

# Recommendations on infra, policies, tax for cruise tourism soon: shipping secretary

Shipping secretary Rajive Kumar speaks in an interview on India's ambitious Sagarmala programme, boosting cruise tourism and updating laws



Rajive Kumar, secretary, ministry of shipping. Photo: Pradeep Gaur/Mint

**New Delhi:** India is working on an ambitious Sagarmala programme to build ports along its 7,517km coast as well as a plan to operationalize 111 inland waterways.

In an interview, secretary in the ministry of shipping, Rajive Kumar, a 1981-batch Uttar Pradesh cadre Indian Administrative Service officer, talks about boosting cruise ship tourism, investment of Rs8 trillion till 2035 under Sagarmala and updating the Inland Vessels Act to address boat mishaps. Kumar also speaks about radio-frequency identification (RFID) technology and installing scanners at 12 major ports to improve ease of doing business.

Edited excerpts:

## **What are your expectations from India's shipping sector in the next financial year?**

In the last two-and-a-half years, we have been working on a couple of major initiatives. One aspect of those initiatives actually relates to efficiency improvements at our ports and I'm happy to say that on all counts, our ports have had a turnaround. In most parameters, our ports were sinking till a couple of years ago. But now, in terms of profitability, turnover, efficiencies and facilitating the ease of doing

business, most ports have shown tremendous progress.

The second part of our major initiatives has been the Sagarmala programme. It has been conceptualized as per the vision of the prime minister and its perspective plan is with us. And I'm happy to report that under it, projects worth Rs1 lakh crore are in various stages of implementation. As you are aware, this perspective plan is till 2035, which overall envisages about Rs8 lakh crore of investment through the four pillars of Sagarmala: port efficiency and capacity building, hinterland connectivity, port-led industrialization and coastal community development. We have a clear road map to move forward.

We have also been able to create two vehicles—Indian Port Rail Co. for last-mile port connectivity, and Sagarmala Development Co.—which are both functional and would, in the future, be the major vehicles for port development.

Part of our initiatives have to do with major acts in the shipping sector. So, two of the main acts that we have—Merchant Shipping Act and Major Ports Act—have been completely revamped to make them more efficient and are now before Parliament. Once these two acts are approved by Parliament and become law, they would add efficiencies to our ports as well as streamline systems.

There are a couple of others—we are in the final stages of (amending and overhauling) Inland Vessels Act to address boat tragedies. The new Inland Vessels Act would be like the MV (motor vehicles) Act, a central government Act, but (involves setting up) an authority like the RTO (Road Transport Office) under the state governments. Most non-mechanized boats are under the state governments' (purview). We wish to bring this Act up to date, as it will then help in the safe operation of boats. We expect it to be brought before the cabinet within a month.

In addition, we will also be introducing the Admiralty Act. There were a lot of acts which were almost a century old. We have already repealed five such acts.

## **What are the technology interventions that are being brought?**

By 31 March, all our major ports will be using RFID technology for vehicles moving within the ports, which means, if a vehicle is coming to the port, all the information required about the vehicle for issuance of a gate pass is electronically available. This will help in reducing the time taken for such movement. Now, it takes around 20 minutes for all clearances, and around 15-20 minutes at check booths at ports. After RFID, it will take a minute or so. So, the movement of vehicles in ports will be much faster. This will initially happen in major ports, but all our non-major ports are also looking at it.

Then, we are in the process of purchasing scanners for scanning containers. We'll place the order by this month and by end of December this year, all scanners will be in place. This will again help in faster movement of containers at major ports.

**Are investments also being sought through the government-to-government route?**

Actually, the general arrangement that we have is that all the projects are offered on a public private partnership (PPP) basis or through the tender route. And I'm happy to say that PPP project experience in the port sector till now has been better as compared to other sectors and a fair amount of capacity has been created on the port side. So, I think that's one of the positive sides of PPP.

And we have some of the most prominent international names working in our ports. We have a target of awarding 102 million tonnes of work for this year for new major ports by the end of this financial year.

Now, as far as government-to-government kind of funding is concerned, I'm given to understand that it's more like a sovereign fund where credit is being offered and I think the vehicle has to be some of the instruments floated by the finance ministry such as NIIF (National Investment and Infrastructure Fund). They are saying: here is the money, please invest it depending on what kind of terms are there. But there is another entity that will take this money and invest it in business. So, these two are fairly different routes.

**Is the government working to reduce the customs clearance time?**

There are three different things happening on cruise (tourism). You may be aware that from the end of December, we have one ship which has made Mumbai its home base. Now the issue is that if a tourist is coming into a city, then he will obviously like to go straight to the sights rather than go through government clearances. So, there is a joint group from tourism and shipping formed after deliberations by Mr (Nitin) Gadkari and tourism minister Mr (Mahesh) Sharma, where they have been able to streamline a lot of processes that take time. That's one part. For example, now immigration clearance is on an electronic platform. That saves a lot of time and is of an international standard.

Secondly, for cruise ships, we have relaxed cabotage (the law allowing foreign container carriers to operate on local routes) till 2024, so that shipping restrictions on coastal movement are not applicable. In some cases, in association with tourism ministry and at some ports, from their own funds, ports are creating facilities for receiving these passengers at cruise terminals. So, we have cruise terminals in Goa, New Mangalore, Cochin, Chennai and also one in Mumbai. Mumbai is doing a larger one now costing around Rs200 crore on its own.

Also, what kind of infrastructure do I need? We have hired a reputed consultant who will be coming up with a set of recommendations covering infrastructure, policies, taxation and so on exclusively for cruise and also recommend cruise circuits for both international and national including (inland) waterways. We had a meeting a few days ago on 8 March where they made a presentation that the country is poised for explosive growth on the cruise side, provided we are able to get all the ingredients in place.

Another thing we are very bullish about is inland waterways. We had a committee of secretaries meeting wherein a proposal approving a continuous source of funds for inland waterways through the Central Road Fund has been recommended by the shipping minister. (The CRF is a non-lapsable fund created out of cess imposed on the consumption of petrol and diesel to develop and maintain roads including national and state highways and railway bridges.) With annual CRF collection being around Rs80,000 crore, a 2.5% allocation will result in an annual allocation of around Rs2,000 crore.