TARGET PRELIMS 2024
BOOKLET-46; ECONOMY-11
INFRASTRUCTURE-1

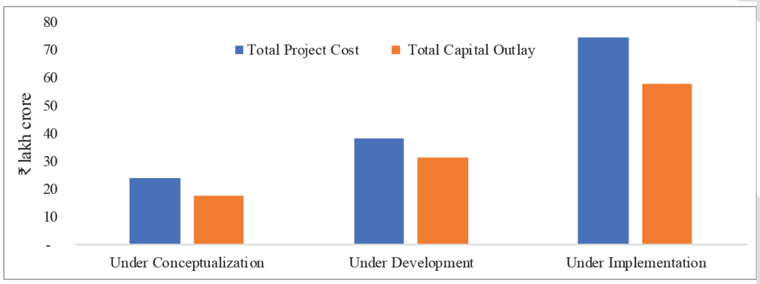
1. TABLE OF CONTENTS

2. MAJOR INITIATIVES IN INFRASTRUCTURE SECTOR

1) NATIONAL INFRASTRUCTURE PIPELINE (NIP) 2020-2025

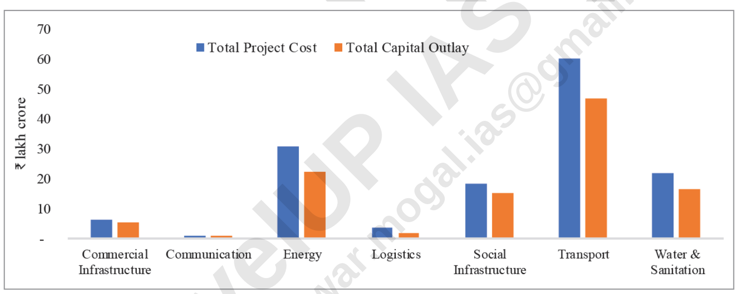
- In 2019, Ministry of Finance estimated that to achieve a GDP of $5 trillion by 2024-25, India needed to spend about $1.5 trillion (Rs 111 lakh crore) over these years in infrastructure. Keeping this in mind, government has launched National Infrastructure Pipeline (2020-25) with projected infrastructure investment of around Rs 111 lakh crores. It also envisages to improve project preparation and attract investment, both domestic and foreign in infrastructure.

- **Progress So Far:**
  - » The NIP currently has 9,288 projects with a total investment of more than Rs 108 lakh crore under different stages of implementation.
  - » **Status of Projects under NIP**



Source: Department of Economic Affairs.
Note: Data as of 13 January 2023

- **Transportation Sector Dominates the NIP**



Source: Department of Economic Affairs.
Note: Data as of 13 January 2023

- **Jointly funded by Central Government, State Government and Private Sector:**

- **Some steps to improve the implementation of NIP:**
  - **Invest India Grid** (IIG):
    - **NIP is hosted on the Invest India Grid (IIG)** platform and provides and provides opportunities states/UT and ministries to collate all major infrastructure projects at a single location. It is thus a centralized portal to track and review project progress across all **economic and social infrastructure sub-sectors.** It also provides the project sponsoring authorities to showcase investment opportunities to national and international investors.

  - **Project Monitoring Group (PMG)**
    - It is an institutional mechanism put in place by the government for **resolution of issues related to large-scale projects**. It is also involved in **fast tracking of approvals/ clearances** for projects with an anticipated investment of Rs 500 crore and above. Now it has been proposed to integrate NIP and PMG portals. PMG portal will pick up data, as per requirements (project cost of Rs 500 crore

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or more), from the NIP database. This will save substantial time and effort by Ministries and States/UTs and ease monitoring of large-scale projects.

2) NATIONAL MONETIZATION PIPELINE

- **Background**
  - » **Asset Monetization** is one of the key recommendations of National Infrastructure Pipeline (2020-25). Consequently, National Monetization Pipeline was announced in 2021. It focuses on the principle of 'asset creation through monetization' and thus taps private sector investment for new infrastructure creation.

- **Details:**
  - » Asset monetization entails a **limited period license/lease of a brownfield underutilized asset** owned by government or a public agency, **to a private sector entity** for an **upfront or periodic consideration**.
    - ▫ **The private sector entity** is expected to **operate and maintain** the asset based on the terms of the contract/concession, generating returns through higher operating efficiencies and enhanced user experience.
    - ▫ **Public authority**, which receives the fund, will invest it in **new infrastructure or deploy it for other public purposes**.
  - » A **robust asset pipeline** has been prepared to **provide a comprehensive view to investors and developers of** the investment avenues in infrastructure.
    - ▫ It includes selection of de-risked and brownfield assets with stable revenue generation profile (or long rights) which will make for an attractive investment option.
  - » Total **indicative value of NMP** for core assets of the Central Government has been **estimated at Rs 6.0 lakh** crore over 4-year period (FY22 - 25) (5.4% of the total infrastructure investment envisaged under NIP)

- **National Land Monetization Corporation (NLMC)**: Cabinet approved the setting up of the NLMC to monetize surplus land and building assets of CPSEs and other agencies linked to government (March 2022)

- **Progress so far: ESI 2022-23:**
  - ▫ Against the monetization target of 0.9 lakh crore in FY22, Rs 0.97 lakh crore have been achieved during the period under roads, power, coal and mines.
  - ▫ NMP's 2nd year target, i.e. FY23 target is ₹ 1.6 lakh crore (27% of the overall NMP target).

3) PM GATISHAKTI NATIONAL MASTER PLAN

- **Need of PM GatiShakti:**
  - ▫ There are many infrastructure projects like roadways, railways, airways, waterways, internet connectivity (optical fiber), Gas Pipelines etc. These projects come under different ministries, leading to lack of coordination in planning and implementation of these projects. This leads to duplication of work, delays, financial loss, increase in cost etc., which eventually puts more burden on the public exchequer and impacts the quality of services reaching people.
    - E.g. 1: Newly built roads being dug by water departments to lay pipelines.
    - E.g. 2: Newly built fertilizer factory not working properly as the gas supply infrastructure isn't available.

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- E.g. 3: Separate tunnel for roadways and railways

- **Details**
  - **PM GatiShakti** is aimed at **breaking departmental silos** and bring **more holistic and integrated planning and execution of projects** with a view to address the issue of Multi-Modal connectivity and last mile connectivity.
    - This will help in **bringing down the logistic cost** and will translate into enormous financial gains to consumers, farmers, youth as well as those engaged in businesses.

- The PM GatiShakti National Master Plan entails creation of a **common umbrella platform** with **all infrastructure projects** pertaining to various ministries/ departments **incorporated within a comprehensive database** for efficient planning and implementation on a real-time basis.
  - The projects pertaining to **seven engines (roads, railways, airports, ports, mass transport, waterways, and logistic infrastructure)** in the NIP have been aligned with PM GatiShakti framework.
  - In order to facilitate integrated planning and coordinated implementation, a GIS based and data driven decision support called **PM Gatishakti National Master Plan** has been introduced.
  - The portal will also **allow various government departments to track, in real time and at one centralized place, the progress of various projects.** This will enable various government departments to **synchronize their efforts into a multi-modal network**.
  - The portal will also **highlight all the clearances** any new project would need, based on its location - and allow stakeholders to apply for these clearances from the relevant authority directly on the portal.

- **Six Pillars of PM Gati Shakti**
  - PM Gati Shakti is based on six pillars: Comprehensiveness, Prioritization, Optimization, Synchronization, Analytics and Dynamic.

- **How were inter-ministerial issues resolved earlier?**
  - At regular meetings of infrastructure related ministries.
  - PM PRAGATI (Pro-Active Governance and Timely Implementation) portal also helped in resolution of several issues even prior to inter-ministerial meetings.
  - **How would Gatishakti portal help?**
    - It will reduce the human intervention required as ministries will be in constant touch, and projects will be reviewed by the project monitoring group in **real time.**

- **Who has built the portal?**
  - The Bhaskaracharya Institute for Space Applications and Geoinformatics (BISAG-N).

4) NATIONAL INVESTMENT AND INFRASTRUCTURE FUND (NIIF)

- **Introduction**
  » NIIF was proposed in Union Budget 2015 and was set up by GoI in Dec 2015 with a corpus of Rs 40,000 crore to provide long term capital for infrastructure projects.

- **Objectives**
  » To maximize economic impact through infrastructure development in viable projects both greenfield and brownfield, including stalled projects, mainly in the core infra sector.

- **Structure**

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» NIIF has been structured as a Fund of funds and set up as Category II Alternate Investment Fund (AIF) under SEBI.

» **GoI** has **49% stake** in NIIF with rest being held by marquee foreign domestic investors such as Abu Dhabi Investment Authority (ABIA), Temasek and HDFC group. This helps NIIF to be seen with **characters of both sovereign fund** as well as private fund (and is sometimes referred as India's **quasi sovereign wealth** fund).

» The government invested Rs. 20,000 crores into it from Budget while the remaining 20,000 crores are expected to come from private investors (including foreign).

» **Fund of funds** means that there would be **multiple alternative investment funds underneath the main fund**.

- **How much does it manage presently?**
    - NIIF manages about $5 billion of capital commitments across four funds, each with a distinct investment strategy.
        - **NIIF Master Fund**: It focuses on infrastructure and operating assets. It is the largest infrastructure fund in India, with commitment of over US$1.8 billion. It has the largest size of US$2.1 billion.
        - **NIIF Private Market Fund**: It invests in funds managed by third-party managers in infrastructure and associated sectors.
        - **NIIF Strategic Opportunities Fund**: It invests and develops large-scale businesses and greenfield projects that are of strategic importance to the country. It has a target size of $3 billion.
        - **India-Japan Fund**: It is NIIF's first bilateral fund and invests in environmental preservation in India. It also seeks to enable opportunities for collaboration between Indian and Japanese companies in India.

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- **Governance**

» NIIF has been set up as a **Trust** registered under the Indian Trust Act. The activities of NIIF will be overseen by a Governing Council, which will be headed by Finance Minister.

- **Functions of NIIF**

» NIIF would **raise funds from investors and markets** and would **invest the same in companies, institutions and infrastructure projects**.

» It will also provide advisory services.

- **Sources of Funds**

» The sources of funds of NIIF are as follows.

- **Government Budgetary Funds** to each AIF set up under NIIF, these funds will be provided every year as required.
- **Private investors.** The funds will solicit equity participation from strategic anchor partners. It is also expected to attract overseas investors, PSUs, domestic pension, provident funds and NSSF (National Small Savings fund) also.

A) ALTERNATE INVESTMENT FUND (AIF)

- Alternative Investment Funds are a **class of investment entities that are not covered under the usual SEBI regulatory framework for investment institutions**.
  - AIF refers to any privately pooled investment fund (trust, company or LLP) which are not presently covered by any regulation of RBI, SEBI, IRDA and PFRDA. They may be foreign or Indian.

- They include private equities, Venture Capital Funds, Hedge Funds, Commodity Funds, Debt Funds, infrastructure funds etc. They are generally owned by big corporate houses or wealthy individuals.
- This classification is done for the purpose of regulation.

- **SEBI in 2012 had notified guidelines for AIFs** as funds established or incorporated in India for pooling in of capital from Indian or foreign investors for investing as per a pre-decided policy.

- **SEBI guidelines have classified AIF in three categories:**
  1. **Category1:** AIFs which can produce positive spillovers in the economy and for that **get incentives from government, SEBI or other regulators**. They include social venture funds, Infra funds, Venture capital funds including angel investors, SME funds etc.
  2. **Category2:** For these funds no specific incentives or concessions are given by the government or any regulator. These includes private equity funds, debt funds, Funds of Funds and such other funds.
  3. **Category 3** AIFs are institutions like hedge funds that trade with a view to make **short term returns**. They employ diverse or complex trading strategies and do leverage including investment in listed or unlisted companies.

5) INFRASTRUCTURE INVESTMENTS TRUST (INVITS)

- InvITs are **mutual funds like institutions** that enable investment into the infrastructure sector by pooling small sums of money from multitude of individual investors for directly investing in infrastructure so as to return a portion of the income (after deducting expenditures) to unit holders of InvITs, who pooled the money.
- They are designed to **attract low-cost, long-term capital in infrastructure sector** and reduce pressure on the banking system.

- **Structure of InvITs in India**
  - InvITs are set up as a **trust** and registered with SEBI.
  - **Regulation**
    - InvITs are regulated in India by **SEBI**.
    - SEBI notified **SEBI (Infrastructure Investment Trusts) Regulations, 2014,** providing for regulation and registration of InvITs in India with an objective of facilitating investment in Infrastructure sector.
  - InvITs can invest in infrastructure projects, either directly or through a special purpose vehicle (SPV). In case of a PPP project, such investments can only be through SPV.
  - As per the present regulations, InvIT unit's minimum size is Rs 10 Lakh and thus are suitable only for High net worth individuals, institutional and non-institutional investors like pension funds, FPI, MF, banks and insurance firms.

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- InvITs are listed on exchanges just like stocks - through IPO

- **Taxes**
  - Capital Gain Tax
- **India's First InvIT** issue was done by road developer **IRB Infrastructure in May 2017** which garnered Rs 5,035 crore through IPO.

3. PUBLIC PRIVATE PARTNERSHIP (PPP)

- **Introduction:**
  - In 1997, the report of the **Rakesh Mohan Committee (RMC)** concluded that India's problem was that of ***poor infrastructure holding back development***. It also highlighted the importance of **bringing in the private sector** into most areas of infrastructure in the country.

- **Public Private Partnership (PPP)** is a collaborative arrangement between government and private sector to jointly plan, mobilize resources, develop, and/or operate infrastructure projects.

- **Significance of Public Private Partnerships:**
  - **Mobilization of Resources**: For e.g. in the BOT (Toll/ Annuity) model of road construction, private player invests the entire initial money for the construction of the road project).
  - **Getting Private Sector expertise** and **Innovation**: E.g. in the EPC model, private sector engineers and construct the entire road.
  - **Risk Sharing**
  - **Increased Efficiency and Reduced cost of the project**
  - **Increased Transparency and Accountability**
  - **Better Infrastructure**

- But, the success of PPPs lies in the robustness of institutional structure, financial support, and use and availability of **standardized documents**, such as Model Requests for Qualifications (RFQ), Model Request for Proposal (RFP) and Model Concession Agreement (MCAs).

- Government of India has taken several measures:
  - Government of India has **streamlined the appraisal and approval mechanism** for Central Sector PPP projects to ensure speedy appraisal of projects, eliminate delays, and have uniformity in appraisal mechanisms.
    - » Procedure for approval of PPP projects was finalized in 2005 and in 2006, the Public Private Partnership Appraisal Committee (PPPAC) for the appraisal of was notified in 2006. It has cleared 79 projects with a total cost of Rs 2,27,268 crore from FY15 to FY23.

  - **Viability Gap Funding (VGF) Scheme, 2006**
    - » It provides financial assistance to financially unviable but socially/economically desirable PPP projects.
      - » **Economic Sector Projects** may get upto 40% of Capex as VGF grant.
      - » **Social Sector Projects** include higher provisions of VGF grant. It may get upto 80% of CAPEX and upto 50% of the Operating Expenditure (OPEX).

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- **India Infrastructure Project Development Fund (IIPDF) Scheme** notified in Nov 2022
    - » The scheme aims to develop quality PPP projects by providing necessary funding support to project sponsoring authorities, both in the central and the state governments, for creating a shelf of bankable and viable PPP projects by on-boarding transaction advisors.
    - » It has an outlay of Rs 150 crores for a period of 3 years from FY23 to FY25.
    - » Under the scheme a maximum amount of Rs 5 crores for a single proposal, inclusive of any tax implications, can be funded which can include cost of consultants/transaction advisors of a PPP project.
    - » By: Department of Economic Affairs (DEA), Ministry of Finance, GoI

- **Several types of PPP Models** are used in India in different sectors:
    - » **EPC Model (Engineering, Procurement, and Construction):** In this model, the cost of project is completely borne by government. Private sector with its expertise is responsible for engineering, procuring raw material and constructing the project. Ownership remains with government.
    - » **Built Operate and Transfer** (BOT) model involves private player entity designing, financing, constructing, operating, and maintaining an infra projects for a specific period. After the specified period, the ownership is transferred back to government. This model has been used in sectors like Roadways, Ports, Airports and Power Generation. It can be of two types - BOT (Toll) & BOT (Annuity).
    - » **Hybrid Annuity Model** (HAM): It is a mix of EPC and BOT (Annuity) model.
    - » **Build Own Operate (BOO):** The private sector entity builds and owns the asset, and then operates it for a specified period of time.
        - Government has agreed to "buy" the goods and services delivered by the project on mutually acceptable terms and circumstances.

    - » **Build Own Operate Transfer (BOOT)**:
        - It is a model of PPP in which a private company is granted a concession to finance, build, own, and operate a project for a specified period of time. At the end of the concession period, the project is transferred back to government.
            - E.g. of project under BOOT model, Delhi Mumbai Expressway, The Mumbai Metro, the Bangalore International airport etc.
        - It involves a private sector entity being responsible for the complete lifecycle of the project, including design, financing, construction, operation, and maintenance. However, here private sector entity retains ownership of the project even after the concession period.
    - » **Build Own Lease Transfer (BOLT)**: It is a PPP model in which a private company is granted a concession to finance, build, own and lease a project to the government for the specified period of time. At the end of the concession period, the project is transferred back to government. Some notable BLT projects in India are, the Delhi-Gurgaon Expressway and the Mumbai-Pune Expressway.
    - » **Design Build Finance and Operate** (DBFO): It allows a private sector to design, build, finance, and operate a project for a specified period of time. This public sector client retains the ownership of the project, but the private sector contractor is responsible for all aspects of its delivery.

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- E.g. Delhi Metro: Project was awarded to a consortium of private companies, which designed, built, financed, and operated the metro for a period of 30 years. At the end of the concession period, the metro will be transferred back to government.

» **Lease Developed Operate (LDO) Model**: Private company is granted a concession to finance, develop, and operate a project for a specified period of time. The government sector retains the ownership, but the private sector is responsible for all aspects of its delivery. At the end of the concession period, government may choose to operate the project itself, or it may contract with another private company to operate the project.

» **Rehabilitate-Operate-Transfer (ROT) Model**: Under this model, government allows private promoters to rehabilitate and operate a facility during a concession period. After the concession period, the project is transferred back to government / local bodies.

- **Recommendations of Vijay Kelkar Committee:**
  » Vijay Kelkar Committee on "Revisiting & Revitalizing the PPP model of infrastructure Development" was set up in the Union Budget of FY15-16. It recommended:
    - The Need of PPP contract to be **more focused on service delivery**.
    - The need to identify, balance and allocate risks amongst the different stakeholders.
    - Viability Gap Funding for unviable social and economic projects
    - Careful monitoring of performance as well as managing the risk.

4. LOGISTIC SECTOR

- **Logistics,** including transportation, inventory management, warehousing, material handling & packaging, and integration of information, is related to management of flow of goods between the point of origin and the point of consumption.

- **LOGISTIC PERFORMANCE OF INDIA:**
  » **As per the Logistics Performance Index, 2023 released by World Bank, India is ranked 38/139 countries in terms of the logistics performance.**
  » **Logistics Cost in** India have been in the range of 14-18% of the GDP against the global benchmark **of 8%**.
  » Thus, logistic sector can play a crucial role in promoting the competitiveness of our industries. Besides it will also play a role in job creation and enhancing India's GDP.

1) NATIONAL LOGISTIC POLICY, 2022

- The **vision of NLP** is " to develop a technologically enabled, integrated, cost-efficient, resilient, sustainable and trusted logistics ecosystem in the country for **accelerated and inclusive growth.**"

- **The Targets** for achieving the vision of NLP are to
  - reduce the **cost of logistics** in India to be **comparable to global benchmarks by 2030**.
  - improve the **Logistics Performance Index ranking** - endeavour is to be among the top 25 countries by 2030, and
  - create a **data driven decision support mechanism** for an efficient logistics ecosystem.

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- The Policy has **four key features (four key pillars):** Integration of Digital System (IDS); Unified Logistics Interface Platform (ULIP); Ease of Logistics (ELOG); and System Improvement Group (SIG);
    - **Under IDS**, 30 different systems of seven departments are integrated - including data from the road transport, railways, customs, aviation and commerce departments.
    - **ULIP** would bring all digital services related to the transportation sector into a single platform.
    - **Ease of Logistics (E-Logs)** is a new digital platform which has been started for industry associations to resolve issues by reaching out to the government.
    - **Systematic Improvement Group (SIG)** has been created along with the **Network Planning Group (NPG)** to improve coordination across government ministries and between the state and central governments.

- The policy will be implemented through **CLAP (Comprehensive Logistics Action Plan)**, which proposes the following interventions:
    - **Integrating digital logistics systems** to develop a system of unified logistic interface.
    - **Sectoral Plan For Efficient Logistics**
    - **Facilitating the development of logistics Park**
    - **EXIM logistics**
    - **Logistics manpower skill development and capacity building**
    - **Service Improvement Program**
    - **Standardizations of physical assets and benchmarking service quality standards**
    - **Engagement with different Indian states**

2) MULTIMODAL LOGISTICS PARKS

- **What is Multi-Modal Logistic Park (MMLP):**
    - MMLPs have been conceptualized to **enable seamless intermodal freight movement** and offer **multiple functionalities such as freight aggregation, and distribution**. Storage, warehousing solutions, value-added services like custom clearances and IT services will be provided.
    - The parks will enable the switch from a point-to-point to a **hub-and-spoke model** in the logistic parks, eventually bringing down logistics costs by at least half and enabling more efficient movement of new generation vehicles.

- **Details about Multi-Modal Logistic Park (MMLPs):**
    - MoRTH&H is developing 35 MMLPs under Bharatmala Phase-1.
        - Of these 6 MMLPs are undertaken by MoRTH in port cities namely Cochin (Kerala), Chennai (TN), Vishakhapatnam (Andhra Pradesh), Mumbai (Maharashtra), Kolkata (WB), and Kandla (Gujarat).

- **Advantages:**
    - Logistic Efficiency -> Reduced time and cost
    - **Seamless Intermodal transports** -> simplify imports and exports
    - Improved warehousing -> reduced wastage of food
    - Improved Employment opportunities
    - Helps in growth of MSME sector
    - **Environmental benefits** -> improved efficiency -> reduced dependency on fossil fuels

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B) SOUTH INDIA'S LARGEST MULTIMODAL LOGISTICS PARK IN BENGALURU (JAN 2024)

- The groundwork for 400-acre facility has begun at Obalapura on the northern outskirts of Bengaluru.
- It will provide a host of logistics, warehousing and cold storage facilities that are aimed at reducing overall logistics costs from 13% to 9% and making exports competitive.
- It will handle 30 million tonnes of cargo by 2070.
- This is a 1770 crore project and is being developed by **Bengaluru MMLP Pvt ltd**, a special-purpose vehicle with three stakeholders.
  - The NHAI's National Highways Logistics Management Ltd (NHLML) owns the majority of stake (51.29%), followed by the Karnataka Industrial Areas Development Board (32.38%) and Rail Vikas Nigam Limited (16.33%).

3) LOGISTIC EASE ACROSS DIFFERENT STATES (LEADS) INDEX, 2023

- **Why in news?**
  - » Ministry of Commerce and Industry releases the 5th edition of the LEADS index (Dec 2023)

- **About the Index**
  - » It is a composite indicator to **assess international trade logistics across states and Union Territories** and is based on stakeholders' survey and uses **the World Bank's Logistic Performance Index (LPI) methodology (LPI)**.
  - » **While LPI relies** entirely on perception-based surveys, LEADS incorporates both perception as well as objectivity thereby enhancing the robustness and comprehensiveness of the exercise.

- **The 5th edition of the LEADS annual exercise - LEADS 2023 report**, provides insights into improvement of logistics performance at State/UT level.
  - » The report signals a positive shift in States' performance across the key pillars - Logistics Infrastructure, Logistics Services and Operating and Regulatory Environment.
  - » The report is **based on a pan-India primary survey**, conducted between May and July 2023, covering over 73,000 responses across 36 states/UTs. Additionally, over 750 stakeholder consultations, facilitated by National, regional, and state associations, significantly contributed to this comprehensive evaluation.
  - » **Performance Highlights**:
    - **Coastal Group**
      - Achievers: Andhra Pradesh, Gujarat, Karnataka, Tamil Nadu
      - Fast Movers: Kerala, Maharashtra
      - Aspirers: Goa, Odisha, West Bengal
    - **Landlocked Group**
      - Achievers: Haryana, Punjab, Telangana, Uttar Pradesh
      - Fast Movers: Madhya Pradesh, Rajasthan, Uttarakhand
      - Aspirers: Bihar, Chhattisgarh, Himachal Pradesh, Jharkhand
    - **North-East Group**
      - Achievers: Assam, Sikkim, Tripura
      - Fast Movers: Arunachal Pradesh, Nagaland

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        - Aspirers: Manipur, Meghalaya, Mizoram
    - **Union Territories**
        - Achievers: Chandigarh, Delhi
        - Fast Movers: Andaman & Nicobar, Lakshadweep, Puducherry
        - Aspirers: Daman & Diu/ Dadra & Nagar Haveli, Jammu & Kashmir, Ladakh

5. SHIPPING AND INLAND WATERWAYS

1) HUGE POTENTIAL IN SHIPPING SECTOR

- **India's Geography:** India is endowed with a rich coastline of ~7500 km and has a strategic location on key international maritime trade routes.
- **India's fleet** is just 1.2% of the world's fleet and carries only 8% of India's Exim trade.

2) SEAPORTS IN INDIA

- Our coastline is not very serrated and therefore we have very few natural seaports on our coast. There are **13 major** and **about 200 non-major ports** in India.
- **Port development** in India is a concurrent subject.
- The Major seaports are maintained and managed by central government (Ministry of Shipping) under **Major Port Authorities Act, 2021** and other seaports are controlled by the state governments under the Indian Ports Act, 1908.
- **Installed capacity of major ports** in India has increased to 1534.91 MTPA in March 2020.

3) MAJOR PORT AUTHORITIES ACT, 2021

- **The need of this act?**
    - Major Ports Trust Act of 1963 was very restrictive which made it difficult for major ports to function in highly competitive environment and respond to market challenges.
    - The Board of Trustees was considered too large and disparate to allow efficient decision making.

- The 2021 act provides for regulation, operation, and planning of major ports in India. It was enacted in Sep 2021 and replaced the Major Port Trusts Act, 1963.

- **Key Provisions:**
    - It vests the administration, control and management of major ports in the **Boards of Major Port Authorities (MPAs)**. It will replace the existing port trusts.
        - » **Responsibility**: The boards are responsible for overall planning, development, and operation of the port. They are also responsible for fixing the scale of rates for port services and assets.
    - **Greater autonomy to MPAs in decision making:**
        - » MPAs are now free to enter into public-private partnership (PPPs) for the development and operation of port facilities.

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- » **Significance**: This will allow the ports to be more responsive to the needs of their users and to make decisions that are in the best interest of the port community.
  - ▫ They are also responsible for fixing the tariffs for port services based on market conditions.
    - » **Significance**: This will allow ports to be more competitive and to attract more traffic.
  - ▫ **Reorient the governance model** in the major ports to landlord port model in line with the global practices.
  - ▫ **Improved grievance redressal mechanism:** The act provides for creation of an **adjudicatory board** to resolve disputes between MPAs and stakeholders.

- The above changes are also expected to increase investment in the port sector.

4) MAJOR SEAPORTS OF INDIA

i. Kandla (now known as Deen Dayal) - Gujarat

- Located in Gulf of Kutch and is the largest port by volume of cargo handled. Its harbor is natural and protected.
- Kandla port also is a **free trade zone**, where import duties are not levied. The basic concept is that entrepreneurs setting up units in the zone can import raw material and machinery free of duty, but the manufactured products must be completely exported and not sent into hinterland. Consumable articles like TV, tape recorders etc can't be imported in the free trade zone.
- The port is famous for import of petroleum products.
- One limitation of the port is that it is situated in a earthquake prone zone (zone v).
- Updates:
  - » **Kandla becomes the first Green SEZ (July 2021)**
    - ▫ It achieved CII's IGBC (Indian Green Building Council) Green Cities Platinum Rating.
      - ▪ With this KASEZ (Kandla SEZ) has become the first Green SEZ to achieve the IGBC Green Cities Platinum Rating for Existing Cities.
      - ▪ It has been awarded for 'Green Master Planning, policy initiatives, and implementation of Green infrastructure'.
    - ▫ It shows that GoI is working towards ensuring environmentally sustainable development.

ii. Mumbai: It is situated in the natural serrated area of the Salsette Island and thus have a natural harbour which is safe too.

- Here also, there has been an establishment of free trade zone.
- It is the largest port in India.

iii. Nhava Sheva or Jawaharlal Nehru Seaport (JLNP)

- It is an all whether tidal port.
- Developed near Panvel in Navi Mumbai to ease off the pressure of Mumbai port. It is the most modern sea-port of the country.

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iv. **Mormugao Port**- Situated on the left bank of Zuari river in Goa. It is a natural seaport protected by backwater and also by a mole. It is specially known for the export of iron ore (as Goa is rich in it), other products which are exported from here includes Cashew, fish, spices, rice etc.

v. **New Mangalore**

- It handles iron ore export from Kudremukh mines. Other items exported include, fish, fertilizers, cashew, forest products and coffee.

vi. **Kochi**

- It is a **natural harbour** located in the **Vembanad lake** on Wellington Island on the coast of Kerala. It is situated on the mouth of a large lagoon parallel to the sea.
- Major items exported from here are coconut products, cashew, tea, rubber, fish and spices.
- Important items imported from this port includes mineral oil, fertilizers, coal and edible oils.

vii. **New Tuticorin (V.O. Chidambarnar Port)**

- It is one of the major ports in TN, located in Gulf of Mannar. It is **an artificial, deep sea, open** seaport which is located 9 km from the eastern side of Hare Island.
- Its harbour has been made deeper and it has been developed artificially.
- The port handles the trade of coal, food grains, salt, sugar, petroleum products etc.

viii. **Chennai Port**

- It is a major seaport on east coast of India. It is an artificial port and is located in open seas where the ships have to face the wave. To protect the ships, a long wall has been built at 3 km away from the coast.
- It is the second largest trading seaport after Mumbai.
- Key imports: Iron ore, food grain, leather, sugar, tobacco, coconut products, etc.
- Key exports: Petroleum, coal, edible oil, chemicals, cotton etc.

ix. **Ennore Port (Kamarajar Port)**

- Located in Tamil Nadu, North of Chennai. Developed to ease pressure on Chennai.
- Especially significant for coal trading. The Tamil Nadu government gets internal and imported coal for itself from this seaport.

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- It is different from the other major ports which are run as trusts, it is incorporated as a company.
    - **Note:** Chennai Port Trust acquired the 67% stake of Centre in the Kamarajar Port Limited on 27th March 2020. The remaining 23% was already held by the **Chennai Port Trust**.

x. **Vishakhapatnam**

- Port of Vishakhapatnam, a deep, natural harbour, was opened to commercial shipping in 1933. It is self-protected from storms because of a hills called **'**Dolphin Nose' jutted out of the sea at the mouth of the harbour.
- It is the only Indian Port possessing **three international accreditations** viz. ISO 14001; 2004 (EMS)/OHSAS 18001 and ISO 90001:2000 (QMS).
- The iron ore of Bailadilla area is exported from this seaport.

xi. **Paradeep**

- It is an artificial seaport on the coast of Odisha. Here there is a mechanical facility of loading and unloading of Iron ore and coal.

xii. **Kolkata Port Trust / Dr. Shyama Prasad Mukherjee Port Trust** (renamed to Dr. Shyama Prasad Mukherjee Port in Jan 2020)

- **About the Port**
    - It is a riverine port located on the left bank of the Hugli River in West Bengal. It is the **only riverine major port in the country**.
    - It is the **oldest operating port** in India and was constructed by **British East India Company**.
        - Deposition of silt doesn't allow big ships to reach this port. So, the **Diamond Harbour** has been constructed in the open bay 64 km away from Kolkata.
    - The port has **twin dock system** viz., **Kolkata Dock System on the eastern bank** and a deep water dock at **Haldia Dock Complex** on the western bank of river Hooghly.
        - **Haldia dock complex** eases off the pressure on Kolkata Seaport. It is the harbor of those large sized ships which don't reach Kolkata.
- **In Jan 2020**, on the occasion of **150th birth anniversary** celebration of the Kolkata Port Trust, it has been renamed after **Dr. Shyama Prasad Mukherjee**. This was approved by Cabinet in June 2020.

xiii. **Port Blair Port**

- Under the Indian Port Act, 1908, GoI declared Port Blair port as major port in 2010.
    - All major provisions of the Major Port Trusts Act, 1963 has become applicable to the major Port Blair from 1 June 2010.
- The port is of **strategic importance** for India and is located close to **two international shipping lines**, namely Saudi Arabia-Singapore and US-Singapore.
- But **lack of traffic** may soon become a reason for government taking away the major port tag.

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