

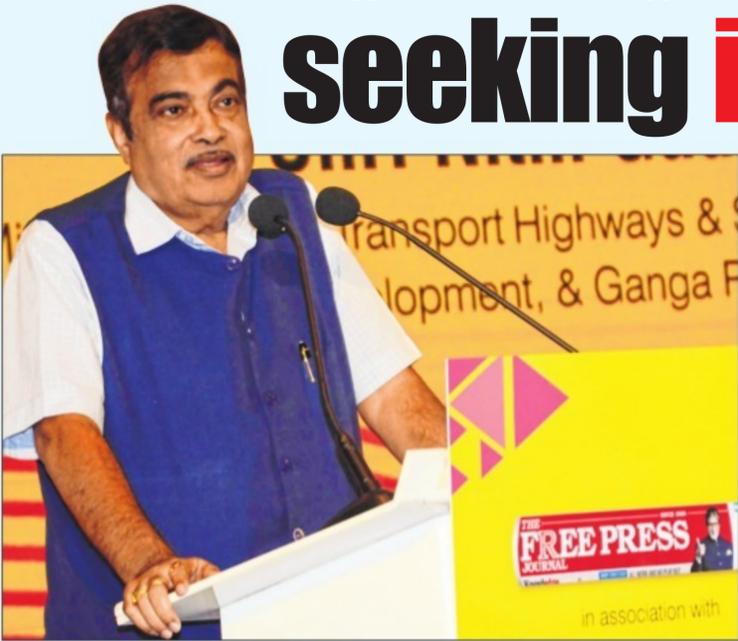
# India's coastline

## Engine and wheel of economic growth

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# Navigating choppy waters and seeking investment for growth



Edited Excerpts:

### Work done and work in progress

Friends, you are aware that the government has taken the decision (where the Bill is already passed by the Parliament) to convert 111 rivers into waterways. We have started work in 12 rivers. By end of March the first project in Ganga, from Varanasi to Haldia will be completed.

The overall spend sanctioned by the World Bank, would be around Rs 5,500 crore. Four multi-modal hubs are being created at Varanasi, Haldia, Sahibganj and Ghazipur. Next month, we would be inaugurating the multi-modal hub of Varanasi. Two months later, it would be Haldia and the month after that it would be Ghazipur. For Sahibganj the works have already started.

There is a one-metre draft from Varanasi to Allahabad. Next year (in the 2019), we are expecting 15 crore people to attend Kumbh festival. Through use of catamaran, and making four river ports in Allahabad, the transport of these would be facilitated directly from Varanasi.

The country should give the highest priority to shipping and port sector as it is blessed with 7,500 km of coastline. Speaking from the viewpoint of the Ministry, since taking charge of this portfolio under Prime Minister Modi, our profit is increasing every year. Next year, we are expecting profits to be around Rs 8,000 crore. Every port is in profit now. Definitely there are still some issues, but we will have to find out the solutions for that.

Just a day prior to the conference, a cruise service from Mumbai to Goa has commenced and reports are very favourable. We are looking at an optimistic Rs 30,000 crore in foreign exchange (in revenue), which can boost the economy of Mumbai. We can receive 900 cruise ships in Mumbai. The domestic terminal in Mumbai at Bhaucha Dhakka, has been completed. Now, we have started work of making international cruise terminal. We are looking at floating hotels as well.

Water transport is starting soon and it will be scaling up too. I suggested to the MbPT, chairman that we should have sea front connectivity to the upcoming airport in Panvel. A report has been done and we are now looking at a Venice-like connectivity to the airport location. From anywhere, be it Girgaon Chowpatty or Dadar Chowpatty you can go to airport that will be huge if we can structure it.

Overall in Maharashtra, road and rail connectivity are critically needed. For instance lack of connectivity is an issue in case of Dighi Port and JSW Port at Jaigarh. Likewise, we are looking at creating two major ports in the state - one near to Goa and one at Wadhwan on the outskirts of Mumbai. We also have to resolve the issue of Rewas, and try to realise the potential of Karanja.

Maharashtra again figures in the Sagarmala initiative. This state alone has 115 projects which cost Rs 2,35,000 crore. Eight projects worth Rs 5,384 crore are completed, 19 projects would be completed in 2018-19 worth Rs 19,010 crore. The 45 project under implementation are around Rs 27,000 crore. There are 41 projects at the DPR level worth Rs 45,000 crore. There are 45 project to be awarded in 2018-19, where the size is Rs 15,000 crore. Overall there is Rs, 85,000 crore project work in progress, and DPR to be prepared for balance 21 projects and they are worth Rs 1.50 lakh crore.

Coming back to the Ganga, 40 river ports are being made and the results are showing. Already we have started exports there. We are sending 10 lakh tonnes of material via Ganga to South East Asia and Bangladesh. We are exporting from Farakka to Bangladesh already. We are transporting cement to the North-East which is a huge strategic progress.

New LNG-fuelled barge purchases are being planned, because our policy is pollution-free import substitution. We have methanol available at Mumbai (RCF), with

Deepak Fertilizer, Assam Petroleum, and Gujarat Fertilizer. Methanol in Israel is available at Rs 12 per litre against the diesel rate of Rs 65. China is ready to give methanol at Rs 22 in Mumbai. Therefore four pilot projects of public transport buses are on the anvil.

We are now in the endeavour of exporting sugar from Uttar Pradesh, Varanasi to Bangladesh via Ganga. In Brahmaputra, 60 per cent to 70 per cent drilling work is completed. We are spending Rs 250 crore in Bangladesh for connectivity to Brahmaputra to Bangladesh. This connectivity can be extended to Southeast Asia, Indonesia, Malaysia, China, Singapore, Myanmar; the potential is huge. Similarly, on the passenger traffic side, we have five-star and seven-star cruises.

In case of public transport, we have sanctioned the Rs 1,200 crore connectivity scheme from Thane to Virar. The first phase for passenger transport is worth Rs 600 crore. Later on, it will be favourable for cargo as well.

My vision is that with new technology and fuel innovation, the viability would become very good. For instance I feel that new technology, new innovation in this field, alternative fuel which can be good option for economic viability. Now from Bhaucha Dhakka, we are looking at a RoRo service to connect with Mandwa and Neral. All things are done, we are awaiting for the purchase of RoRo ships, perhaps second-hand which could be purchased by SCI and repairs done here at Cochin Shipyard or elsewhere.

Coming back again to the MbPT, they would be exporting around 2.4 lakh cars and that would go to three lakh next year, and there are special arrangements for that.

At Vizag port, we are in process of signing the contract to send 25 lakh tonnes of steel from Visakhapatnam to Cochin and Mumbai by sea route.

### Clarion call for investors

Investors need to understand the activities that we are doing. As a background, if cost of going by road is Rs 10, the railway cost is Rs 6 and the waterways cost is Re 1, the business idea is clear. Beyond that, we are trying to find a lot of new innovative ideas to reduce the cost, by making waterways a priority. That is how we can get our logistics

The Free Press Journal organised a conference titled 'India's coastline- Engine and wheel of economic growth' which was held at ITC Grand Central, Parel on October 22, 2018. The occasion was graced by Union Minister for Road Transport Highways & Shipping & Water Resources, River Development, & Ganga Rejuvenation, **NITIN GADKARI**. In Gadkari's keynote, he spoke about the progress made in the port and shipping sector; and about the investment opportunities that exist in this space.

cost down from 18 per cent to 10-12 per cent or lower.

Varanasi to Allahabad project needs investors to invest in catamaran, hovercraft and airboats. New technology in water transport is available and we are ready to support them, if investors come forward.

It is not just the Ganges. You can take a plane from Girgaon Chowpatty and go to Shirdi if it is an amphibian plane. On your way back, you can deplane at Virar, Vasai, Kalyan or Thane. You do not need an airport if the water level is adequate. So opportunities are ample and there should be investor interest. If there is a problem anywhere, please come to me. When we were starting the cruise business from Mumbai to Goa, there were ample of restrictions and the whole process was painful. Ultimately, I had to give an order to the Directorate General of Shipping, can you give the requisite permission; otherwise I will have to close your department. Then they got serious, they changed the law and permission was granted. Everything got clear thereafter. The previous policy was prepared in a way to deter entrants but today that is not the problem. We are quite supportive, transparent, time bound, action oriented and corruption free. Kindly come to me directly. I will see that you will get the permissions.

We have around 96,000 kilometres of national highway and now we are converting around 20,000 kilometres of river length to river ways, there is a great potential here.

We have discussed the stories of port modernisation, port mechanisation, industrial clusters, Special Economic Zones (SEZ), coastal development zone etc. Just looking at the story of JNPT SEZ, the way we are getting the money it is unbelievable. Only by selling land, we will get Rs 1,500 crore. The investor response is so good. Overall our investment expectation from JNPT alone is Rs 50,000-60,000 crore and that would create employment potential of 1,25,000 youth from the Konkan area to which we have decided to give priority.

I understand that there are problems, but there are also many companies with success stories. I have laid out the Sagarmala story many a time. Just in Sagarmala, we are expecting the investment of Rs 16 lakh crore, within which Rs 4.5 lakh crore would be reserved for mechanisation and modernisation of port, port-rail connectivity and port-to-port connectivity. Whether in JNPT, Paradip or elsewhere, investments are expected and the response from investors is quite good.

Investors in inland waterways can understand how we are planning for at least 2,000 river ports. Up to the next year in



March, we plan to make more than 100 river ports. The Virar-Thane passenger link way has been discussed. We need investors, good companies, their participation is extremely important. I feel that the Sagarmala programme, the inland waterways programme and the Ganga programme that is to be completed till March, will be a vital milestone. The innovative approach of the government, the strong political need and appropriate vision, can collectively make miracles.

### The innovations

Across the current and future major ports, we are planning industrial clusters - automobiles, chemical, petrochemical, steel products, even wooden furniture etc. I think even the recent policy amendment of scrapping of abandoned vehicles would enable raw material availability at good rates.

Another parallel development is the power project we are executing at Kandla. This is a 2,000 MW project which is a hybrid plant comprising hydro and wind. We expect our unit cost of power to be Rs 2.40. We are now proposing to provide this power to all different ports and that will again make a difference, because JNPT today purchases power at Rs 11 per unit. If we have the advantage of cheaper raw material (scrap) and cheaper power cost, we can actually have a global automobile hub.

The other innovative model is that we are

making dry ports, wherein we are structuring them to give more priority to rail transport over road transport. Specifically in Maharashtra, we are creating dry ports in Wardha, Jalna, Sangli and Nashik. Another is planned at Sholapur. To handle the cargo which comes from these ports, we have the proposed rail line from Indore to Manmad and beyond would complement the structural planning of these ports. Again, to make it clear, the project is with Indian Port Rail Corporation Limited (IPRCL). Major ports have stakes in IPRCL and the project has state government participation and possibly private equity, but it does not need any capital commitment from the Railways.

One more innovation is on the alternative fuel front. In Vidarbha district, we have lots of bamboo, from where oil has been yielded. That oil has been sent to the Dehradun-based Petroleum Institute, to understand whether it can be used for shipping fuel, or make biodiesel or even aviation fuel. A SpiceJet flight from Dehradun to Delhi, using 25 per cent bio-aviation fuel, has been successfully implemented. That innovation, if proven technically possible, is another call for investment. Such a project will serve many socio-economic and environmental purposes.

Coming again to JNPT, they were looking to raise Rs 50,000 crore through 11 per cent rupee loan from ICICI. We suggested dollar-based loans without the forex cover cost, because a good part of the port's income was in dollars. Hence, the same amount in a dollar loan came about at 2.25 per cent arranged through SBI and DBS Bank.

### Hurdles slowing growth

There are problems in the area of customs, the GST levy and some issues with the finance ministry. We need to find solutions to these problems. India has a strong import-export imbalance. For a growing economy, we cannot neutralise imports, we have to raise exports and for that a good ports and shipping ecosystem is necessary.

On the shipbuilding side, the position is not good. Firstly, there is large-scale competition from Chinese facilities where again our smaller operations have inherent viability issues. Local shipbuilding hence is largely defence-based. The second aspect is the flag-based regulatory issues and tax-based issues which are not quite within our purview and where Finance Ministry co-operation is solicited. Worldwide shipyards are facing issues since a decade and Indian shipyards must be seen in that context. The lack of a proper financial body to focus on long-term finance for the industry and understand their cash flow patterns is definitely a negative reality.

Another issue is the lack of skilled manpower in the marketplace. We are setting up a skill development centre in Mumbai, in partnership with Siemens. There are joint ventures with Rotterdam port and with Symbiosis Institute also on the anvil. But what is really needed is a thrust from the private industry. Government can co-operate, but operations should be driven by private players, since practical training is the key and private players would be the best equipped to deliver that.



L to R) Anil Devli, CEO, INSA; R N Bhaskar, Consulting Editor; Anoop Kumar Sharma, CMD, SCI; Nitin Gadkari, Union Minister; Rajiv Agarwal, CEO and MD, Essar Ports; Sandeep Mehta, President, APSEZ; Abhishek Karnani, Director, Free Press Journal Group; and Sanjay Gupta, SVP (Shipping), Petronet LNG Limited.

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