

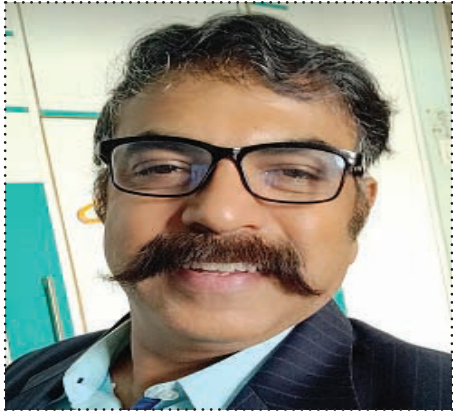
## SHIPPING (REGIONAL)



"A sailing ship is no democracy; you don't caucus a crew as to where you'll go anymore than you inquire when they'd like to shorten sail. - Sterling Hayden

# Blue Economy - Wave 53

(Series on "Blue Economy" By Capt. Gajanan Karanjikar)



**Capt. Gajanan Karanjikar, Blue Economy Social Activist & Multi Modal Logistics Expert**



Several studies show that using coastal shipping and inland waterways would be 60 to 80 percent cheaper than road or rail transport. If coastal shipping is used to complement road and rail transport in India, it could therefore lead to significant logistics cost savings. Additionally, the government recently relaxed transport rules for shipping, which will allow foreign ships to use coastal routes.

## Sagarmala project framework

The government formed the National Sagarmala Apex Committee (NSAC) to provide the overall policy guidance. In addition, the government has incorporated the Sagarmala Development Company (SDC) under the Companies Act of 2013. The SDC will help in project development and will serve as an agency for the coordination and monitoring of the Sagarmala project. The SDC will also be responsible for raising funds in the form of debt or equity as per the project requirements. To further support the project,

the government has formed a Sagarmala Coordination and Steering Committee (SCSC) under the Cabinet Secretary along with other relevant ministries such as shipping, road transport and highways, tourism, defence, home affairs, and NITI Aayog to ease coordination between the different ministries and ensure efficient implementation.

The centrepiece of India's push for the blue economy is the Sagarmala project that includes constructing ports, augmenting coastal infrastructure, developing inland waterways, intensifying fishing, and creating special economic zones and tourism promotion.

The scale of what is being proposed is gigantic. The consolidated Sagarmala project proposes to execute nearly 400 different projects along the coastline at a whopping cost of nearly ₹8 lakh crore in the next two decades.

The initial blueprint is highly ambitious – setting up new ports, modernizing existing ports, developing coastal zones and boosting local employment generation, establishing connectivity between ports and road, rail, multi-modal logistics parks, pipelines, and waterways, as well as promoting coastal community development.

**Blue economy and Sagarmala** will go hand in hand as the entire initiative of Sagarmala which stands on four pillars which will facilitate Impex of the country by improving ports, their connectivity and infrastructure. Industrialisation in port proximity is a big boost for the shipping and especially for coastal shipping for movement of raw material required for such industry.

In order to have effective mechanism at the state level for coordinating and facilitating Sagarmala related projects, the State Governments will be suggested to set up State Sagarmala Committee to be headed by Chief Minister/Minister in Charge

of Ports with members from relevant Departments and agencies. The state level Committee will also take up matters on priority as decided in the NSAC. At the state level, the State Maritime Boards/ State Port Departments shall service the State Sagarmala Committee and also be, inter alia, responsible for coordination and implementation of individual projects, including through SPVs (as may be necessary) and oversight. The development of each Coastal economic zone shall be done through individual projects and supporting activities that will be undertaken by the State Government, Central line Ministries and SPVs to be formed by the State Governments at the state level or by SDC and ports, as may be necessary.

Sagarmala Coordination and Steering Committee (SCSC) shall be constituted under the chairmanship of the Cabinet Secretary with Secretaries of the Ministries of Shipping, Road Transport and highways, Tourism, Defence, Home Affairs, Environment, Forest & Climate Change, Departments of Revenue, Expenditure, Industrial Policy and Promotion, Chairman, Railway Board and CEO, NITI Aayog as members. This Committee will provide coordination between various ministries, state governments and agencies connected with implementation and review the progress of implementation of the National

Perspective Plan, Detailed Master Plans and projects. It will, inter alia, consider issues relating to funding of projects and their implementation. This Committee will also examine financing options available for the funding of projects, the possibility of public private partnership in project financing/construction/ operation.

**(To be continued...)**

## Foreigners can own Indian flag vessels



The new bill widens the eligibility criteria for ownership of vessels

### A foreigner can hold stakes in an Indian flagged vessel if 51% stake by an Indian

"Earlier, if a ship was to be flagged in India, it had to be 100 per cent owned by an Indian, while with the new bill, we have proposed that a vessel needs to have 'substantial' stake of around 51% by an Indian, while the remaining can be held by a foreign party," the official told.

The proposed bill looks to repeal and replace the Merchant Shipping Act, 1958 and the Coasting Vessels Act, 1838.

It has been drafted with the primary aim of promoting growth of the Indian shipping industry by incorporating the best practices adopted by other advanced countries such as the US, UK, Japan, Singapore and Australia, an official statement said on Thursday.

### The bill seeks to increase India's tonnage by widening the eligibility criteria

The bill seeks to increase India's tonnage by widening the eligibility criteria for ownership of vessels and providing for the registration of bareboat charter cum demise, thereby increasing opportunities for international trade, it said.

Bareboat charter means a contract for the lease of a ship for a stipulated period of time, by virtue of which the lessee has complete possession and control of the ship, including the right to appoint the master and crew of the ship, for the duration of the lease. Bareboat charter-cum-demise means a bareboat charter where the ownership of the ship is intended to be transferred after a specified period to the charterer to whom it has been chartered.

"The bill seeks to provide increased opportunities for investment and provide greater impetus to a self-reliant domestic investment climate in the maritime industry," the statement said.

NEW DELHI  
Sagar Sandesh News Bureau

India plans to widen the eligibility criteria for

ownership of vessels, allowing foreigners to have stake in vessels flagged in the country, in a bid to create more opportunities for international trade, a senior shipping ministry official said.

The ports, shipping and waterways ministry has issued the draft Merchant Shipping Bill, 2020, making way for these changes.