



# PORTS & SHIPPING





# SECTOR HIGHLIGHTS

India's has a coastline of

**7,517 kms**

with potentially navigable waterways of **14,500 kms.**

**12 major and 200 non-major ports** are dotted along the coast.

The Government of India has been taking several initiatives to harness the natural advantages of the maritime sector. The flagship programme is the

**"Sagarmala"**

which promotes coastal and port led development in a comprehensive and holistic manner.

Port cargo traffic projected to grow from **1765 MMTPA in major and non-major ports to 3130 MMTPA by 2020.**

**111**

National Waterways have been identified for movement of goods through inland waterways.

The Indian maritime industry is an integral part of the country's trade and commerce. It supports **95% of India's trade by volume and 70% by value.**

The Government is also focused on boosting the **share of coastal and inland waterways** in cargo transportation from the present

**6% to 12%.**

Indian aims to target

**3-4 mn DWT**

of global shipbuilding capacity by 2025

The Government has set up Indian Port Rail Corporation Ltd (IPRCL), to undertake **last mile connectivity rail projects for Ports.**

Development of coastal shipping and inland waterways can bring down logistics cost from

**18% to 12%**





# GROWTH DRIVERS

Over the last decade, **seaborne trade has grown at twice the global growth rate of 3.3%**

**Cargo traffic**  
at Indian ports has doubled to 1 billion tonnes per annum over the decade 2005 - 2015 and is expected to reach 3.050 billion tonnes per annum by 2025

Additional **cargo handling capacity of 901 million metric tons** is required to be created in Indian ports in the next 6 to 7 years

**Maritime container trade has grown at 6.5%,** which is higher than the world average of 5.4% over the decade 2005 – 2015

**Port projects** involving investment of over **USD 10 billion** identified for award during the **next five years**

**111**  
Inland Waterways identified for movement of domestic cargo



Fresh thrust on **Coastal shipping**

**78**  
Lighthouses to be developed as tourist destinations

**Special Economic Zones (SEZs)**  
to be developed as tourist destinations

**Smart Port Industrial Cities and Industrial Clusters**  
to be developed at select ports

**400 projects**  
identified under **Sagarmala** programme involving investment around **USD 69.23 billion** (INR 4.5 Lakh Crore approx). Under the "Sagarmala" programme, large number of projects have been identified for **strengthening the maritime infrastructure** and **increasing the total cargo handling capacity** of the ports in the country. Apart from capacity addition, **port efficiencies** are being improved through **mechanization and modernization**.

# OPPORTUNITY

## A. PORTS

### New Ports Development

- Development of **greenfield ports** at **Vadhavan** (Maharashtra), **Sagar Island** (West Bengal), **Paradip Satellite Port** and at potential locations in Andhra Pradesh & Tamil Nadu
- Development of **transshipment hubs** at **Enayam** (Tamil Nadu) and **Vizhinjam** (Kerala)

### Ports Modernization

- Improvement of **gate processing and development of IT** and advances technology solutions like Port Community Systems (PCS), Optical Character Recognition (OCR)
- **Increasing the draft** at Kamrajar, Paradip and Murmugao ports to 18 metres
- **500 Million metric tonnes per annum (MMTPA) port capacity augmentation** through development of new terminals and berths by 2025

## B. CONNECTIVITY & LOGISTICS

### Hinterland connectivity & Multi Modal Logistics

- More than **100 road and rail connectivity projects**
- Development of **Heavy Haul Rail Corridor** from Talcher to Paradip
- Development of **7 multi-modal logistics hubs** proposed in Chattisgarh, Karnataka, Odisha, Rajasthan, Uttar Pradesh, Uttarakhand, and West Bengal

### Inland Waterway Connectivity

- Jal Marg Vikas for **capacity augmentation of National Waterway 1 (1620 kms)** between Allahabad and Haldia to enable movement of vessel of 1500-2000 Deadweight tonnage (DWT)
- Investment opportunities in development of **111 National Waterways** including terminal construction, fairway development, dredging, aids to navigation and operation of vessels and cruises.





# OPPORTUNITY

## C. SHIPPING

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### International Shipping

- **Capacity expansion across multiple vessel** classes including specialised vessels
- **Upgradation of current bulk carrier** and tanker fleets for increased draft
- Expansion of **logistic inter-linkages** and land side logistics for EXIM cargo
- **Ship chartering** and ship brokerage services

### Costal Shipping

- Opportunity for transporting around **160 MMTPA of coal and 80 MMTPA of steel**, cement, food grains etc.
- Development of **dedicated coastal shipping berths**, bunkering and storage facilities
- Creation of **supporting transport infrastructure like rail corridor** and slurry pipelines

## D. INDUSTRIALIZATION

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### Ship Building, Ship Repair and Ship Recycling

- Development of **2 marine clusters** proposed at **Saurashtra** (Gujarat) and **Chennai / Ennore** (Tamil Nadu) with facilities for ship building, repair and recycling
- Production of **LNG vessels** and off shore platforms at existing shipyards

### Port Led Industrialization

- Development of **coastal industrial clusters** including
  1. Coastal cement clusters in Gujarat and Andhra Pradesh
  2. Coastal steel clusters in Northern Tamil Nadu and Southern Maharashtra
- **Sport Port Industrial Cities at Kandla and Paradip**
- **Free Trade Warehousing Zones at Ennore & Cochin, Port-based SEz in JNPT**



# GOVERNMENT INITIATIVES/ POLICIES

## 1 De-licensing And Tax Holidays

- I FDI Policy: Foreign Direct Investment (FDI) of up to 100 per cent allowed under the automatic route for port and harbour construction and maintenance projects.
- I 10-year tax holiday to enterprises engaged in the business of developing, maintaining and operating ports, inland waterways and inland ports

## 2 Price Flexibility:

- I Private ports enjoy price flexibility, as the government allows non-major ports to determine their own tariffs in consultation with the State Maritime Boards; at major ports, tariffs are regulated by the Tariff Authority for Major Ports (TAMP)

## 3 Model Concession Agreement (MCA)

- I An MCA has been finalised to bring transparency and uniformity to contractual agreements that major ports would enter into with selected bidders for projects under the Build, Operate and Transfer (BOT) model
- I In March 2018, a revised MCA was approved by Government of India to make major ports in the country more investor friendly.

## 4 Major Port Authorities Act, 2016

- I Primary focus of the scheme is to allow future public-private partnership operators to fix tariffs. With the implementation of this policy, port authorities will get the power to lease land for port-related use for up to 40 years and for non-port related use up to 20 years

## 5 Favourable System

- I The system for security clearance for ports being streamline and made faster
- I Expansion of existing framework to attract participation from the private sector for development of infrastructure facilities such as dredging, road infrastructure, creation of SEZ and development of integrated parking zones in the port area

## 6 Project UNNATI

- I Project UNNATI has been started by Government of India to identify the opportunity areas for improvement in the operations of major ports. Under the project, 116 initiatives were identified out of which 86 initiatives have been implemented.



# GOVERNMENT INITIATIVES/ POLICIES

## 7 Ship Building and Ship Repair Policy

- I Ship building and ship repair policy approved in December 2015 provides a boost to the shipbuilding and ship repair industry. Some features of this policy are:
  1. **Financial assistance equal to 20% of contract price** or the fair price, whichever is lower, will be granted to shipyards for a period of at least ten years commencing from FY 2015-16. This rate will be reduced by 3% every three years and will be given for all types of ships.
  2. All Government departments/agencies, will undertake bulk tendering to procure vessels, with deliveries starting from 2017-2018. Right of First Refusal granted to Indian shipyards for such orders till 2025.
  3. Preferential procurement: From 2025 onwards only Indian-built vessels will be procured by Government departments/agencies for Government/own purpose. Similar relaxation/benefit will be applicable for repair of vessels.

## 8 National Waterways (NWs) Act 2016

- I National Waterways (NWs) Act 2016 to promote inland waterways for trade came into effect on April 12, 2016. It has declared **106 new waterways** as NWs, in addition to the five existing NWs notified earlier. After the Techno Economic Feasibility (TEF) study and Detailed Project Report (DPR) commissioned on each of the NWs, 37 NWs are planned be taken up for development in the next three years by Inland Waterways Authority of India (IWAI). Work has been awarded for 5 NWs and tendering for award of projects on the remaining 32 NWs is to be undertaken in the next three years.

# KEY STAKEHOLDERS

- ▢ Shipping Corporation of India
- ▢ IWAI
- ▢ DG Shipping
- ▢ Ministry of Shipping
- ▢ INSA
- ▢ IPTAA
- ▢ Indian Ports Association
- ▢ ICCSA
- ▢ Shipyard Association of India



# KEY PLAYERS IN INDIA



Essar Ports



Adani Ports and SEZ



Krishnapatnam Port Company Ltd.



DP World



PSA International Pte Ltd.



APM Terminals



Moller Maersk



GE Shipping Ltd.



Shipping Corporation of India





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