in their completion/ execution or deferring of certain projects to X Five Year Plan.

Non utilisation of funds after their allocation tantamounts to lack of perspective planning on the part of Mormugao Port Trust. It should have been foreseen that if projects/schemes could not be implemented during IX plan or were not required then demand for funds should also have not been made in IX Five Year Plan.

The Committee desire that all the schemes/projects not executed or deferred be implemented with due promptitude. They also emphasise that in future projection for fund requirement be assessed more realistically.

Upgradation of Railway Line

2.19 As per a note furnished to the Committee, MPT is facing problem1s in respect of the following work:

i. Upgradation of Railway Line

ii. Acquisition of land

iii. Development of cruise traffic

2.20 Asked as to what steps had been taken for upgradation/ completion of each of the above projects, MPT in a written note furnished to the Committee stated as under:

i. The railway authorities have been requested to develop the Hubli-Ankola line which is under their consideration.

ii. The Port has requested the State Government to allot additional land by the side of four lane road to develop storagefor bulk cargoes and containers.

iii. Projects for development of cruise traffic are proposed to be executed during the Xth Plan period.

iv. Paucity of funds in case of development of railway line is expected.

2.21 On development of Hubli-Ankola line, Chairman MPT during his evidence before the Committee stated:

> "We have a very special problem at Mormugao port of rail borne traffic. Now, there is a particular section which requires a little bit of development of the railways. There is a particular section on Bellary-Hospet-Mormugao line up to the Sanvordam Point. There is a Ghat section which comes in between. To be very detailed, between a place called Castle Rock and Kollem, the gradient of this Ghat section is 1:37 and it is told that it is a very difficult section where for bringing a rake of 54 boxes of iron ore, six locomotives are required to bring it slowly through this Ghat section. One option which we have also told to the Railways and which is under their consideration is that there will be another railway line from Hubli to Ankola. Now, the railway line between Hubli and Ankola is about 164 kilometres. We will be avoiding this Ghat section. In this Ghat section, the problem of the movement of iron ore wagons is peculiar. In this 25 kilometres of Ghat section of Kollem and Castle Rock, there are four sections. Through this particular line, six passenger trains and 12 trains of iron ore are passing through. When you talk of 12 trains of iron ore, each rake, as a thumb rule moves one million tonnes of iron ore. The difficulty of this Ghat section is that when a particular iron ore rake and a passenger rake is passing through this section, the iron ore rake, which is coming, has to keep waiting. So, that is an impediment for us. For that, if we get other railway line from Hubli to Ankola, this problem will be sorted out. That is what we are taking up. That is the only problem. Otherwise, we do not have any particular problem in that section."

2.22 The Committee note that due to non-availability of separate railway line from Hubli to Ankola, the iron ore rake coming to Mormugao Port has to keep waiting in case both passenger rake and iron rake pass through the Ghat Section simultaneously.

The Committee desire that matter may be pursued vigorously with railway authorities for laying of a separate rail line from Hubli to Ankola so that iron ore rake could expeditiously come to the port. As already stated in the report elsewhere vigorous consultations may also be held with State Government for allocation of additional land to develop storage for bulk cargoes and containers.

CHPATER III

Operation – Cost Ratio

3.1 Committee desired to know operation cost ratio of Mormugao Port and other Ports within the country and outside. In reply, Mormugao Port in their note furnished to the Committee stated the operating ratio for Mormugao Port and few other ports for last three years as follows:

Sr.No.	Ports	1998-99	1999-2000	2000-01
1.	Mormugao Port Trust	88%	82%	87%
2.	Mumbai Port Trust	72%	79%	108%
3.	Jawaharlal Port Trust	49%	62%	65%
4.	New Mangalore Port Trust	53%	55%	63%
5.	Cochin Port Trust	79%	82%	84%

3.2 Giving reasons for high operating cost ratio vis-à-vis Jawahar Lal Port Trust and New Mangalore Port Trust, Mormugao Port Trust in its note stated that in Mormugao Port the high incidence of operating ratio is the result of the major share of fixed cost involved in the operating expenditure viz. Salaries and wages, cost of power, medical expenses, dredging, stores and materials etc. Steps have been initiated to bring down the operating ratio by introducing economy measures in the port. During the current year, the ratio is expected to be 77% and is estimated to be brought down to 74% during 2002-03.

3.3 When Committee asked to give the reasons for such a high operation cost ratio vis-a-via other ports, Secretary Shipping during his evidence before the Committee stated as under:

> "We accept it. One of the important reasons is the cargo mix. If you look at Mormugao Port, it is a unique cargo port. Basically, it is handling iron ore. Now, the margin of handling iron ore is very small. You cannot get very much. This is the ratio that you have. You cannot charge too much for it because it is cargo, which in my case does not get much of a return outside also. So, the handling rates are relatively small. Look at Jawaharlal Nehru Port's handling of containers. Therefore, it is always easier to show higher cost. If you look at New Mangalore, you will find that they have gone up from 53 to 63. They are handling a lot of oil. The outlay on handling oil is minimal. It is done mostly through machines. The vessel comes alongside. You have a loading arm and an unloading arm. Unloading arm will take out the oil, put it through the pipeline and send it to the tank. The involvement of labour is minimal in that. Therefore, the returns are higher. Wherever you have a higher volume of labour and higher manual handling, there the ratios are likely to be higher and therefore less beneficial. You will have a lower operating ratio and get more profit, if you have less labour and more mechanised handling. That is shown here. The same is true of Cochin. Cochin is equally high. Mumbai started low and it has gone up to 108, mainly because of dropped traffic, but their expenditure is still high. Largely, this is the function of cargo mix. If your cargo mix changes, then you will find that operating ratio improves."

3.4 Asked about the contribution of labour strike for this upward ratio, in reply Secretary Shipping stated:

> "I would say that it is very high. It contributes about seventy to eighty per cent. It is a very high amount. It is mainly so in ports like Mumbai. If you see, Mumbai has a very large labour force. But that is not so in Jawaharlal Nehru Port where there is greater mechanisation. It has gone up from 49 to 65, mainly because of the settlement right now. They have paid the arrears last year."

3.5 The Committee desired to know as to how were the performance Mormugao Port vis-à-vis other modern ports in developing countries. In their written reply furnished to the Committee Mormugao Port stated that the port cannot be compared with modern ports of the developing countries in the world like

Hongkong, singapore, Malaysia, Sri Lanka, etc. as these ports mainly handle containers. The comparison can be made with Ports in Australia, Brazil etc. However, since the productivity of those ports was not available with Mormugao Port Trust they were not in a position to present before the committee the facts for comparison.

3.6 Asked as to whether any mechanism existed at Ministry/Port level to make a comparative study of productivity traffic handling/losses and other parameters of performance evaluation of Port with a view to ascertain analyze the performance of port vis-à-vis other Ports within the country and outside. Mormugao Port Trust stated that at present there was no institutional mechanism at Ministry/Port level to carry out a comparative study on productivity/traffic handling/loses and other parameters of performance evaluation of major ports vis-à-vis other ports outside the country mainly due to data constraints. However, the Indian Ports Association (IPA) studies productivity/traffic handling/losses and other parameters of performance evaluation of major ports within the country. It was agreed that such a comparative study would provide a better insight into port performances.

3.7 The Committee note that in Ports having higher volume of Labour and higher manual handling the cost operation ratio is higher than the Ports where Cargo handling is done through machines, which involve minimal Labour. Operating cost ratio of Ports is also higher due to more operating expenditure on account of salaries and wages, cost of power, medical expenses, dredging, stores and material.

The Committee need not emphasize the imperative need of keeping operation cost ratio to barest minimum if the Ports have to sustain themselves in the present era of globalisation. The Committee, therefore, desire that Mumbai, Mormugao and Cochin Port Trust which have higher cost operation ratio should equip themselves with state-of-the art equipment and reduce their operating expenditure so as to bring down the cost ratio.

The Committee are also unhappy that there is no mechanism either at Port Level or Ministry of Shipping Level to evaluate the performance of other modern ports in the developing countries. The Committee feel that such a evaluation is necessary not only from point of view of enhancing the performance efficiency of our Ports and reducing their cost operation ratio but also to make them competative vis-a-vis Ports situated in adjoining countries.

Waiting period per ship

3.8 The Committee desired to know the average waiting and maximum waiting period per ship at Mormugao Port. In reply the MPT in their note stated as under:

The maximum waiting period for any vessal at Mormugao Port during 1998-99, 1999-00 and 2000-01 were 6 days, 11 days and 11 days respectively. The average waiting period per ship for Mormugao Port and other Major Ports is as under:-

Port Average waiting period per ship (in days)

	1998-99	1999-2000	2000-2001
Mormugao	0.49	0.36	0.50
Calcutta	0.12	0.21	0.05
Haldia	0.46	0.61	0.15
Paradip	0.33	0.29	1.42
Vizag	0.76	0.69	0.28
Chennai	1.59	2.10	1.50
Tuticorin	0.01	2.55	0.67
Cochin	0.25	0.20	0.13
New Mangalore	0.38	0.21	0.16

Mumbai	0.99	0.29	0.28
JNPT	0.45	0.64	0.42
Kandia	1.60	1.13	0.36

3.9 Asked at to what extent waiting period of ships will be reduced after creation of additional traffic handling facilities, Mormugao Port Trust in a note furnished to the Committee stated as under:-

> "At present the average waiting period for general cargo and iron ore vessels is 0.50 days. With the creation of additional facilities and improved handling methods, the average waiting period for general cargo as well as iron ore vessels will be reduced."

3.10 Asked to explain the reason for waiting period and steps proposed to be taken to bring down this period , the Chairman, MPT in his evidence stated:-

> "When a vessel comes to the port for loading or unloading, it has to wait for some time. That is the waiting period. Since every port has a limited number of berths, the vessel has to wait. In the Mormugao Port, we have only got one iron ore berth and two general cargo berths, since iron is a major commodity, we would prefer that almost all the time, there is a vessel in the queue. We would like a vessel to come by the time the vessel at berth is completed. Every exporter in his own anxiety tries to see that his vessel is available at the port so that as soon as berth is vacant his vessel can be brought in. Due to this anxiety, a maximum of one or two vessels are there for the berth.
>
> Now, let us see the scenario of the Mormugao Port. In Mormugao Port, there are two types of vessels. One is Panamax size which is of 65,000 tonnes and another is cape size which is of 1,65,000 tonnes. If it is a panamax vessel, we will take one day or even less than one day to load it. Our loading rate is 8000 tonnes per hour. If you are taking up a cape size vessel, it will take more than 24 hours. Sometimes, we have loaded about 97,000 tonnes in 24 hours. So, by the time a vessel comes in and goes out, it may also have to wait for a favourable period of 3 to 4 hours additional time. That is why, there is a waiting period of 0.50. This is a period for which probably a vessel has to wait. If you see a port like Goa, there is only one berth to handle cape size vessel. I, being a person from the operational side, feel that it is a very reasonable waiting time. If you see the Calcutta Port, it is a very old port and they have got a number of general cargo vessels which come for loading general cargo like bags, cartons, small quantity of fertilizers and foodgrains, and machinery. But if you have a cape size iron ore vessel, it has to necessarily wait and it is to everybody's advantage. Hence, waiting period of 0.50 days has to be there. It is better also. We may require a number of berths with which probably we may have nil waiting period."

3.11 The Committee note that waiting period per ship varies from 0.05 to 1.50 days in respect of twelve ports in the country. The waiting period is minimum at Calcutta and maximum at Chennai Port. Due to more waiting period not only unloading of cargo is delayed but the importers have to pay more in term of demurrage charges. Thus there is an imperative need for reducing the waiting period per ship to zero level at all the ports.

The Committee desire that necessary steps in a time bound programme be taken for creating additional facilities and improving handling methods so that average waiting period is reduced to NIL level.

Wagon Tippling System

3.12 Under Wagon Tippling System iron ore is brought through wagons. Bhatnagar Committee had recommended for utilising wagon system for iron ore handling at Mormugao Port.

3.13 The Committee drew the attention of representatives of Mormugao Port Trust on Bhatnagar Committee's recommendation and the reasons for not implementing the same. In reply, Secretary Shipping during his evidence before the Committee stated:

> "You are speaking about Wagon Tippler System which is operational in another port. This system is operational in five ports in our country viz. East Coast, Paradeep, Chennai, Vizag. This system is in three ports in East Coast. The Wagon Tippling System is a special system in which iron ores gets unloaded from wagon and this is like a way-bridge on which the wagon

rests and this wagon gets the iron ore tippled automatically that leads to letting out of its iron ore. This system is in Paradeep, Vizag and Chennai. This is not operational in Mangalore port, Karnataka because it develops slurry from there. There is one more system which is called Marcona of Flour System and it is a different system. There was a recommendation of a Committee to run similar wagon system in Goa port. We require a very large part of land for the same since 54 wagons are positioned in 2200 long lines and we need 7-8 such lines as there will be 10 wagons there everyday and the remaining wagons are brought from outside. We require 10-12 railway lines for these that is sick line, moving line, operating line and there is a requirement of a large part of land.

We require sick line, moving line as well as operational line for which a very large part of land is needed. The main concern in Goa is related to land. You will not be pleased to know that the part has only 450 acres of land whereas other parts have 4-5 thousand acres of land. As you are aware, there is juari river in one part of Goa and hills in other part of it. There is no scope of extending or possessing the land and it is not so easy to acquire it. When Bhatnagar Committee was set up, it had been stated to adopt the Wagon Tippling System. There are 4 million tonne iron ore received from Bellari-Hospet through the Railways, while we need only 8-10 million tonne cargo. The reason behind it is that Chennai cannot handle it. This scheme is in our consideration. We talk too much about it. To be a little more elaborate……..some project reports have also been prepared. We will have to demand more land from the State Government after getting it in line. We are talking to the State Government for the same. Afterwards, the issue of Wagon Tippling System will be taken up. Then only the report of Bhatnagar Committee can be implemented. We will be able to enhance our strength after getting iron ore. We have been holding meetings about it from time to time."

3.14 On WagonTippling System, Chairman Mormugao Port Trust stated:

"Iron Ore will have to be brought by Wagon Tippling System. We have also consulted Rites. Some private party also wants to go in for a small mini tippling wagon system."

3.15 The Committee note that under Wagon Tippling System iron ore comes through wagons and the wagon containing iron ore automatically comes out. The Wagon Tippling System is in operation at five ports in the country. Bhatnagar Committee had recommended for introducing Wagon Tippling System at Mormugao Port also. However, same could not be implemented due to non availability of enough land and Railway lines.

The Committee note that Mormugao Port Trust have consulted Rail India technical engineering service (RITES) and private parties and prepared certain project reports. The Committee desire that matter may be taken up with State Government and pursued vigorously for allocation of more land so that the Wagon Tippling System could be introduced at Mormugao Port Trust with due promptitude.

CHAPTER IV

Transshipment

4.1 The Committee noted that a lot of delays have been occurring in imports and exports of goods. Giving the reasons for such delays, Secretary Ministry of Shipping during his evidence before the Committee stated:

> "We have a major problem and that is that today a lot of transshipment is done outside India. What do you mean by transshipment? Normally, when an exporter exports or importer imports, the goods do not come directly to him. They normally go to a large port and from there they are brought by a small vessel to this port. Now, most countries transship within their own jurisdiction, within their own boundaries. Unfortunately, in India, more than 60 to 70 per cent of our foreign trade is transported outside the country. So, if you are an exporter sitting in Rajasthan or in UP or in Gujarat, your goods are likely to go from Kandla Port to Dubai Port. There, they will wait till a mother vessel comes and then in the mother vessel, it will go to Europe or to America or wherever you wanted to go. If you are on the Eastern side in West Bengal or in Bihar or in Orissa, it is very probable that your goods will go to Kolkata Port. From there, they will go in a small vessel to Singapore and at Singapore, they will pick up a mother vessel. The same thing will happen on the import side. Sir, this results in two things. First, it results in great delay. Our imports take longer to reach and our exports also take longer to reach. So, we are less competitive. The second and more important thing is that it results in much higher cost because we are going further. The delay is greater. We are making more and more moves. Therefore, we would like to transship as far as possible within the country. One of the important difficulties that we have experienced is that procedures, especially with regard to customs, are not geared to this. I am not placing the blame on anybody, far from it. All I am saying is that transshipment did not exist when the Customs Act was framed. Now, as transshipment is there, we need to work things around such that transshipment within the country can be encouraged. If we do this, we expect that there should be a saving in the region of about Rs. 1000 crore to the economy. This is an important thing and it needs to be looked at."

4.2 Elaborating further on the effect of loading of cargo through transshipment, Secretary Shipping stated:

> "Let us say, we are an exporter in Rajasthan and we are sending a container load of goods to Germany or somewhere. So, it has to go to Hamburg. The container that you load up will go to the Kandla Port. The mother vessel will not come there. The vessel going to Rotterdam or to Hamburg will not come there. So, it has to go to another Port from where the mother vessel will take it. Now, if it can come to JNPT, which is the largest container port in India, then the mother vessel will come there and it will directly go to the destination. Instead of that, very frequently, it goes to Dubai and from Dubai, it goes. In the alternative, if you are anywhere in the South, if you are in Kerala or somewhere else, it will go to Colombo. From Cochin, Mormugao, or Mangalore, it will go to Colombo. In Colombo, the mother vessel will come and pick it up. As I said, two things happen. First of all, delay and extra cost. The thirdly thing which really happens is that our country has been responsible for the development of ports in other countries. Today, Colombo in Sri Lanka depends, I would say, as much as 75 to 80 per cent of Indian cargo. Sri Lanka's economy is very small. They do not have their own cargo. Last year, they did 1.7 million TEUs, and most of it was Indian. That is what I meant by transshipment."

4.3 Asked by the Committee as to what steps were being taken to develop ports in India particularly in the East and West Coast so that our transshipment does not go to other countries, Secretary, Shipping stated:

> "You have made a very valid point. We need to do that. In fact, we have worked on this. We have identified two hub ports – one on the East Coast and the other on the West Coast.
>
> Sir, the idea is that India is such a large country that you cannot get all the cargo only at one port. The movement within the country will be too great. Now, on the East Coast we have the Chennai Port which we have recently given on lease to a private company to handle the containers. Now we hope that the mother vessels will come there so that all the cargo from the East Coast can be concentrated at Chennai and from Chennai it can directly go to its

destinations, either to the far East to Japan or Korea or it can go to the West Coast, to the USA depending on what the destination is. But the idea is that the transshipment should be at Chennai port itself and it should not go to the foreign ports for transshipment. Similarly, on the West Coast we have the Jawahar Lal Nehru Port. This port is designated as the hub port of the West Coast and this port is expected to aggregate all the cargo from the West Coast such that it comes there and it goes through the mother vessels. Last year the Jawahar Lal Nehru Port has become the first Indian port to handle more than one million TUS. It handled 1.19 million TUS. Every year there has been a consistent growth of 30 to 31 per cent in the JNPT. So, this is the achievement we have done and this is what we have plans to do.

Sir, your point is perfectly right. We have to work out some method by which we would create a situation in our own port in our country such that the cargo can come where the mother vessel is there. The last development that we have tried to do is that we are planning transshipment port at Cochin and there again we hope that this would attract not only Indian cargo but also international cargo just as other ports Colombo and so on who have set up transshipment ports without having their own cargo they take the cargo from other countries and transship them. We hope that Cochin would be that kind of a thing and it is as close to the international sea route as Colombo is and because of its natural advantage it would be able to take this cargo which is currently being held by Cochin."

4.4 The Committee note that due to absence of transshipment facilities in the country not only delays take place in import and export of goods making our importers and exporters less competitive vis-à-vis their counterparts in other countries there is a loss to the tune of 1000 crores to Indian economy. With no transshipment facilities available in the country, countries, like, Dubai and Sri Lanka are strengthening their economy at the cost of Indian cargo.

The Committee desire that all possible measures be taken to develop JNPT and chennai Ports as hub ports of West Coast and East Coast so that all cargo domestic as also international from these region aggregate at these ports and goes through the mother vessel to their destination.

The Committee also note that Cochin Port is planned to be developed as a transshipment port to attract Indian and international cargo. The Committee desire that the hub ports of West and East Coast and transshipment port at Chennai be developed expeditiously.

TRAINING

4.5 During their visit to Jawhar Lal Nehru Port Trust, the Study Group of Estimates Committee noted that JNPT was equipped with state-of-the art equipment including Vessel Traffic Management System(VTMS)for vessel traffic control and safety in the navigational channel and other areas of Port water.

4.6 When the Committee asked as to whether any officer of the Port had been given training for operating VTMS, they were informed that no officer/staff had got training to operate VTMS. Study Group desired to be apprised of the details of training programmes conducted for upgradation of skills of officers and employees of JNPT. In reply, JNPT in a subsequent note furnished to the Committee stated as under:

"During the year 2000-2001, 62 training programmes were conducted at the Port's Training Centre for 1154 officers and staff on various subjects covering Safety aspects, Performance Appraisal system, Handling of hazardous goods, First Aid, Civil Defence and Productivity improvements. Besides, 162 officers/staff were sponsored for 85 training programmes organised by other institutes like National Institute of Port Management (NIPM, Indian Institute of Port Management(IIPM), National Institute for Training in Industrial Engineering, Bombay Chamber of Commerce & Industry, PSA Institute, Singapore & Larsen & Toubro(L&T) covering various topics such as Managerial leadership and Team Building, Finance for Non-Finance Executives, Port Management and Operation, Computers for Personal Secretaries, Current trends in Information Technology, Equipment Management, Multimodal Transport, Material Management, Design of Control circuit, Human Resource Management, Electrical Safety, Project Management, Maintenance of Switch gears, Privatisation of Ports, Management of hazardous chemicals, Port Administrative procedures, Budgeting in Ports, Global tenders, Industrial Relations in Ports, Executive Development Programme and Contract Management. The total expenditure incurred on training during 2000-2001 is around Rs. 45 lakhs. A sum of Rs. 42 lakhs is provided in the Revised Estimates for the current Finance Year (2001-2002) towards training related expenses. In addition to above, separate schemes have been identified for providing technical training to

container handling equipment operators under EU-India Maritime Transport Project to upgrade skills and to develop confidence in the minds of employees in the category of Jr. Engineers for handling containers with sophisticated equipment and to improve the berth productivity and crane productivity. The budget provision made on this account for the year 2002-2003 is Rs. 56 lakhs. This amount will be revised suitably to meet the expenditure on the requisite training activities in the areas identified by the Port Trust. "

4.7 **Importance of training in the skill development of the individual and the benefit to the organisation need not be over- emphasised. There is no gain saying the fact all mechanisation would be hollow if the equipments are not operated upon by trained manpower.**

The Committee were, therefore, constrained to note that JNPT which is equipped with state-of-the-art equipments, proper training had not been given to officers/employees for operating a very important system viz. Vessal Training Management System (VTMS) which control the vessal traffic coming to the Port and safety in navigational channel.

The Committee find that though training programmes were conducted for officers and staff of JNPT but the training was mainly imparted on subjects covering safety aspects, performance appraisal system, handling of hazardous goods, Managerial Leadership and Team Building etc.

Committee desire that syllabai of training programme be suitably revised to include training in operation of state-of-the-art equipments installed/proposed to be installed in various ports and all officers/staff manning these equipments at all the ports be given training to handle them efficiently.

Modernisation of other Ports

4.8 During their tour to various ports Study Group had a discussion with representatives of Cochin Port Trust, Jawahar Lal Nehru Port Trust, Kolkata and Cochin Port Trust.

Cochin Port Trust

4.9 The representatives of Cochin Port Trust informed the Committee:

> "……..Eventhough the Port has all the infrastructure required for a modern Port, it suffers from certain constraints like shortage of adequate land at Willingdon Island, shortage of power and water supply, inadequate railway connectivity to cater to the modern container terminal, shortage of adequate container shortage area in the container terminal etc. Also many of the equipments used in the Port like transfer cranes and RTGs at Container Terminal, cranes at berths, floating crafts are old and require to the replaced.
>
> Existing container terminal will have to be modernised by replacing the 2 transfer cranes which are now about 10 years old. Also 4 numbers of RTGs which are old may require replacement soon. The Container Parking adjacent to the Rajiv Gandhi Container Terminal needs to be expanded to accommodate the increase in container traffic. The present Mattancherry Wharf requires reconstruction."

Kolkata Port Trust

4.10 The representatives of Kolkata Port informed that report submitted by RITES recommended creation of following programmes for Kolkata Port:

> "On April 2001, RITES submitted their report captioned "vision 2020" covering all Major Ports, Minor Ports and proposed new ports. The report specifically recommended creation of following programmes for Kolkata Port.

- Development of one terminal for augmenting container handling capacity by 2006-07.
- Development of two more terminals for augmenting Container handling capacity in the 2nd Dock Arm of HDC by 2001-12.

- Development of three more Terminals for container handling in the 2nd Dock Arm of HDC by 2016-17.

- 3rd Break-bulk terminals by 2016-17.

- 3 more break-bulk terminal by 2021-22.

The report also recommended development of a Transhipment Terminal for grain on the lines of "Rotterdam Euro-Port", which may be designated as Asia Port. Location near Sandheads may emerge as a possible terminal.

However, the report did not consider following major areas relating to modernisation/expansion programmes of Kolkata Port for which actions have already been initiated.

- FSO facility at Sandheads for transhipment of POL (Crude). IOC has already floated Global Tender for creation of such facility (BOO Project).

- Massive River Regulatory measures to improve draft for which PIB clearance obtained in April, 2001.

- Handling of Iron Ore at HDC. The traffic is likely to cross 1 million tonnes mark in the current fiscal.

- Proposed All Weather lighterage facility at Saugor for handling deep drafted vessels Report submitted by IIPM in this context is under examination."

Chennai Port Trust

4.11 Chennai Port Trust informed that M/s. Rites carried out the study in association with High Point Render for Chennai Port, the report inter alia recommended as under:

"Due to growth of Chennai city around the Port there is no scope for expansion by addition of land areas and the road approach to the Port is severely restricted. The Jawahar Dock and the Ambedkar Dock basins which formed the original port can receive vessels upto 35,000 DWT. Bharathi Dock accommodating the oil berths, Iron ore berth and the Container berths can receive vessels upto 100,000 DWT. All the docks are practically fully developed and there is not much scope for additional berths.

Iron ore traffic is proposed to be shifted to Mormugao and coal is being shifted to Ennore. It is proposed that the Bharathi and Ambedkar Docks be combined so that a straight length berthing line accommodating about 7 container berths can be developed. The eastern part of the Ambedkar Dock and the Jawahar Dock can handle break bulk and general cargo and the passenger jetty can be shifted to the southern part and the floating dry dock relocated either in Chennai or in Ennore Port. The elevated road approach proposed in the Master Plan will ease road approach and the railway capacity released by shifting of iron ore and coal can be used for container movement."

4.12 The Committee would like to know the action taken by Ministry of Shipping on report captioned vision 2020 submitted by RITES which recommended creation/modernisation of facilities at all Major/minor and new ports.

Ministry of Shipping should also seek further views of various ports authorities to examine the matters which had not been considered by RITES but for implementation of which representations have been received from various ports.

Ummareddy Venkateswarlu,

Chairman, Committee on Estimates

NEW DELHI