

**Government of Gujarat**  
**Ports & Transport Department**

**Port Policy (Draft)**  
**2018**

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# 1 Preamble

## 1.1 Progress of Maritime Industry

In 2016, World Gross Domestic Product rose by 3.1 percent, marginally higher than 2.5 percent in 2015<sup>1</sup>. Diverging individual country's performance unfolded against the background of collapsing world oil prices in 2014, weak global demand and a slowdown in China, growth in the volume of world trade remained sluggish in 2016 at 2.8 percent, unchanged from the 2.8 percent increase registered in 2015<sup>2</sup>. Lloyd Institute's report on Global Maritime Trade suggests USA, China and India are most likely to dominate world economy by 2030. India shall join the top three in the 2020s, growing to nearly three times the size of Japan and around 80 percent of the size of USA by 2030. India is now growing faster than China, as its GDP growth, supported by factors such as infrastructure investment, accelerated to 7.2 percent in 2015.

India has 12 major ports governed by autonomous bodies (except for Ennore) and more than 200 non-major ports governed by State/UT governments. During the year 2015-16, 10 Public Private Partnership (PPP) projects were awarded, at an estimated investment of INR 7670 crore for capacity addition of 73.25 million tonnes<sup>3</sup>. The development of non-major ports due to growing private sector participation has led to a shift of cargo traffic from major ports that operate at above-optimum capacity, to the non-major ports. The contribution of non-major port's traffic to total traffic rose to 42.83 percent in FY17 from 35.6 percent in FY11 (Non-major ports of Gujarat contributed 30.51 percent to the total national traffic in FY17)<sup>4</sup>. Historically, ports along the west coast have dominated the cargo traffic due to their proximity to India's major consumption centres located in, the landlocked states of North India as well as Maharashtra, and Madhya Pradesh.

The port infrastructure of Gujarat comprises of, one major port and 48 non-major ports which include, private ports, captive jetties, GMB jetties and private jetties. The GMB is responsible for governance and regulation of these non-major ports. In the year 2016-17 Gujarat ports (major and non-major ports) has handled about 451 MMT of traffic. This traffic throughput forms 73 percent of the total traffic of non-major ports of India and handles all the three commodities viz. dry & liquid bulk cargo and containers. Out of the 346 MMT handled by the non-major GMB ports, in financial year 2016-17, 46.24 percent (160 MMT) of the traffic is handled through captive jetties, 44.8 (155 MMT) percent by the private ports and 6.65 percent (23 MMT) by the GMB operated jetties and 2.31 percent (8 MMT) by the private jetties.

As a result of GMB's continuous efforts to improve the efficiency of the ports operated by GMB through investments in infrastructure, capacity augmentation and coastal security; the traffic at GMB operated ports has shown a significant increase of approximately 50 percent in the past 6 years from 2010-11 to 2016-17.

## 1.2 Performance of Port Policy 1995

The Port Policy of Gujarat 1995, was formed for all non-major ports of Gujarat under Gujarat Maritime Board (GMB) to do an integrated port development, consisting of creation of port facilities, industrialization and development of infrastructure facilities like roads and railways in the hinterland. The performance of this port policy is measured across parameters mentioned below:

### 1. Cargo throughput from GMB Ports

Through the strategy introduced in the outgoing port policy, it was envisaged that Gujarat shall be in a position to handle 100 million metric tonnes (MMT) of cargo, about 25 percent share of national cargo, by

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<sup>1</sup> *World Economic Outlook (WEO) update, July 2016, International Monetary Fund*

<sup>2</sup> *Merchandise Trade Growth, 7 April 2016, World Trade Organization (WTO)*

<sup>3</sup> *Update on Indian Port Sector, September 2016, Ministry of Shipping*

<sup>4</sup> *Update on Indian Port Sector, March 2017, Ministry of Shipping*

2000. By year 2000, cargo traffic handled from ports regulated by the GMB had reached 49 MMT (15% of the total national traffic of 334 MMT in year 2000) increasing from 3.5 MMT in year 1995, in which the port policy was introduced. Subsequent policy initiatives for development of port infrastructure, BOOT Policy in 1997 and Ship Building Policy in 2010, accelerated the growth in cargo handling. In year 2016-17, the non-major ports of Gujarat handled 346 million metric tonnes of cargo, growing at a CAGR of 10 percent from 2010-11, accounting to 31.7 percent of India's maritime cargo traffic.

## **2. Development of Port Infrastructure**

The Policy had strategized and envisaged several measures to increase private investment in development of existing as well as new port and jetty infrastructure through BOMT (Build, Operate, Maintain and Transfer) model for a Concession Period of 30 years.

During the policy period, 11 operational private jetties have been granted permission for a lease period varying from five to 25 years with an aim to handle cargo through mechanized handling system and to increase the efficiency. Of the 10 Greenfield port sites (four by GMB and six by Private developer) identified in the Port policy 1995, ports at Mundra, Dahej, Hazira and Pipavav have been successfully developed. The proposed Maroli and Simar ports have been shifted to Nargol and Chhara respectively. Studies are underway for Positra and Vansi-Borsi. The Dholera port site has been proposed to be shifted outside Kalpsar catchment area.

## **3. Utilizing Captive Jetties**

The policy provisioned using the capacity of existing captive jetties, as a short term solution, for a reasonable amount of time for servicing the capacity-traffic gap, until new ports were developed. GMB had 32 operational captive jetty holder companies (incorporates new and expansion captive jetties) till the year 2017 for capacity expansion of their plants and port facilities to fulfil increased demand of import and export cargo. The cargo traffic handled from Captive Jetties in Gujarat had reached 160 MMT in year 2016-17 from 64 MMT in year 2001-02.

## **4. Privatization of Services**

Privatization was envisaged for the services like Lighterage, Dredging, Pilotage and other essential Utility services. Tugs and other crafts to be outsourced for better output, economy and improving efficiency in port operations. The GMB is carrying out dredging by employing private companies at certain GMB operated ports and jetties.

## **5. Development of Hinterland Infrastructure and Shipping Services**

Of the three infrastructure corridors envisioned, road corridors for cargo movement from Kutch, South Gujarat regions have been developed by Gujarat Government. Improvement of road connectivity to Alang, Pipavav region in Saurashtra is under active consideration.

Barge mounted power plants were envisioned, to cater to the energy demand for ports which were not in vicinity of power grids. However power production and supply infrastructure in Gujarat has significantly improved over time and hence were not required to be developed.

For Gujarat ports to act as regional transshipment nodes, introduction of Roll-on/Roll-off (Ro-Ro) services and hovercraft/ catamaran service, interlinking terminals on Saurashtra and Kutch coastline with terminals on Khambhat coastline, are being implemented by GMB. In October 2017 Passenger Ferry services was started between Ghogha (in Bhavnagar District of Saurashtra Region) and Dahej (an Industrial hub in Bharuch District of South Gujarat region). In second phase Ro-on/Roll-off Passenger (Ro-Pax) Ferry service is to be started between Gogha - Dahej. The Ro-Pax Ferry service is first of its kind in the South-East Asia region, in terms of size and capacity.

Process for widening of 4 lane road for Navlakhi has been initiated.

GMB successfully introduced an exclusive Vessel Traffic Monitoring System (VTMS) for navigational aid in Gulf of Kutch and Gulf of Khambhat.

## 6. Marketing and Other Key Initiatives

- ▶ **Promotions:** GMB established a marketing wing to promote Gujarat's maritime infrastructure and interface with the industry and port associations.
- ▶ **Maritime University:** Under the Gujarat Private Universities Act, 2009, GMB is in process of establishing a Maritime University for enabling training as well as maritime research and development to serve as the regional centre of excellence catering to the needs of India as well as, Far East, South Asian Association for Regional Cooperation (SAARC), Africa and Middle Eastern, countries.
- ▶ **Skill Development Centre:** GMB established a unique polytechnic college at Rajula in Gujarat, where the main objectives is to provide the fundamental technical education to students who at present do not have technical Diploma or Degree level education from the Bhavnagar to Amreli district of coastal area of Gujarat state covering about 300 km. Additionally the college will also establish the advance laboratories in the field of Civil, Mechanical, Electrical and Computer Engineering to meet the requirement of the industries.
- ▶ **Maritime Cluster:** GMB has planned to initiate development of a services based maritime cluster in Gujarat with the intent to bring soft maritime services like, shipping agents, ship owners, ship manning and chandlers, shipping finance & insurance, etc. in a common space and create synergy among them. The cluster would provide a globally competitive tax structure, opportunities for professional development through seminars and conferences with global shipping entities and world class office infrastructure. India's first maritime cluster will be developed at GIFT City (Gujarat International Finance Tec-City) in Gandhinagar, Gujarat.
- ▶ **Shipbuilding/Repairing Yard:** The GMB is actively developing shipbuilding yards with private participation to achieve its ambitious plan to continue sharing 60 percent of the national target and thus 5% of global shipbuilding industry by 2020, in accordance with target set in Shipbuilding Policy 2010.
- ▶ **Coastal Area Development:** GMB has planned to explore areas of tourism, forest and environment, fisheries development, industrial development and natural calamity management etc. for development of the marine/ coastal resources along the coastline of Gujarat.

## 1.3 Need for revision of the Policy

Since the formation of port policy in 1995, the Global and Indian maritime environment has evolved significantly. To incorporate the evolving requirements of the industry GMB has proactively introduced forward looking policies which includes many firsts such as, Build-Own-Operate-Transfer (BOOT) policy in 1997, Ship Building policy in 2010, LNG Terminal Policy in 2012 and Ship Recycling Policy in 2016. Currently Indian & Gujarat's economy is on fast track and hence an urgent need is to update the existing port policy based on current economic scenario to complement the rapid economic growth.

In the pursuit of strengthening Gujarat's position as the leader in the maritime industry, critical areas were identified which has necessitated formulation of a new port policy:

### The Challenge

- ▶ Competition from other coastal states of India who have introduced aggressive and inclusive policies in maritime sector.
- ▶ Continuous advancements are being implemented by leading countries in, areas of operations, seamless hinterland logistics, maritime services, and maritime safety and security. Learning and embracing these advancements is critical to Gujarat for success of port-led industrialization.
- ▶ Attracting investments from private sector for development of port and allied infrastructure.

- ▶ Exploring newer and additional areas of revenue generation. Increased revenue will enable reinvestment in better infrastructure.
- ▶ Providing all-round and quality maritime services as well as community services.
- ▶ Minimizing impact on environment from shipping activities.

### **The Potential**

- ▶ Take benefit of enterprising Central Government's initiatives in maritime and industrial sectors, such as 'Sagarmala Project', 'Make in India'.
- ▶ GMB regulated Non-major ports are well placed to lead the regional transshipment market (transshipment of cargo meant for India), as well as explore the international transshipment market (transshipment of cargo meant for Middle East, South Asia, and African markets).
- ▶ Skill development of youth to create, a larger trained human resource pool, and employment opportunities in maritime sector.

The new port policy shall also strive to provide an impetus to ports operating in Gujarat and make them ready for serving the future potential of industrial development and international trade, contributing to integrated logistic value chain in future industrial development.

### **The Renewed Focus**

- ▶ Comprehensive, specifying strategy and action plan for development / promotion of Greenfield port and other allied maritime sector.
- ▶ Monetization (Revenue generation) and efficient utilization of port assets.
- ▶ Skill development and employment generation.
- ▶ Strengthening port connectivity as well as developing logistic improvement projects.
- ▶ Port led holistic development to ensure that trade, tourism, coastal safety-security-environment compliance etc. is not compromised.
- ▶ Use of renewable energy sources to fuel energy demand of ports.

## 2 Vision and Targets

### 2.1 Vision Statement

“To capture the strategic advantage of India’s longest coastline which Gujarat is endowed with and develop the coastal areas comparable with global standards to make them growth engines of the State and place Gujarat prominently on the international shipping map”

### 2.2 Objectives of the Policy

In line with the vision, the following objectives have been framed:

- ▶ To consolidate Gujarat’s position as the leader in maritime cargo trade in India, by enhancing cargo handling capacities across different types of ports and jetties through:
  - Development of the new non-major ports, and jetties, revival of existing ports;
  - Improving cargo handling efficiency and utilization at existing ports and jetties.
- ▶ To optimally utilize useable coastline for:
  - Aligning maritime development plans with existing industrial zones and clusters;
  - Revival of Ship Building industry;
  - Promoting Coastal Shipping.
- ▶ To promote port led industrialization through development of comprehensive maritime and logistic infrastructure by:
  - Developing connectivity infrastructure such as road, rail and waterways;
  - Creation of Value Added and Ancillary Services.
- ▶ To create an efficient and transparent Governance structure along with ease of doing business in maritime sector.
- ▶ To combine coastal safety and sustainability to:
  - Minimize impact on sensitive coastal ecology;
  - Minimize carbon footprint from shipping activities;
  - Confirm to global standards of environment and climate change safety and sustainability programs
  - Develop renewable energy infrastructure.
- ▶ To improve revenue and attract investment by:
  - Optimizing current sources of revenue;
  - Identifying other appropriate sources of revenue and possible sources of financing;
  - Providing flexible options for development of port and ancillary infrastructure.
- ▶ To support innovation and cultivate human resource through:
  - Promotion of research and development in maritime sector
  - Integrating Information Technology as a backbone in Governance and Operations
  - Development of human resource via training and skill development
- ▶ To structure the organisation for making it comparable with Global standards.

### 2.3 Targets – segment wise

To comprehend the objectives of the Gujarat Maritime Policy 2017, the following targets have been set:

#### Increased Market Share

- ▶ To increase share of maritime cargo handled by non-major ports of Gujarat to 50 percent of India’s total maritime cargo, by 2030 from the present share of around 30 percent.
- ▶ To augment port capacity of Gujarat to 2,000 million metric tonnes, maintaining an ideal utilization rate of 75 percent (which is a global accepted standard) from the present 501 MMT.
- ▶ To develop a mega port by GMB in Gujarat.

### **Industrial Development**

- ▶ To facilitate port led cluster development of three Coastal Economic Zones in Kutch, Saurashtra, and South Gujarat identified by Government of India, in sync with the Sagarmala program of Government of India.
- ▶ To develop integrated last mile connectivity and storage infrastructure for five identified ports Bedi, Navlakhi, Porbandar, Veraval and Okha.
- ▶ Revival of shipbuilding industry.

### **Improving Ease of Doing Business in Ports**

- ▶ To bring procedural and administrative reforms through single window clearance facility of GMB.
- ▶ To bridge the Connectivity gaps by development of soft and hard infrastructure.
- ▶ To bring in transparency in port related payments through e-Payment mode for collection of all type of fees and charges.

### **Development of Smart and environmentally sustainable Infrastructure**

- ▶ To develop an IT enabled and seamless smart logistic network to service the hinterland.
- ▶ To skill 16,000 manpower in the maritime sector by 2028 year.
- ▶ To create comprehensive plan to develop safer and greener ports.
- ▶ To fulfil 100% of energy demand of GMB Jetties by 2025 and 50% of energy demand of Other Ports by 2030 through renewable sources of energy.
- ▶ To attract an investment of around INR 400 Cr. in Gujarat Maritime cluster over a period of three years.

### 3 Definitions

Definitions in this Policy, unless the context otherwise requires, -

- i. "Anchorage Port" means a port where the provision of anchorage is present for the vessels.
- ii. "Brownfield Port" means a port which is newly constructed or restructured on a site that has had previous development on it.
- iii. "Bunkering" means the process of supplying fuel to the vessels.
- iv. "Captive Jetty" means a jetty constructed for landing and shipping by a port based industry located in Gujarat for landing and shipping of their captive industrial raw materials or loading and unloading of their finished products from the jetty.
- v. "Coastal Ship" or "Coastal Vessel" means ships that are registered under Merchant Shipping Act, adopting the provisions of Indian Coastal Vessel Rules, and which operate from a port or place in India to any port or place in India, such that the vessel does not operate beyond 20 nautical miles from the nearest land. Provided that such vessel shall not cease to be a coastal vessel merely by reason of the fact that the vessel crosses during the voyage the Gulf of Kutch or Khambat. Provided also that Coastal Vessel under this notification may go around Srilanka without calling any port in Srilanka or entering the territorial waters of Srilanka.
- vi. "Coastal Shipping" means the shipping of cargo from one jetty to another jetty within India using vessels specific for this purpose.
- vii. "Corporatization" means the process of transforming state assets, government agencies, or municipal organizations into corporations.
- viii. "Developer" means the party responsible for the development of the port.
- ix. "GMB Jetty" means the jetty that is being operated by GMB.
- x. "Greenfield Port" means a port which is newly constructed on a previously undeveloped site for commercial development.
  - i. "Gujarat Maritime Board" or "GMB" means the Gujarat Maritime Board and includes any officer or servant authorized by it. GMB is the statutory body of State Government of Gujarat.
  - ii. "GMB owned Ports" means the ports which are under jurisdiction of GMB and for which GMB is responsible for management, control and administration in Gujarat state.
  - iii. "Hinterland" means is the geographical region over which a port has the dominant market share.
  - iv. "L.D.T." means light displacement tonne of the vessels certified as such.
  - v. "Landing Place" means a bunder, wharf, pier, jetty, SBM/SPM and hard place used for the landing, shipping or storage of goods, or for the embarking/disembarking of passengers or delivery/support of liquid/ gas cargo.
  - vi. "Lockgate" means a gate for opening or closing a lock in canal or in port/dock/harbour or sometimes in a river.
  - vii. "Major Port" means any port which the Central Government may by notification in the Official Gazette declare, or may under any law for the time being in force have declared, to be a major port.

- viii. "Maritime Cluster" means an agglomeration of firms, institutions, business and other industry players in the maritime sector that are geographically located close to each other and have a synergy between their activities.
- ix. "Measurement Tonne" means the weight of cargo such as wood, timber, wool or any unenumerated cargo for which the weight in "tonne" shall be worked out by applying a measurement factor of 1.41584 cubic metres (50 cubic feet) per tonne.
- x. "Mechanized Vessel" means mechanically propelled vessel which covers every description of vessel propelled wholly or in part by electricity, steam or other mechanical power registered under Inland Vessel Act, 1917.
- xi. "Navigational Assistance" means providing services related to navigational and directional assistance/ advice on VHF set or any other such communication means by an authorized representative of GMB for the purpose of beaching/ berthing a manned/live ship.
- xii. "Non-Major Port" means any port that falls under the regulation of the State Government.
- xiii. "Operator" means the party responsible for conducting regular port operations.
- xiv. "Passenger" includes any person carried in a mechanically propelled vessel other than the Master & Crew and the owner, his family and servant.
- xv. "Pilotage Services" means providing services related to pilot, pilot vessel, use of navigational channel, and navigational aids like lights, beacons, buoys, etc.
- xvi. "Port Group" means the ten port groups of GMB.
- xvii. "Port" means any minor port to which GMB Act applies within such limits as may from time to time be defined by the State Government under the Indian Port Act, 1908, and includes any part of a river or channel which is defined as such under the GMB Act.
- xviii. "Private Jetty" means a jetty or wharf, which is newly constructed or renovated or modernized with mechanized handling by private party with private investment or leased by GMB to the private party.
- xix. "Private Port" means a port, which is newly constructed or renovated or modernized with mechanized handling by private party with private investment or leased by GMB to the private party.
- xx. "Privatization" means the transfer of a business, industry or service from public to private ownership and control.
- xxi. 'Ro-Ro service' means conveying of wheeled cargo being driven on or off ship via a ramp.  
Explanation.- "Ro-Ro" is an abbreviation of roll-on / roll-off;
- xxii. "Sailing Vessel" means any vessel provided with sufficient sail area for navigation under sail alone whether or not fitted with mechanical means of propulsion, and includes a rowing boat or canoe but does not include a pleasure craft.
- xxiii. "Ship Chandler" means a retail dealer who specializes in supplies or equipment for ships.
- xxiv. "Subsidy" means financial assistance in cash or kind provided by the State Government, the Government agency or the specified Government agency.
- xxv. "Tonne" means a metric tonne of 1000 kilograms and wherever weights are declared in measure of long Ton according to British Unit, the rate of conversion of such ton into Metric Unit of weight shall be 1,016.05 kilograms. In respect of bulk liquid cargo which is not measured in tonnes, one "Tonne" shall be measured on the basis of 1000 litres of such cargo Tonne in relation to vessel

shall be determined or determinable by the rules made under section 74 of The Merchant Shipping Act, 1958 (44 of 1958) for regulating the measurement of the Gross Tonnage of Ships.

- xxvi. “Vessel” means barges, boats, tugs, launches or any other mechanized or non-mechanized floating craft and also include anything made for the conveyance mainly by water of human being or of goods.
- xxvii. “Waterfront” means the body of water in front of the port.

## **4 Key Implementation Strategies – Policy Themes**

In order to achieve comprehensive growth of Gujarat’s maritime ecosystem through the new Gujarat Maritime Policy 2017, strategies have been formulated in five distinct thrust/thematic areas. The strategies have been developed building on the challenges faced by the industry and the future potential. The strategies shall be effective/applicable for all existing and future ports which are governed by the GMB. The GMB shall play a central role in development of maritime sector in Gujarat.

### **4.1 Scale vs Spread**

Appropriate measures shall have to be taken to enhance maritime cargo trade traffic through GMB ports along with maintaining a critical balance between scale and spread of port infrastructure. The following measures will be decisive in achieving the objective:

#### **4.1.1 Enhance Cargo Handling Capacity**

- ▶ Develop of a comprehensive master plan encompassing all areas of maritime ecosystem;
- ▶ Adopt a systematic and phased method for upgrading / modernizing assets to enhance cargo handling capacity;
- ▶ Develop, revive and modernization of port and jetty infrastructure

#### **4.1.2 Engage Captive jetties**

- ▶ As feeder nodes to larger hub ports for evacuation of cargo for improving utilization of existing ports;
- ▶ For evacuation for coastal and transshipment cargo

#### **4.1.3 Revive GMB Jetties**

- ▶ Revive and develop existing GMB jetties through corporatization (reorganizing into a corporate structure)/privatization;
- ▶ As extended port facilities; for improving cargo evacuation efficiency and an integral part of cargo logistics

#### **4.1.4 Improve logistic and evacuation ecosystem by**

- ▶ Improving connectivity infrastructure;
- ▶ Improving storage and warehousing infrastructure;
- ▶ Improving speed and ease of clearances

### **4.2 Make in Coastal Gujarat**

The Government of Gujarat has been aggressively engaged in promoting industrialisation in the state. The State Government launched various initiatives through the Industrial Policy in 2015 to promote ‘Make in Gujarat’ like MSME Facilitation Desk for investors, single window clearance and subsidy through IFP

(Investor facilitation Portal), GST Facilitation Cell. Manufacturing contributes to 30.8<sup>5</sup> percent of the State's GDP. With the aim to maximize benefit from the existing and future potential industrialization plans, GMB shall have to take the following steps strategic interventions

#### **4.2.1 Support for Coastal Economic Zones**

- ▶ Integrated and participative spatial planning of Coastal Gujarat;
- ▶ Promote specialized cargo handling operations for industrial clusters in vicinity of ports/jetties;
- ▶ Market led strategies to optimise use of land available with port authorities

#### **4.2.2 Revive Shipbuilding Industry**

- ▶ Special status to ship building clusters for financial assistance;
- ▶ Encourage R&D and indigenization in ship building sector

#### **4.2.3 Promote Coastal Shipping**

- ▶ Incentivize coastal shipping cargo to be handled at existing port/jetty infrastructure;
- ▶ Link port/jetties with proposed CEZs in Sagarmala in order to promote coastal shipping

#### **4.2.4 Develop IT based cargo evacuation network encompassing**

- ▶ Cargo handling and evacuation stages at port/jetty;
- ▶ Various components of logistic infrastructure (connectivity and storage)

### **4.3 Ease of Doing Business**

Reforms in the area of governance and operations shall have to be implemented in order to equip the Maritime Board with higher efficiency and momentum for progress in maritime sector. The following interventions are necessary for improving ease of doing business in Gujarat's maritime sector

#### **4.3.1 Efficient governance structure**

- ▶ Segregate existing structure into separate regulatory and operational bodies;
- ▶ Redistribute and define functions of these separate bodies

#### **4.3.2 Revitalize private participation**

- ▶ Additional flexibility in project structuring in order to facilitate diverse needs of projects;
- ▶ Incentivize port development and operations

#### **4.3.3 Automation in Port Operations**

- ▶ Integrate use of IT in different stages and components of port operations;

#### **4.3.4 Faster Approvals and Clearances**

- ▶ Simplify, standardize and provide assistance for approval processes;
- ▶ Integrate the process of approvals and clearances on IT backbone;
- ▶ Provide Single Window Clearance services to the industry

### **4.4 Safe and Sustainable Ports**

The business activity along the coast of Gujarat has given economic prosperity but with many environmental challenges. The aim of developing safe and sustainable ports is to minimize pollution levels

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<sup>5</sup> Ministry of Shipping Cargo Update Report, 2016

and environmental damage on coastal ecology of Gujarat and promote carbon neutral source of energy. Gujarat ports can achieve the environmental sustainability by adopting three way approach.

#### **4.4.1 Minimizing the impact of port related operations**

- ▶ Development of an environment friendly and financially sustainable regulatory framework by the GMB for dredging activities, land reclamation and protection of mangroves.
- ▶ The framework shall control and monitor both capital as well as maintenance dredging for GMB ports and focus on privatisation of dredging activities.
- ▶ The land reclamation framework shall regularise and allot the reclaimed land through revenue department to GMB on token rate and lease the same to private players on token land lease rent.
- ▶ The framework shall highlight use of certain portion of GMB resources by GMB ports in Mangrove plantation and conservation measures.

#### **4.4.2 Fuelling ports of Gujarat by capturing the potential of offshore wind energy**

- ▶ Offshore wind energy farms of 150 MW capacity to be developed through private sector participation to meet the 100% renewable energy demand of GMB jetties and 50% renewable energy demand in other jetties. The potential locations include Okha, Bhavnagar, Pipavav, Dahej and Hazira.
- ▶ A detailed Feasibility study to identify potential location for setting up off shore wind energy farms to be done before initiating the project such that it does not impact the port traffic or operations.

#### **4.4.3 Combined strategy for greener and safer ports**

- ▶ Development of a Green Port Plan (GPP) wherein incentives for use of cleaner fuels in ships, minimise impervious port surfaces, upgrade/ retrofit cargo equipment, explore financially viable options for converting bulk cargo to palletised cargo and shore side power for vessels docked at berth to be incorporated.
- ▶ Independent third party environment and energy audits of GMB ports on a regular basis.
- ▶ A port safety code covering all safety precautions and an oil spill contingency plan to be developed and monitored for the ports.
- ▶ Focus on compliance with Statutory Acts/Rules such as Inland Vessel Act, International Maritime Organization (IMO) conventions, Merchant Shipping Act, Rules made thereunder, International Ship and Port Facility Security (ISPS) Code, Navigational Safety in Ports Committee (NSPC), Oil Spill contingency plan, etc. to be done by GMB

#### **4.4.4 Support for Ship Recycling**

- ▶ Regular tracking and monitoring framework to be prepared for the waste generated in the shipbreaking process
- ▶ Audits to be conducted by third party independent auditors for sensitive recycling processes
- ▶ Better environmental support by upgrading the existing Environment Management Plan (EMP) at the Ship Recycling facility

### **4.5 Ancillary Infrastructure Development**

In order to reinforce Gujarat's maritime ecosystem and provide comprehensive services, it is necessary for the GMB to develop

#### **4.5.1 Ancillary infrastructure**

- ▶ Develop ancillary infrastructure to provide services such as bunkering, dredging, ship chandler services;

- ▶ Other infrastructure to promote activities which generate revenue for the state such as, marine tourism

#### **4.5.2 Maritime Facilities and Services**

- ▶ Develop infrastructure to cluster shipping related business activities such as, shipping agents, chartering agents, freight forwarders, maritime lawyers, ship financing agencies and other services near the ports.

#### **4.5.3 Maritime education and training infrastructure**

- ▶ Bridge the skill gap in port and maritime sector by creating training and educational infrastructure by GMB or with the help of strategic tie ups with institutes.

## 5 Implementation Framework

### 5.1 Governance

For the strategies identified in Section 4, GMB will design and implement a governance to help them fulfil those strategies. This section will highlight what GMB has to do in case of their governance through their governance role and through corporatization/privatization of GMB ports.

#### 5.1.1 Governance Role

The segregation of regulatory and operational aspects for GMB ports is envisaged in this policy;

- ▶ The Regulatory role will transferred to an independent body; a separate Maritime Authority will be created for this purpose.
- ▶ The GMB will be responsible for the implementation and operational role.

In order to accomplish the same, the organization structure of existing Gujarat Maritime Board shall be rearranged;

- ▶ The departments that perform the regulatory role will be relocated to the independent Maritime Authority. New departments will be formed as per requirement and manpower shall be hired either internally or through other approved means.
- ▶ The departments that perform implementation and operational role will remain in the GMB along with formation of new departments established as requirement. Hiring for required manpower shall be conducted as mentioned in the previous point.

The Maritime Authority (MA) shall perform the following roles;

- ▶ Market and promote the maritime sector of Gujarat
- ▶ Maritime development strategy
- ▶ Strategic partnering for maritime infrastructure development
- ▶ Project monitoring (port, ancillary and other)
- ▶ Safety and security audit of GMB ports
- ▶ Development of maritime skills of personnel employed at GMB ports
- ▶ Other potential maritime authority and Harbour Master tasks as SAR, towage, pilotage, VTMS, authorize vessels to call at ports, check compliance vessels with national and international (IMO) regulations, or at least tuning with present government parties playing those roles
- ▶ Development, regulation and promotion of Maritime Cluster and commercial services

The GMB to shall perform the following roles;

- ▶ Develop port, ancillary and other infrastructure
- ▶ Port management and operations
- ▶ Adopt landlord model of development, where operations will be outsourced to private players
- ▶ Provide the dredging services, ancillary services and value added services through private players

#### 5.1.2 Corporatization/Privatization of GMB Jetties

Revival and development of existing GMB jetty infrastructure through corporatization/privatization shall be promoted by the GMB. Such GMB jetties developed through privatization shall be classified under Private Jetties. Under the landlord model, GMB will retain the ownership of land and fixed assets, as well as responsibility for maintaining approach channels and navigation aids; the GMB will not engage in any operational activities for ports/jetties coming under this model.

The corporatization/privatization will be primarily be done for GMB jetties. For this, creation of an intra-organization task force made up of representatives from the departments relevant to the corporatization/privatization process. The methodology that shall be followed for this purpose is as follows:

- ▶ **Corporatization of different GMB jetties:** Corporatisation of GMB jetties by restructuring their jetties into joint stock, publicly listed companies in order to introduce corporate and business management techniques into their administration
- ▶ **Prepare business revival/transformation plan:** Preparation of a detailed business plan to describe how the GMB jetties could be revived/transformed, identify the existing gaps and solutions to address those gaps, timelines and the persons responsible for implementing the final solutions
- ▶ **Initiate project by getting requisite approval:** Approval of the business plan shall be taken from the Government of Gujarat
- ▶ **Privatize to get funding for development:** Funding shall be obtained through privatization in following ways:
  - By using a third party for development;
  - Sell company's share via the stock market.

### 5.1.3 Project Identification and Structuring

#### a) Development of Ports

The GMB may develop of ports through, establishing new ports (Greenfield projects) or through revival/augmentation of existing ports (Brownfield projects) as deemed suitable. Identification of projects could be either through

- ▶ Solicited Project Proposals – Potential projects identified by the MA including expansion projects;
- ▶ Unsolicited Project Proposals – Where potential project is identified and proposed by a private developer.

Selection process of developers for development of ports shall be preceded by outline studies for, hinterland stability and cargo supply, location, maritime features, environment impact, connectivity, etc. to mitigate the risk of non-feasibility. The life cycle stages that shall be followed for the development of new port infrastructure are

- ▶ Conception and Proposal – for solicited proposals, following outline studies to be conducted by the MA
  - Technical (location, availability of draught, channel width and other parameters)
  - Economic and Strategic (service area, type of industries, volume of cargo, type of cargo)
  - Connectivity (rail, road and waterways)
  - Environment Impact
  - Social Impact
- ▶ Development - The GMB shall play the role of concessionaire,
- ▶ Operations – The MA shall play the role of monitoring and regulatory body during development and operations phase;
- ▶ Handing Over – Post completion of concession period or in cases where default has occurred or Force Majeure, the project shall be handed back to GMB.

For unsolicited project proposals;

- ▶ The activities in Conception and Proposal stage shall be complied by the private developer;
- ▶ The MA shall explore the options of Swiss Challenge method or by signing MOUs for such projects;
- ▶ If the original proposer does not get selected after the procurement process, the MA shall reimburse the cost of conducting the studies to the original proposer.

## b) Project Structure and Concession period

Promotion of development of Greenfield and Brownfield ports through this port policy. Development of Greenfield ports at new locations could be identified by GMB or private developer. Development of Brownfield ports by upgrading existing jetty infrastructure (Captive, GMB Owned or Private) into a port.

In order to introduce flexibility in project structures, the following options to be used as tools to respond to variable requirements of a project.

PPP Model	Concession Period (years)
Rehabilitate, Operate and Transfer (ROT) – shall be either part leased/operated and then transferred	20
Rehabilitate, Lease/Rent and Transfer (RLRT) – shall be either part leased/operated and then transferred	20
Build, Rehabilitate, Operate and Transfer (BROT) – shall be either part leased/operated and then transferred	20
Build, Operate, Transfer (BOT) – Common mode of PPP	30
Build, Own, Operate, Transfer (BOOT) – Common mode of PPP	30
Build, Lease, Transfer (BLT) – Development of Private Jetty in a land lord port	15

## c) Concession Period

### a. For Ports/Jetties

- ▶ Grant of extension after end of initial concession period, for additional 5 years based on the merit of application, to a cumulative maximum total of 50 years (counted from beginning of concession period)

### b. For Other Projects

- ▶ Concession period upto a maximum of 20 years for other projects on case to case basis;
- ▶ Grant of extension after end of initial concession period, for additional 5 years based on merit of the application, to a cumulative total of 30 years

## d) Land

### Private Ports

- ▶ For completely privatized ports, the land will be acquired by the Private Developer
- ▶ GMB shall support the private players during the purchase of land;
- ▶ Transfer of ownership of the land to GMB; post completion of concession period, and/or in cases of Licensee/Licensors default, change in law.

### Public Private Partnership

- ▶ If the project development area includes government land, GMB will apply for transfer of land to Government of Gujarat at a nominal rate;
- ▶ As per the valuation of land based on Jantri Rates (minimum price of land/building in a particular area specified by the State Government), GMB may choose to transfer the land to special purpose vehicle (SPV) formed as an equity stake;

- ▶ If the GMB does not participate in the equity then lease the land to the Private Developer and the amount will be adjusted against future payments to GMB;
- ▶ Ownership of such land will remain vested with the GMB;
- ▶ In case where private land is to be acquired, the land will be acquired by the Private Developer and the cost of purchasing land to be adjusted against future payments to GMB;
- ▶ The ownership of the land will be transferred to GMB; post completion of concession period, and/or in cases of Licensee/Licenser default, change in law

#### e) Reclaimed Land

- ▶ Looking to the existing and future development concentrated on the coastal line of Gujarat, land is a scarce resource around the coastal line, most of the companies are proposing to develop/ expand the port and port based facility on reclaimed land by using the dredged material. Besides, the port based industries needs to be located on coastal/ riverbank areas and therefore low-lying areas are required to be reclaimed.
- ▶ As there are significant regulatory and commercial concerns related to land reclamation and this will affect the port planning and investments, GMB to grant NOC/ Permission for Reclaiming land for port and port related activities along the coast of Gujarat only after below mentioned considerations.
  - a. **Procedure:** There will be a two-stage process for approval of GMB for Land Reclamation projects.
    - i. In the first stage, project proponent will apply to GMB for the NOC to apply for the CRZ Clearance/ GPCB's NOC or any other necessary approval/ permission from relevant department. GMB will convey its opinion for granting NOC to the applicant with a set of conditions, subject to customization on case to case basis, specified herewith in this Guideline.
    - ii. In the second stage, the project proponent will apply for the permission for reclamation in the same application format, after obtaining Environment/ CRZ Clearance/ GPCB's NOC, or any other necessary approval/ permission from relevant department. After due evaluation, GMB will give the permission for reclamation under section 35(1) of GMB Act 1981
  - b. **Fees and Levies:** The following charges/fees shall be levied from the project proponents

Sr. No.	Type of Development	Scenario	Land Value	Lease Rent for Developer
1.	Captive Jetty	Cost of Reclamation < Jantri Cost	Jantri Cost – Cost of Reclamation	10% of the Land Value for first 10 years and then (after completion of 10 years) at the rate of 10% of the prevailing Jantri rate for rest of the agreement period with 10% escalation every 3 years for both periods.
2.	Captive Jetty	Cost of Reclamation > or = Jantri Cost	Token	10% of the prevailing Jantri rate with 10% escalation every 3 years (not to be collected till the cumulative sum of this rent and prevailing jantri rate equals or overtakes the Cost of Reclamation) after that it will be collected for the rest of the agreement period.

3.	Private Port and Shipyards	Cost of Reclamation < Jantri Cost	Token	Token
4.	Private Port and Shipyards	Cost of Reclamation > or = Jantri Cost	Token	Token

- i. Administrative and processing fees of Rs. 25,000 (Rupees twenty five thousand only), excluding applicable taxes, shall be charged for each application of NOC and Permission.

**c. Other Conditions:**

- i. Actual execution should be allowed only after receipt of CRZ Clearance/ GPCB's NOC or any other necessary approval/ permission from relevant department and submission of detailed drawings to GMB.
- ii. The detailed project for the reclamation plan is to be submitted to the GMB for prior approval to reclaim the land.
- iii. The company shall inform the local authority of GMB before starting of the work.
- iv. The company shall have to take all the safety measures for reclamation. GMB does not take any responsibility for the design and safety of the structures
- v. The charges/ fees/ lease rents as decided by GMB/ GoG shall have to be paid by the Company.

**f) Termination Compensation**

The termination compensation for the projects would be decided on case to case basis.

**5.2 Port Led Industrialization**

The initiatives that have been formulated to administer thrust to port led industrialization which are described herewith. These initiatives shall be executed either by the MA or by GMB depending on their role.

**a) Development of Gujarat Maritime Perspective plan**

Preparation of a perspective plan for Gujarat maritime sector and ports regulated by the MA, which will encompass all areas of maritime ecosystem; port and supply chain capacity and connectivity, and environmental and community values. The perspective plan shall incorporate influence of existing and proposed maritime clusters and corridors in or covering Gujarat.

Several industrial areas and corridors have been proposed in Gujarat by State and Central Government. The GMB to integrate the influence of existing and proposed industrial corridor and clusters in their Maritime Perspective Plan

- ▶ Central Government initiatives such as - DMIC, Coastal Economic Zones proposed in Sagarmala
- ▶ State Government projects of SEZs and SIRs

**b) Actively Seek Investment**

With the increase in trade and expected boom in Indian economy, Gujarat ports are expected to benefit the most, handling larger volumes of cargo. The MA shall interact directly with the national and international community with the objective of spreading awareness of Gujarat's Maritime opportunity. The platforms of roadshows, conferences and other marketing events shall be taken, to attract private bidders who have

access to global finance and funds, to stich strategic collaborations with prospective partners, and thereby presenting options to convert planned projects into reality.

### **5.2.1 Make in Coastal Gujarat**

The Government of Gujarat has been aggressively engaged in promoting industrialisation in the state. The State Government launched various initiatives through the Industrial Policy in 2015 to promote Make in Gujarat. Manufacturing contributes to 30.8 % of the State's GDP and has attracted a large part of Foreign Direct Investment (FDI) in the financial year 2016-17 (Gujarat received total FDI of INR 22,610 crore in 2016-17). In order to further strengthen the attractiveness for Make in Gujarat

#### **a) Integrated and Participative Spatial Planning of Coastal Gujarat**

- ▶ For efficient and sustainable utilization of its waterfront, the GMB to undertake formulation of a Maritime Coastal Regional Plans (MCRPs) for its entire coastline, through a participatory approach
- ▶ Inputs will be taken from Government stakeholders (GoG, GIDC, GIDB, Urban/ local government, local community).

#### **b) Delineation of special economic region to promote specialized cargo handling operations**

- ▶ Explore the potential for development of specially delineated port based industrial clusters in vicinity of Gujarat ports in collaboration with GIDC and GIDB.
- ▶ Special assistance may be provided to industries establishing in these areas.

#### **c) Promotion of coastal cargo shipping**

- ▶ Extend financial incentives to coastal cargo handling through ports and jetties.
- ▶ Provide dedicated berthing facilities for coastal cargo at GMB Jetties.

#### **d) Revival of Gujarat Shipbuilding Industry**

Gujarat handles about 89% share of the Indian shipbuilding order book (by DWT). Presently, Gujarat has nine shipbuilding yards in operation and eight under execution. 9 operational shipyards have capacity of ~1 million DWT. In addition to existing 9 shipyards, GMB has accorded approval to 5 shipyard projects with investment of INR 5088 crores.

- ▶ In addition to extending financial incentives, adopt cluster based approach to develop ship building parks.
- ▶ These parks may be granted special status, such as SEZ, to enable developers to secure further rebates in taxes
- ▶ Impetus shall be provided to interested players to develop first tier yards targeting niche segments like pleasure crafts / yachts, small bunkering vessels or smaller specialized vessels like LNG bunkering barges (in JV with overseas partners for technology). These shall be mapped, monitored and proposed by the MA.

### **5.2.2 Infrastructure**

Gujarat ports serve as an important gateway to for international trade with Middle Eastern countries, Europe and Africa. The non-major ports of Gujarat aim to achieve 50 % of national maritime cargo share by 2030, which is estimated to be ~3,000 MMT, i.e. a share of 1,500 MMT by GMB regulated ports. Correspondingly the cargo handling capacity shall have to be augmented to 2,000 MMT by year 2030. The GMB shall assist in development ports and support infrastructure to provide required thrust to port led industrialization will help create the critical link between industrial clusters and ports.

#### **a) Development of Ports**

- ▶ Encourage development of port infrastructure by the way of engaging private sector as per the Maritime Perspective plan.
- ▶ Development of Greenfield ports Proposals based on the Maritime Perspective plan, after all aspects are examined by the review committee.
- ▶ Redevelop existing GMB Jetties through corporatization/privatization

#### **b) Upgrading / modernizing the assets / existing ports**

- ▶ Augmentation of Cargo handling facilities at GMB jetties in a phased manner based on the Gujarat Maritime Perspective Plan prepared by GMB, in terms of volume and type of cargo handling envisaged in the hinterland region, and need for multipurpose facilities.
- ▶ Extend appropriate incentives in order to facilitate modernization which result in capacity augmentation.

#### **c) Storage Infrastructure**

Along with industries, GMB to focus on creating a network of storage / warehousing facilities (logistics infrastructure); i.e. ICDs, tank farms or warehouses for faster evacuation of cargo from GMB ports/jetties. Identify and earmark locations in proximity to ports to create such logistic infrastructure. The GMB may explore the following modes/modules for development of such infrastructure

- ▶ Acquire land and invites Private developers to develop and operate on PPP for single or multiple locations;
- ▶ Acquire land and constructs infrastructure and leases to Private Operators for fixed period of time;
- ▶ Utilize existing network of Private Storage facilities – Soft on-boarding where storage facilities are empaneled; relay of location and information of facility online.

Other modes/modules may be considered by the GMB based on the merit of the proposal

#### **d) Allied Transportation**

Facilitating active collaboration with private players with the aim of developing an allied transportation network to provide a single mode or multi-modal (rail, road, barges) option for shippers for optimization of cargo movement. The MA shall identify viable ports locations and projects related to allied transportation. The following steps shall be supported by the GMB:

##### **Railway**

- ▶ Development of rail heads at identified ports in a phased manner;
- ▶ Co-ordination with Railways and State Government for facilitation of project implementation;
- ▶ Institute a Command and Control Centre at Gandhinagar, to collate and communicate rake availability information on an electronic platform.

##### **Road**

- ▶ Co-ordinate with ordination with NHAI, PWD, R&B and other responsible departments/ agencies;
- ▶ Provide facility for private roadway operators to house facility inside port complex or storage network.

##### **Seagoing Coasters**

- ▶ Contract private operators owning and operating coasters (barges) to enable integrated operation;
- ▶ Provide berthing facilities at GMB ports for coasters that cater to Coastal Shipping;
- ▶ Maintain required draught in channels identified for coastal movement.

#### **e) Dedicated ports for Warehousing and logistics**

Principal commodities handled at GMB jetties need specialised cargo handling equipment. The potential of specialised cargo handling for Bulk cargo handling across GMB jetties shall be explored by the MA and GMB jetties can be developed into dedicated terminals. Potential GMB jetties identified are

- ▶ For Cool Port (Perishable refrigerated and frozen cargo like fruits, vegetables, flowers, fishes, FMCG etc.)
- ▶ For Agro Port (Wheat, Maize, Soyabeans, Barley, Sugar, other food grains etc.)
- ▶ For Coal Port (Coal and dirty Cargo etc.)

#### **f) Port led ancillaries and allied activities**

Value Added/Ancillary Services can be provided by the GMB to enhance stakeholder experience. Ancillary services like Emergency Response System, Bunkering Facilities, Information of Warehousing network, Freshwater facilities, Community Centre and Other Basic facilities to be part of Port Facility Planning.

#### **g) Facility for White Cargo**

White cargo (like agro products, containers) is different from Dirty cargo and needs to be handled separately. If a port handles white cargo, then it should have a dedicated jetty for the same. Dirty cargo shall not be handled at the same jetty where White cargo is being handled. The potential for development of White cargo jetties shall be explored by the MA.

#### **h) Logistics Cell**

A Logistics cell shall be established at GMB which will handle projects and initiatives related to logistics which are being undertaken by GMB. The broad responsibilities of the logistic cell shall include

- ▶ Standards and Policy setting
- ▶ Project / Infrastructure identification and development
- ▶ Coordination with other departments for undertaking various initiatives

### **5.3 Optimizing Port Productivity**

The GMB jetties to be brought at par with the best by overcoming the challenges and improving the port performance. The steps required to revitalize the competency of GMB jetties and improve port productivity have been addressed with the help of following initiatives.

#### **5.3.1 Augmentation of Port capacity utilisation**

Since capacity augmentation is a capital intensive activity, formulation of a uniform method by the GMB to calculate and update existing and planned capacities on regular basis (considering mechanization and efficiency improvement in cargo handling). Calculation of Capacity based on - type, condition, age and degree of automation of the machinery. Calculation to factor in hours of deployment, in ports where machinery deployment is ad hoc in nature.

#### **5.3.2 Hub and Spoke Model for Cargo movement**

##### **a) Strategy for Captive Jetties**

Captive jetties were provisioned in the port policy of 1995 as a make shift arrangement to manage capacity gap on Gujarat's coastline. The GMB shall restrict the development of new captive jetties in future.

However, port based industry or cluster of industries may require captive port facilities to be developed for movement of raw materials or finished goods for EXIM. Therefore, the GMB may permit development of new captive jetty facility only in eligible cases where exclusive facilities are required by these industries to

handle cargo such as, petroleum, chemical salt, and food grains. Furthermore, captive jetties may not be permitted at locations where ports have been proposed to be developed in the maritime perspective plan.

Eligibility criteria, process of awarding, provision for flexibility in handling commercial cargo, exclusivity clause, will be provided in the implementation guidelines, which will be subsequently issued by the GMB.

Role of Captive jetties in the maritime perspective plan envisaged by the GMB:

- ▶ Through hub and spoke model, captive jetties to act as feeder ports for larger hub ports.
- ▶ Promotion of Coastal shipping through captive jetties.
- ▶ Usage of facilities at captive jetties to optimize logistics cost.

#### **b) Strategy for GMB jetties**

In order to optimize utilization, the MA will identify suitable GMB jetties which will act as dedicated 'coastal transshipment ports' for regional transshipment and take following steps:

- ▶ Distribution of Traffic landing at key ports to the identified jetties across the coastline, for faster disbursement of cargo to the hinterland;
- ▶ Analyse the nature and quantum of cargo to be handled;
- ▶ If a port/jetty saturates, active proposition shall be made to the government or end users to move the traffic to the next best available port;
- ▶ These jetties shall be equipped with dedicated and appropriate cargo handling infrastructure for faster evacuation of transshipment cargo.

### **5.4 Improving Revenue Sources**

The GMB allocates a certain amount of budget for the purpose of capital investments each year for implementing the strategies. For the sake of capital generation, GMB to identify other sources of revenue generation and also generate funds through certain financing options.

#### **5.4.1 Financing**

GMB shall set aside certain percentage of its income or a particular income head depending upon the requirement as fund. To this fund, the revenue generated from the additional revenue sources shall be added. This total fund will be used for financing of the capital for the future projects. This fund will be used for financing debts and public offering. The GMB will decide an appropriate mix of both these options.

#### **5.4.2 Developing the Infrastructure**

- ▶ **Bunkering:** A dedicated infrastructure for bunkering and barge bunkering facilities to be developed on PPP model at two identified locations: Okha in Gulf of Kutch and Piram Island in Gulf of Khambhat;
- ▶ **Anchorage Ports:** Development of a dedicated facility for container barge movements at Okha and Porbandar ports and ship to ship transfer facility at Bedi and Magdalla ports;
- ▶ **Dredging:** The GMB shall be responsible for maintenance of navigation channels through dredging. Dredging shall be performed either by the existing dredgers or outsourced to private companies. A new business unit shall be establishment to overlook capital and maintenance dredging activities for GMB ports.

#### **5.4.3 Asset Monetization**

GMB will generate revenue through asset monetization. Primarily the assets can be divided into land, infrastructure and equipment for GMB jetties.

The monetization of land will be done as follows:

- ▶ Leasing or renting of land that is unoccupied for a particular period;
- ▶ Development of office buildings and renting them to the government officials and port users;
- ▶ Renting of the open storage area to a third party;
- ▶ Allowing temporary constructions for the purpose of operations at a defined fee.

The monetization of infrastructure will be done as follows:

- ▶ Leasing or renting of warehouse to third party for the purpose of storage for a particular period;
- ▶ Renting of existing office buildings to government officials and port users.

The monetization of equipment will be done as follows:

- ▶ Renting of tugs to third party for a particular period;
- ▶ Renting of barges to third party for a particular period.

#### 5.4.4 Marine Tourism

- ▶ Generating revenue by using existing and future assets such as, port premises, light houses, waterfront for tourism activities. The potential GMB ports for development of marine tourism are Okha, Magdalla, Porbandar and Mandvi.
- ▶ Cruise tourism:
  - A dedicated cruise terminal to be developed by GMB in collaboration with Gujarat Tourism Board through PPP model for development of marine tourism. Porbandar has been identified as a dedicated terminal for handling cruise ships. A Government Resolution (GR) will also be published in collaboration with the Gujarat Tourism Board.
  - Revenue will be generated in cruises through port dues, berth hire charges, wharfage and other charges. GMB will open their jetties for port visits and generate revenue through visitor fees.
  - The potential cruising circuits are Surat-Somnath-Porbandar-Dwarka-Mandvi-Surat, Surat-Dwarka-Mandvi and Anchored cruises at Surat and Dwarka.
  - In the cruise circuit the related activities needs to be developed in partnership basis such as Water sports, tours to destinations with guide, local cuisine, guided tours of heritage sites, cultural programs, panelled luxury hotels for retiring in between destinations, and on demand medical support.
  - Various cost associated with O&M of the ship like salary of crew members, insurance of ship, safety equipment's, etc. will be borne by the private operator.
  - The revenue from the cruise ship belongs entirely to the operator. The revenues from terminal if developed by GMB would be taken care by GMB.
  - Cruise tourism services at the port are to be supported by a dedicated round-the-clock cruise facilitation cell that will also issue all statutory clearances through a single window, which is to be developed and operated by GMB. Other facilities for passenger cruise to be offered by GMB are walk-in-berthing, assured quality bunkers, fresh water services, and grey water reception.

#### 5.4.5 Other Ancillary and value added Services

- ▶ By levying charging fee, provision of licensed pilots by GMB for berthing and unberthing of vessels at ports;
- ▶ The GMB shall be responsible for developing infrastructure to facilitate Ro-Ro ferry and hovercraft/catamaran services. The services shall be privatized.
- ▶ **Community Centre:** Development of a community centre having facilities such as mariner's club, maritime medical centre, social networking platform and other facilities like libraries, conference/meeting rooms, areas for praying, service apartments, and dormitories for ship crew at certain identified locations on GMB ports as required by ;
- ▶ **Ship Chandler Services:** GMB will tie up with ship chandlers to provide ship chandler services at GMB ports.

## 5.5 Innovation

Innovation ecosystem presents huge potential to meet the challenge of investment levels in ports sector that GMB shall explore.

### 5.5.1 Harnessing Information Technology (IT) to build a SMART Ecosystem

The aim of forming a flexible and extensible IT infrastructure is ability to make positive business decisions, improved economy and enhanced transparency in GMB operations. The GMB will create a smart ecosystem under single umbrella through following initiatives for all port operations, shipping and logistics related activities.

- ▶ **E-Governance Initiatives:** All the departments of GMB will be implemented with a single sign on facility for the purpose of getting faster approvals and clearances. The single window clearance module to have:
  - Online application and approval modules of clearances given by GMB;
  - Online agglomeration of information to set up port infrastructure; and
  - Online Payment of fees.
- ▶ **Automation in Port Operations:** An Integrated Port Management System (IPMS) will be implemented covering all the modules of port operations such as vessel handling, container/bulk cargo handling and vessel navigation. The Port shall command and control information sharing and provide solution to GMB's information needs emanating from within and outside.
- ▶ **Smart Logistics/ Hinterland Information System:** The GMB will develop a central Command and Control centre, in close cooperation with private stakeholders facilitated by the GMB, which will monitor the entire logistics chain and track and address any issues in the route from origin to destination. It will enable following logistics services on a common electronic platform resulting in higher and faster movement of cargo:
  - Unloading and Port Storage - Provision to pre-reserve loading/unloading manpower/ equipment, Availability of storage in port complex, Automatic Gates for faster evacuation.
  - Connectivity to Inland Storage - Information on Daily Train and Barge connections, Option for Cargo moved through singular or multiple modes, Moved immediately to a storage facility of choice for quick evacuation
  - Inland Storage - Type and Space – in Network of Inland Terminals functioning as extended gates, Customs clearance facilities
  - Online Tracking - Online Tracking of Cargo for cargo if shipped through on-board shippers.
  - Integrate dynamic weighbridges, toll nakas and RTO check points.
- ▶ **Cashless Transactions:** Enable Cashless transactions for collection of all type of port related fees and charges through e-Payment mode such as fuel cards, online sales tax systems, electronic tolling to name a few.

### 5.5.2 Human Resource in Port Management

Port Productivity increase is a blend of three subsystems i.e. Management Skills, Technology and Human Resources. Operations in port terminals are carried out by a partnership between human beings and technology. The road map for Human Resources development in GMB is as follows:

- ▶ Prepare a Human Resource Plan with focus on aligning Human Resource Development with planned Technological Advances, meetings with department heads for guidance and involvement of employees in formulation of new strategies.
- ▶ For human resource development, adopt a concept of "Working Smarter" in the port terminal and create a Standard Operating Procedure (SOP) for port operations and regulatory processes.

- ▶ Establish Maritime Universities/ Centres of Excellence to provide maritime industry related courses for producing skilled human resources in maritime sector. The University will also undertake undertaking research in the maritime sector in collaboration with the industry and other leading global maritime education institutes.

### **5.5.3 Gujarat Maritime University**

The GMB will establish a Gujarat Maritime University under the Maritime University Act of 2016. Memorandum of Understandings (MoUs) on skill development shall be signed with the leading institutes across the world.

### **5.5.4 R&D and Port Development**

Research and development (R&D) shall help GMB battle the challenges posed by competition, constant technological change, inland logistics, and impact on environment. GMB shall create an edge by providing value added services through research and development and thus increases its share amongst the states.

R&D in GMB shall focus on IT automation systems, technology in ship recycling, ship building, etc. and adoption of newer concepts like RO-RO and last mile connectivity.

GMB shall create an ecosystem for R&D through:

- ▶ Subsidies to private players who focus on R&D investments for promotion of R&D and a corpus to fund the R&D to be created by GMB.
- ▶ Hone/curate communities of experts to guide the development of the sector.
- ▶ Create cross platform dedicated teams that assist the research team in testing and implementation of innovative ideas at ground level.
- ▶ Development of R&D Lab Network by setting up a head office and a port office for R&D purpose. Moreover collaboration with local Universities to be done for developing a better network.
- ▶ Involve and promote technology start-ups that help in bringing innovation and technological breakthrough through R&D.

### **5.5.5 Development of Maritime Cluster in Gujarat**

The Maritime Cluster is envisaged in Gujarat to develop commercial maritime infrastructure and services, with participants like Shipping Lines and Ship owners, Non Vessel Operating Common Carrier (NVOCCS), Forwarding Agents, Shipping agencies, Ship Manning companies and Chandlers along with focus sectors like Shipping finance & insurance, classification, maritime law etc. The Maritime cluster will work on the principle of compete, co-exist and cooperate.

The maritime cluster is envisaged to be implemented by GMB (as a developer) through an SPV as Industry Association for Cluster (a Co-Developer). Formation of a Maritime Cluster Organization (MCO) by the GMB for the same, with a vision to implement good practice initiatives for cluster development and promote maritime cluster, education, training and innovation.

The GMB as a Developer will support with land and Grant in Aid. GMB may also develop/partner in development of some core infrastructure like Training centre/ university/ R&D centre. Co-developer will develop serviced land plus Common Infrastructure.

The cluster will have the following strategy to promote the growth of port and maritime sector:

- ▶ Local state level incentives;
- ▶ Facilities like DG shipping permits;
- ▶ Overseas remittances;
- ▶ Seminars, promotional events and legal services;

- ▶ Tax incentives/rationalization including exemption for operators in 3rd party trades;
- ▶ Aggressive marketing globally and establishing reputation credentials of the cluster;
- ▶ Industry organizations like BIMCO and others;
- ▶ Evolution of tax structure to attract global players;
- ▶ Ease of doing business and immigration facilities at the cluster;
- ▶ High quality of life and standard of living;
- ▶ Continued venues for professional development;
- ▶ Consolidate and maintain the status of the cluster.

## 6 Incentives to promote Port development

Private sector has and will continue to play a quintessential role in development of Gujarat Maritime Sector. With the aim to encourage and further promote development of maritime and allied projects, Gujarat Maritime Board has formulated incentives which will be extended to the private sector.

### 6.1 Incentives for Scale vs Spread

#### 6.1.1 Incentives for Private Ports Development (Greenfield and Brownfield)

- ▶ **Conversion of Land-use:** Up to 50 % upfront exemption from payment of non-agricultural assessment charges for change in land use, for the purpose of construction of port and allied buildings and services.
- ▶ **Construction Material:**
  - Upfront exemption from payment of royalty charges on minor minerals for construction purpose during initial development phase, for a period of 5 years, up to 50 %.
- ▶ **Waterfront:** A subsidy of 5 % on water front royalty collected by the Government of Gujarat
- ▶ **Electricity:**
  - 100 % exemption from payment of electricity duty during construction phase for upto 5 years where renewable sources of energy is used. AND
  - 50% exemption from payment of electricity duty during construction phase for upto 5 years where conventional sources of energy is used
  - Rate of Electricity made available to ports to match the industrial rate.
- ▶ **Wharfage:** Exemption up to 50 % on wharfage charges collected for a period of 3 years from the date of operation.
- ▶ **Plant and Machinery:** Wharfage charges to be charged at only 50 % of the prescribed rate in case of project machineries being imported/coastal shipped for capacity enhancement (during development and expansion) through any port.

#### 6.1.2 Incentives for Private Operators

In order to provide stimulus to private operators responsible for cargo handling at GMB jetties in improving the cargo throughput from the jetty

- ▶ 20% rebate on total annual port dues, if increase in cargo handled by the operator in that year is 20% more than the average volume of cargo handled in last 3 years (including the year being considered for rebate).  
i.e. if rebate is claimed for year “x”, average of x, x-1 and x-2 years will be considered.

## 6.2 Incentives for Make in Coastal Gujarat

### 6.2.1 Coastal Shipping promotion initiatives in Gujarat

- ▶ To promote ‘Make in Gujarat’ –
  - For coastal vessels shipping cargo from one GMB port to another GMB port, only one time wharfage charges will be levied for loading and unloading of same cargo, for goods manufactured in Gujarat;
  - An additional rebate of 25% will be provided on the one time wharfage charge for the above mentioned case;

- For cargo 'Made in Gujarat' shipped from GMB port to any other port in India, a 20% to be provided on Listed Wharfage (loading + unloading) charges which are levied
- ▶ For Domestic Cargo originating from other states
  - For coastal cargo shipped from one GMB port to another GMB port, only one time wharfage charges will be levied for loading and unloading of same cargo
  - For coastal cargo shipped from one GMB port to any other port in India, a rebate of 15% will be provided on Listed Wharfage charges;
- ▶ For Import Cargo
  - A rebate of 25% will be provided for wharfage charges to be levied on imported cargo for further transshipment through coastal vessels within Gujarat.
- ▶ One time levy of Port Charges (Wharfage and Lighterage) on coastal shipping cargo - For the purpose of calculating Port Charges, all the GMB ports shall be treated as a single port. The payment of port charges for coastal cargo at one GMB port shall be exempt from port charges at other GMB ports;
- ▶ A soft loan will be provided to the authorised buyer at an interest rate of 2% for up to 45% of the cost of the vessel, and at a rate of 8% for up to 80% of the cost of the vessel for buying coastal vessels;
- ▶ A subsidy of 10% on the rate of waterfront fees levied from captive and private jetty holders whose jetty has dedicated berthing facility for the purpose of coastal shipping according to the provisions of respective Captive Jetty Agreement.
- ▶ Modal Shift Incentive scheme to shippers for encouraging modal shift of cargo to coastal shipping from roads and rails. The coastal cargo movement within Gujarat will get a direct subsidy of INR 1 per tonne per km moved along the coast of Gujarat.

### **6.2.2 Incentives for Ship Building and Repair**

The shipbuilding industry players shall refer to following prevailing schemes provided by the Central government and the State government of Gujarat for the incentives offered in shipbuilding:

- ▶ Gujarat Aerospace and Defence incentive scheme (ADP-102015-69673-I);
- ▶ Gujarat Industrial Policy 2015 – Scheme for incentives to Industries (INC-102015-645918-I); and
- ▶ Guidelines for implementation of shipbuilding financial assistance policy (SY-16023/6/2015-SBR).

Further to that GMB to give below mentioned incentives for promoting ship building industry in Gujarat:

- ▶ 100% subsidy on State Goods and Services Tax (SGST) charged on raw and processed materials required for ship building and repair.
- ▶ SEZ status to the Marine Shipbuilding Parks (MSPs);
- ▶ Promotion of private investment in development of MSPs and enhancing their role to speed up the pace of development of MSPs

## **6.3 Incentives to facilitate Ease of Doing Business (EoDB)**

### **6.3.1 GMB support for clearance in Port projects**

- ▶ Support to the developer in securing approvals and clearances as required during development and operational periods
- ▶ In case of solicited projects and PPP ports where GMB is part of the SPV, GMB will assist in securing environmental clearance in name of the SPV
- ▶ Setting up Single Window Clearance services in order to provide faster and transparent approvals, to be taken from GMB during development and operations phase.

### **6.3.2 Other Projects**

Provision of faster regulatory approvals and clearances for the following:

- ▶ The shipbuilding market players and new entrants for development of Ship Building industry.
- ▶ The developers who are developing the hinterland connectivity as well as the last mile connectivity.
- ▶ The developers who are developing the infrastructure for the purpose of bunkering.

### **6.3.3 Connectivity Infrastructure**

Assistance in getting approvals for buying land to develop better connectivity between the port and the industries.

## **6.4 Incentives for Ancillary Infrastructure**

The following incentives to be given for development of infrastructure for the ancillary services:

### **6.4.1 Dredging**

- ▶ 100% Exemption on royalty charges payable to Minerals and Mining department and scooping charges payable to GMB for dredging activities.

### **6.4.2 Bunkering**

- ▶ Subsidy of 100% on the duty to be paid by the vessel that is being berthed specifically for bunkering.
- ▶ Subsidy of 50% on the port charges to be paid by the vessel that is being berthed specifically for bunkering.
- ▶ Provision of Tax exemption in case of bunkering to the ports who are conducting the bunkering process.
- ▶ 25% rebate in fuel cost by 25% to the ports who are conducting the bunkering through barges.

### **6.4.3 Anchorage Ports**

- ▶ Reduction of wharfage charges by 75% for operators who are using barges for the movement of their cargo.
- ▶ Reduction in Port dues by 50% for operators who are using barges for the movement of their cargo.
- ▶ Exemption of wharfage and port dues for a vessel who is loading/unloading its cargo through ship to ship transfer via barges.

### **6.4.4 Marine tourism**

Following initiatives by GMB to help cruise tourism grow:

- ▶ Ousting priority shall be provided to all Cruise Vessels at the identified GMB ports.
- ▶ Biometric enrolment of passengers is required at the port of first arrival for immigration clearance. Facility of exempting e-visa holder from biometric enrolment on arrival of ships for a period of three years until December 31, 2020 by Ministry of Shipping to be further extended to GMB ports.
- ▶ The immigration procedure to follow the internationally accepted norm of clearing all cruise passengers in a maximum 90 minutes.
- ▶ Reduction in port tariffs by up to 33% to make the ports attractive for cruise liners.
- ▶ Waiver of pilotage and anchorage charges for 5 years.

## 6.5 Incentives for development of Safe and Sustainable Ports

### 6.5.1 Support to Research and Development (R&D) Institutions

- ▶ In order to give impetus to the Research and Development, support will be provided to maritime R&D institutions set up with the approval of the State Government. The assistance will be given up to 60% of the project cost, excluding land, subject to a maximum of INR 50 lakhs.
- ▶ Assistance for Contract/Sponsored research work for maritime projects from any industrial unit / industry association to recognized R&D Institution / Technical College approved by AICTE will be considered at 50% of the project cost, excluding cost of land and building, subject to a maximum of INR 50 lakhs.

### 6.5.2 Human resource development through skill enhancement

- ▶ Capital assistance of up to 60% of the project cost, excluding land, or INR 50 lakhs, whichever is lower for setting up of educational institutes and skill development centres in the private sector or with the private sector participation, will be given by the GMB to meet the demand of skilled work force and human resource development.
- ▶ GMB will consider allotting land for setting-up of training and educational institute as per prevailing jantri rates.

### 6.5.3 Community around the Port

- ▶ **Compensation for maritime project:** For PPP projects suitable R&R package shall be decided and given at the project developer's cost to the community affected by the maritime project such as livelihood of fishermen.
- ▶ **Corporate Social Responsibility (CSR) Initiatives for community development:** The private developer shall as a part of its overall CSR initiatives undertake various measures for development of skills among the community around the port. GMB shall extend all necessary co-operation /assistance for the same.

### 6.5.4 Promotion of renewable energy

- ▶ **Offshore wind energy parks:** Wharfage to be charged at a concessional rate of 50% of the existing rate to encourage development of offshore wind energy parks through private sector participation at potential locations in Gujarat Maritime waters identified by GMB.
- ▶ **Power tariff for Ports:** The incentivised power tariff to be made applicable for ports using renewable sources of energy, in consultation with Gujarat Electricity Regulatory Commission (GERC).

## **7 Other Provisions of the Policy**

### **7.1.1 Operative period of Policy**

This Policy shall come into force with effect from the date of notification of Policy and shall remain in force till the declaration of a new or revised Policy.

### **7.1.2 Policy Implementation**

The GMB shall subsequently issue a detailed guideline entailing implementation mechanisms of schemes and incentives stated in this Policy to achieve the objectives and targets set.

A roadmap for the next five years shall be chalked in the Implementation Guideline which will be formulated in the initiation period of policy implementation stage. The guideline will consist of short term targets, key performance indicators (KPIs), implementation mechanism of schemes and incentives stated in the policy document.