



Standing Committee Report Summary

Progress made in Implementation of Sagarmala Projects

- The Standing Committee on Transport, Tourism and Culture (Chair: Mr. T.G. Venkatesh) presented its report on ‘Progress made in Implementation of Sagarmala Projects’ on March 28, 2022. Key observations and recommendations submitted by the Committee include:
 - **Delay in implementation:** The Committee noted that in the past year, only one more port modernisation project had been completed. The Committee was concerned to know that no progress had been made on the all-weather all-cargo Vadhavan port. Further, the Committee noted that port modernisation projects under Sagarmala have seen a cost escalation of Rs 20,000 crore. To ensure speedy modernisation of ports, the Committee recommended the Ministry of Ports, Shipping and Waterways to enumerate the port-wise reasons for delays and steps being taken to address these delays.
 - **Enhancing port productivity:** The Committee noted that out of total capacity at major ports (2,500 million tonnes), only 1,248 million tonnes of cargo was moved across all major ports. Further, during 2020-21, the average turnaround time of ships at major ports was 56 hours, while the pre-berthing waiting period was 26 hours. Internationally, the turnaround time of a ship is less than 24 hours, and there is nearly no pre-berthing detention. The number of moves handled per hour per container vessel at Indian ports (50-200) was also lower compared to other international ports (200-300). To improve port productivity, the Committee recommended: (i) mechanisation and adoption of technology, (ii) development of ancillary services within port premises, and (iii) increasing the depth of the navigation channels, and modernising berthing for better capacity utilisation.
 - **Improving port connectivity:** The Committee noted the importance of hinterland connectivity to ports. Out of the 208 port connectivity projects under Sagarmala, 56 have been completed and 69 are under implementation. Further, only Rs 19,488 crore of the allocated Rs 1.36 lakh crore have been utilised. Further, the Committee noted that there were relatively few connectivity projects for minor ports.
 - The Committee also observed that in some cases, Sagarmala projects are undertaken only up to major cross roads on the route. To address this issue, the Committee recommended that road connectivity under Sagarmala should encompass the entire peripheral network of roadways. This would help in interlinking nearby towns, villages, tourist places, and national monuments for the overall development of the areas.
- **Port-led industrialisation:** The Committee noted that industries which are transportation intensive can be structurally competitive, if developed near coast/waterways. The Committee noted that only nine of the 33 port-led industrialisation projects have been completed, while 21 of them are under implementation. The Committee further observed that only eight of the 12 Major Ports have initiated industrialisation on the earmarked land, and only two of the eight ports (Vishakhapatnam and Paradip) have fully utilised the earmarked land. The Committee recommends expediting implementation of port-led industrialisation projects by: (i) establishing globally benchmarked targets, and (ii) integrating land acquisition and port connectivity projects.
- **Coastal shipping and inland water transport (IWT):** The Committee noted that the share of coastal shipping and IWT in freight movement is very less. This is due to: (i) lack of adequate depth of waterways for commercial movement of cargo, and (ii) shortage of inland vessels. Further, the Committee noted that more than 90% of Indian export-import cargo, and more than 40% of coastal cargo is being carried by foreign ships. This amounts to a freight bill exceeding USD 52 billion in 2018-19. To increase the share of Indian ships in carrying cargo, the Committee recommended a comprehensive review of the Merchant Shipping Act, 1958.
- **Improving port competitiveness:** The Committee noted that dredging (clearing the harbour of silt and sediments) constitutes a major portion of total project cost, as well as operating cost. The Committee further observed that inclusion of dredging cost in tariff computation makes Indian ports more costly and hence, less competitive. The Committee recommended treating channels as national asset, and funding the entire cost of dredging. The Committee noted that the US Federal Government funds 50-90% of these costs.
- **Infrastructure financing:** The Committee noted that to be globally competitive, the cost of financing for Indian companies has to be at par with the global rate. To achieve this, the Committee recommended the Ministry to take an expedited decision on creating a Maritime Development Fund.

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