Scheme for incentives to promote the utilization of Inland Waterways Transport (IWT) Sector by cargo owners and for establishing Schedule Services for cargo movement on NW-1, NW-2 and NW-16 via IBP route– reg.

1 Background

1.1 An efficient transport system, where there is optimal utilization of various modes of transport, is pivotal for enhancing logistics efficiencies and costs. This also leads to reduction in the transport sector related emissions in the country. India, currently, faces an unbalanced logistics landscape with a significant reliance on road and rail networks for transporting freight cargo.

1.2 Road transport dominates the sector, accounting for approximately 65% modal share followed by rail at 26% modal share[1]. In contrast, Inland Water Transport (IWT) has only a 2% share in India's overall freight movement.

1.3 Historically, budget allocation to the road and rail sectors, the dominant modes of transport, has been significantly higher than that for the waterways sector. Hence, these modes of transport have evolved rapidly in terms of creating infrastructure, addressing the issues of public transportation and become leading modes for freight logistics.

1.4 The existing reliance on road and rail as the major modes of transporting cargo is leading to congestion of the existing infrastructure. IWT can help decongest the transportation network by acting as a supplementary mode of transportation which is eco-friendly, cost-effective and has higher cargo volume carrying capabilities.

1.5 Further, India has set the target of net-zero emissions by 2070. Transport sector is one of the major emissions contributing sectors in India contributing to approx.13% of total emissions. Of this, road transport alone contributes approx. 90% of emissions[2]. Hence, there is an opportunity to reduce these emissions by encouraging users to shift to more sustainable modes such as inland waterways. *(Refer Annexure-1 for benefits of IWT sector)*

1.6 However, the inland water transport sector is at nascent stage in India and hence requires specific focus and investments to give it the necessary developmental impetus help in resolving congestion issues on road and rail modes.

1.7 As per the Maritime India Vision (MIV) 2030, the cargo movement through waterways is targeted to increase to 200 MMT by 2030 and achieve 5% modal share of inland cargo movement. Additionally, as per Maritime Amrit Kaal Vision (MAKV) 2047the cargo movement through waterways is planned to increase 500 MMT by 2047.*(Reference: MIV 2030 and MAKV 2047)*

1.8 The Inland Waterways Authority of India (IWAI), under the provisions of the IWAI Act 1985, is responsible for development of National Waterways (NWs) for purposes of shipping and navigation and for matters connected therewith or incidental thereto and ensuring coordination of IWT on NWs with other modes of transport. *(Reference: Chapter-IV of IWAI Act 1985)*

1.9 Currently, there are 111 NWs in India, of which 24 NWs are operational. These operational NWs together contributed ~133 MMT cargo volume in FY 2023-24. A

[1]NITI Aayog Report titled 'Improving Rail Efficiency & Share in India's Freight Transport'
[2] https://theicct.org/wp-content/uploads/2022/05/Meta-study-India-transport_final.pdf

number of initiatives have been undertaken by IWAI for the development of IWT infrastructure such as cargo handling terminals and improving navigational infrastructure and aids, specifically on NW-1, NW-2 and NW-16 including IBP*(Refer Annexure-2 for details on these waterways).*As a result of the development works undertaken by IWAI, these NWs have the capacity and capability to handle larger volumes of cargo traffic and long haul cargo. These NWs also have the potential to promote traffic along with regional waterways based connectivity with Nepal, Bhutan and Bangladesh. However, to realize the cargo traffic potential of these NWs there is a need to build confidence in the market so as to achieve the desired shift of cargo to IWT mode.

1.10 NW-1, NW-2 and NW-16 including IBP need to be prioritised for utilisation specifically cargo transportation as significant infrastructure developments are being undertaken on these NWs.

1.11 It may be noted that with the aim of providing impetus to the sector, Shipping Corporation of India (SCI) incorporated a company in September 2016 named **Inland and Coastal Shipping Limited (ICSL)** for inland and coastal transportation. ICSL was incorporated with a vision to acquire, operate and maintain inland vessels for plyingon National Waterways.

2 Global Scenario:

Countries across the globe have been undertaking multiple initiatives for promoting modal shift of cargo to waterways primarily to enhance logistics efficiency and reduction of emissions towards meeting their sustainability targets.

i) **Infrastructure development:** European Union (EU) countries have made significant investments in developing and maintaining their inland waterway infrastructure. These initiatives include undertaking dredging to ensure navigability, constructing locks and dams to manage water levels, and building ports and terminals to facilitate loading and unloading of cargo. Further,the European countries have been focusing on developing a well-integrated multimodal transport network, where inland waterways complement other modes of transport such as rail and road.

ii) **Regulatory and fiscal initiatives:** The (EU countries through European Commission’s Directorate-General for Mobility and Transport (DG MOVE) have implemented European Union Marco Polo Programme since 2003,to promote IWT and intermodal transport, as well as to incentivise modal shift of the freight traffic from road. Under this program, financial assistance was offered for upto 35% of the expenditure incurred to achieve the project objectives of modal shift.*(Refer Annexure-3 for details of the Marco Polo Programme).*

3 Need for incentives for the IWT Sector in India

3.1 With renewed impetus over the last decade, IWT sector in India has been evolving steadily over last few years with the growth in cargo traffic from 18.1 MMT in FY14 to 133 MMT in FY24 (CAGR of approx. 22%). However, the potential for cargo traffic growth is much more.

3.2 Multiple initiatives have been undertaken for the development and utilisation of the NWs specifically NW-1, NW-2 and NW-16, for transportation of cargo and the total cargo volumes handled on these NWs have been growing. In FY24, NW-1 and NW-2 contributed 12.8 MMT and 0.6 MMT of cargo respectively whereas they have the potential to contribute cargo volumes of 48 MMT and 2.2 MMT per annum respectively by FY47 (as per IWAI estimates[3]). While the year-on-year traffic on key waterways such as NW-1, NW-2 and NW-16 has increased, most of it has been on short haulage movements (less than 200 km).

3.3 IWAI has conducted several pilot movements in the past along NW-1 and NW-2 through IBP to demonstrate the IWT's potential and identify challenges that need to be addressed for its effective utilization. These pilot movements typically involved transporting cargo, such as bulk commodities or containers, along various stretches of the waterway using different types of vessels. Such successful pilot movements have helped in building confidence among the industry stakeholders in terms of utilising IWT as an alternate mode for moving cargo.

3.4 However, further emphasis and confidence building in the IWT sector is required among the stakeholders to start long haulage cargo movements on waterways. This will convey the readiness of waterways, provide an alternative to the industry for hassle free bulk cargo movement and increase the reliability of IWT cargo movement.

3.5 In order to enhance the cargo traffic potential of the NW-1, NW-2 and NW-16, two key challenges need to be addressed:

i) **Incentivising for the modal shift to waterways**: There is a need to nudge the industries for shift for transportation of cargo to waterways. Incentives for modal shift to waterways can act as a driver for promoting the utilisation of these NWs by the cargo owners. Even matured systems such as European waterways had to introduce incentives-based initiatives such as Marco Polo Programme to nudge the industry for modal shift to waterways.

ii) **Availability of vessels services with assured schedules**: The non-availability of assured services, specifically with assurance of start and voyage timings, acts as a deterrent to the willingness of the cargo owners to shift to IWT mode. The commencement of "Scheduled Services" i.e. vessel voyage services with defined origin and destination, published vessel information as well as specified timings can help the cargo owners overcome the current limitation in availability of reliable scheduled services. Further, such services will not only build confidence among the stakeholders but also demonstrate and establish reliability as well as readiness of IWT as a sustainable mode of transport.

Such initiatives on both the above fronts will provide necessary thrust to the modal shift of cargo to IWT and demonstrate that the sector is ready as an alternative to other modes.

3.6 **Incentives for IWT Sector**: Incentives to the stakeholders to facilitate modal shift to waterways and for providing scheduled vessel services on selected routes can boost the confidence of the cargo owners to utilise waterways. This will not only lead to increase in the utilisation of NWs but also contribute towards net zero carbon emissions goals of the companies as well as the country.

The need for providing financial incentives in the IWT sector has also been endorsed at various levels as highlighted below:

i) As per the **Para no. 19 of the Three Hundred Fifty Eighth Report of the Department related Parliamentary Standing Committee** on Transport, Tourism and Culture on "Development and Expansion of **Existing** and National Inland Waterways", the Committee recommended the following:

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[3] National Waterways Target till 2030 and 2047 based on Cargo Movement of 2023-24 based on IWAI analysis

‘*the Committee notes the Ministry's submission that waterway usage charges have been kept at Nil and other charges kept at a low level to promote inland water transport. The Committee, however, feels that* ***substantial financial incentives rather than mere waiver of charges would be necessary to facilitate the modal shift to waterways****. The Committee has been informed that no financial incentives are at present proposed by IWAI*.**’** *(Refer Annexure-4)*

ii) A **Sector review meeting was held on 15.06.2023 for Ministry of Ports, Shipping and Waterways under the chairmanship of Hon’ble Prime Minister to review the progress made in Ports Shipping and Waterways sector**. One of the action points for implementation emerged during meeting is “Viable Gap Funding” (VGF) for waterways **operations**” under Sl.No. 4.(Refer *Annexure-5*).

iii) MIV 2030 document highlights several demand activation measures to enhance cargo movement across NWs such as i) outreach to potential public & private entities located along NWs for enhanced cargo movement, **ii) provision of subsidies for an initial period of 3-5 years wherein incentives may be offered for an initial period to gain market share** and iii) policy interventions to promote industrialization along NWs.*(Reference: MIV 2030)*

4 The Scheme

4.1 Objective

The objective of the Scheme is to

i) provide impetus to modal shift of cargo to IWT mode by incentivising such shift and
ii) demonstrate the reliability as well as readiness of the IWT sector for the purpose of boosting confidence of the stakeholders.

4.2 The Proposal

The Scheme includes two different components to address the two specific needs of the IWT sector.

i) **Scheme Component 1**: Providing incentives directly to the cargo owners (except for the cargo operated under ICSL) for sustainable modal-shift of cargo from Rail/ Road to IWT mode.

This Scheme is expected to incentivize incremental modal shift of **6.51 lankh tonnes of cargo or786.05Mn Tonne-Km**(17% of existing tonne-km as waterways)to waterways in the three years period (i.e. 2024-25, 2025-26 and 2026-27).

ii) **Scheme Component 2**: Launch of Scheduled Services by ICSL by providing funds to ICSL for promotion of IWT for the IWT vessel operated by ICSL.

4.3 Applicability

Currently, the Scheme will be restricted only toNW-1, NW-2 and NW-16 as substantial investments have been made in these waterways and there is a lot of potential for growth of traffic *(Refer Annexure-2 for details of these waterways*). However, based on the success of the Scheme, it may also be extended to other waterways.

4.4 Scheme Component 1- Incentives to cargo owners for sustainable modal shift of cargo to IWT

4.4.1 **Eligibility**: The Scheme will provide incentives directly to the cargo owners who shift their cargo from rail/ road to IWT mode using their own/ hired vessel or through their operators along NW-1, NW-2 and NW-16*(Refer Annexure-7 for detailed process for availing incentives by cargo owners for shifting to IWT mode).* A few indicative routes are as follows:

i) Transportation of cargo by IWT between Haldia/Kolkata and Patna / Varanasi on NW-1

ii) Transit cargo from/ to Kolkata/ Haldia to Pandu/ Karimganj/ Badarpur on NW-2 & NW-16 using IBP route

iii) Transportation of cargo by IWT between Pandu and Dibrugarh on NW-2

4.4.2 **Exclusions**

i) The Scheme will not be applicable for short haul movements less than 200 km

ii) Ro-Ro, Ro-Pax and ODC movements will not qualify for this Scheme.

iii) Movement between Haldia & Tribeni on NW-1 is excluded from the Scheme. (Note: To account for movement in this stretch will only be possible when cargo moves 200 km beyond this stretch)

iv) Transportation by ICSL will be excluded from the Scheme.

4.4.3 Implementation: Inland and Coastal Shipping Limited (ICSL) will be the implementation agency.

4.5 Scheme Component 2- Launch of Scheduled Services by ICSL

4.5.1 **Eligibility**: ICSL will operate the Scheduled Services through vessels already handed **over** to them by IWAI as per the MoU signed with them (Annexure-6) or vessels hired from the market, if any, between the following routes/ O-D pairs (onward & return journeys):

A. Within NW-1:
   i) Haldia/ Kolkata – Patna-Varanasi

B. From NW-1 to NW-2/ NW-16 via IBP route:
   i) Haldia/ Kolkata – Dhubri-Pandu
   ii) Haldia/ Kolkata – Karimganj-Badarpur

4.5.2 **Mode of Execution**

A. Implementation

i) Inland and Coastal Shipping Limited (ICSL) will be the implementation agency.

ii) Scheduled services operated by ICSL shall be monitored by a Steering Committee (Refer Para 9)based on parameters such as timeliness, capacity utilization, reliability, safety compliances, cost efficiency, etc. to ensure the efficiency of the operations.

(Refer Annexure-8 for details on parameters for monitoring operation of the Scheduled Services)

B. **Operational conditions**: ICSL shall operate the Scheduled Services with IWAI vessels/ hired vessels in the stretch of Kolkata-Patna - Varanasi, Kolkata-Pandu and Kolkata-Badarpur / Karimganj.

C. **Average capacity load for scheduled services vessels**: ICSL shall endeavor that cargo is arranged for scheduled service on onward voyage from Kolkata of about 50% average capacity load/ volume of the vessel during first year,75-80% average capacity load / volume during second year and third year of the vessel(s). The schedule shall be fixed for sailing both on upstream and downstream legs including port of calls en-route.

D. **Parameters for monitoring operation of the Scheduled Services operated by ICSL:** Scheduled Services operated by ICSL shall be monitored based on parameters such as timeliness, capacity utilization, reliability, safety compliances, cost efficiency, etc. subject to timely availability of necessary infrastructure & support services, *(Refer Annexure-8 for details of monitoring parameters)*

5 Period of Scheme

i) The Scheme will be valid for a period of 3 (three) years.
ii) At the end of each financial year, the performance assessment of the Scheme will be done by a Steering Committee (Refer Para 9of the Scheme). In addition to this an independent third party may be engaged for performance assessment of each financial year, if required.
iii) Based on this performance assessment the Steering Committee may consider to undertake the modifications, if any, to the Scheme and determine its continuity over the subsequent years.

6 Funding for the Scheme

6.1 Funding requirement for Scheme Component – 1: Incentives to cargo owners for sustainable modal shift of cargo to IWT

iv) Financial incentives will be provided to the extent of 35%[4] of the total actual operating expenditure incurred on waterways journey for the sustainable modal shift of cargo to IWT from road or rail modes. Also, such an incentive will be provided only for the long-haul movements on waterways i.e. distances greater than 200 km and shall exclude any expenditure incurred on first and last mile journey.

v) The total amount of the incentives to be extended under the Scheme is estimated to be **Rs. 41.45 crore** for the period of three years (i.e. 2024-25, 2025-26 and 2026-27). (*Refer Annexure-9 for calculation of estimates)*

6.2 Funding requirement for Scheme Component – 2: Launch of Scheduled Services by ICSL

i) **Fund proposed**: The proposed fund under the Scheme is based on the estimate prepared by ICSL for operating regular scheduled services on NW-1, NW-2 and NW-16.

ii) As per the report, expenditure for running the vessel for scheduled services minus revenue generated shall be paid to ICSL. Based on this a fund of **Rs.37.41crore**

[4] Based on financial assistance for modal shift actions as per Marco Polo-II Programme (2007-2013)

(excluding 10% Management Expenses) has been proposed for the period of three years (i.e. 2024-25, 2025-26 and 2026-27).

(Refer Annexure-10 for year-wise budget for 3 years' period)

6.3 **Other Components of the Scheme**

i) The total management fee shall not exceed 10% on Scheme Component 1and 2 i.e. **Rs. 7.89 crores.** The management fee of 5% is fixed to ICSL on Scheme Component 1and 2.and

ii) remaining 5% shall be subject to the achievement of the targets of the Scheme i.e

Management Fee shall be paid 1% for every 10% increase of the Scheme Component 1and 2, if the modal shift to the waterways is above50%of **6.984lakh tonnes of cargo or848.65 Mn Tonne-Km However, ICSL has to increase the operating efficiency for component 2.**

iii) Contingency amounting to Rs.8.67 crores (at the rate of 10% on Scheme component 1, 2 and management and other expenses) which includes cost escalations, expenses of vessel during non-operational periods etc. *(Refer Annexure-11)*

6.4 The total fund requirement for the Scheme is estimated to be approx. **Rs. 95.42crore** for a period of 3 (three) years. The proposed funding also includes management related **expenses** for implementation of scheme by ICSL along with provisions for contingencies. *(Refer Annexure-11 for fund requirement details).* The funds need to be allocated for this scheme.

7 Implementation of Scheme: Inland and Coastal Shipping Limited (ICSL) will be the implementation agency for this Scheme (both components).

8 Disbursement

8.1 **Account in a scheduled commercial bank :-** Jalvahak is a Central Sector Scheme. Since its outlay is less than Rs. 500 Crore, it shall be dealt with under Model 2 and IWAI shall be the Central Nodal Agency (CNA). CNA will open an account in a scheduled commercial bank and this account will be used for transfer of funds to Inland & Coastal Shipping Ltd (ICSL) or other beneficiaries under this Scheme. CNA will follow Department of Expenditure's guidelines on flow of funds under Model-2 issued vide DoE's O.M. dated 9th March, 2022 and as modified from time to time.

8.2 **Disbursement of Fund :** Ministry of Ports, Shipping & Waterways shall release the funds under the scheme as per sanction to the CNA's account as per extant guidelines and shall in no case release more than 25% of the amount earmarked for the scheme in a financial year at a time. Additional funds (not more than 25% at a time) will be released only upon utilization of at least 75% of the funds released earlier and in compliance with the conditions of previous sanction. ICSL or any other eligible agency to receive funds under the scheme, will be added as Sub-Agency (SA) of the CNA as per extant guidelines. SA will use the sanctioned funds within clearly defined drawing limits. CNA shall be required to submit utilization certificate of the amount received and utilized before release of further funds from Ministry of Ports, Shipping & Waterways.

9 Formation of a Steering Committee

9.1 A Steering Committee with the following representatives from Ministry of Ports, Shipping & Waterways (MoPSW), IWAI and ICSL will be formed for the purpose of overall monitoring of the Scheme.

i) Director, IWT, Ministry of Ports, Shipping & Waterways (MoPSW)
ii) Chief Engineering or Director, IWAI
iii) Ms. Archana Bharati, DGM (ICSL)

9.2 The steering committee will also be responsible for evaluation & selection of proposals for providing incentives under the Scheme

9.3 The steering committee has power to amend the rules as per requirement for proper implementation/ monitoring except the percentage as decided (i.e 35%) for providing incentives under the Scheme and

9.4 The Steering Committee will also be responsible for the performance evaluation of the Scheme on an annual basis and provide its recommendations for extension of period of Scheme or any other modifications for improvement in participation as well as overall impact of the Scheme.

<u>ANNEXURE 1</u>: Benefits of IWT

A. The Benefits of IWT are not merely limited to cost advantages but include various qualitative factors such as:

- IWT serves as an environmentally friendly mode of freight transport that offers significant advantages in terms of reducing congestion on roads and railways while minimizing environmental impacts such as carbon emissions, energy consumption, and pollution. By leveraging existing water infrastructure and promoting sustainable practices, IWT can contribute to achieving more sustainable and resilient transportation systems.

- IWT is the preferred mode for carrying heavy, bulk, and specialized types of cargo due to its cost-effectiveness, safety, environmental friendliness, and infrastructure accessibility. From coal and aggregates to liquid bulk, Over Dimensional Cargo (ODC), and hazardous materials, IWT offers a versatile and efficient solution for meeting the transportation needs of industries and supply chains across diverse sectors.

- IWT reduces uncertainties about cargo movement during unforeseeable events such as the COVID-19 pandemic by providing continuity of operations, reliability, capacity for essential commodities, adaptability, long-term planning, collaborative response, and resilience building. As an integral component of resilient supply chains, IWT plays a vital role in maintaining economic stability, meeting societal needs, and ensuring the flow of goods even in the face of crises and disruptions.

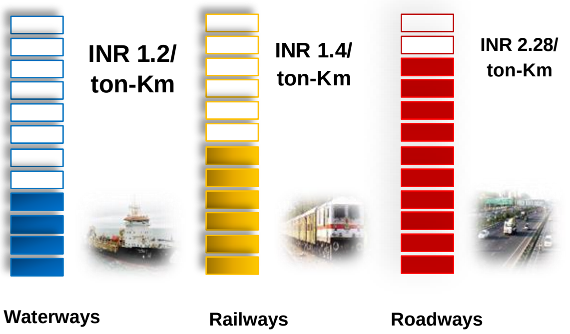
- IWT promotes multimodal transportation by fostering intermodal connectivity, enabling modal shift opportunities, providing complementary transport services and facilitating efficient cargo distribution.

- The development of IWT significantly contributes to increasing the capacity of the overall transportation network by diversifying modal options, handling high volumes of cargo and passengers, alleviating congestion, playing a complementary role to other modes of transport, facilitating long-distance transport, driving economic growth, and enhancing resilience to disruptions. By leveraging the advantages of water transport, transportation networks can achieve greater efficiency, connectivity, and sustainability.

B. The carrying capacity of different modes and operating costs of IWT vis-à-vis road and rail are as below:

Carrying Capacity		
Mode	**Carrier Type**	**Capacity (MT)**
Road	Truck (Normal 10 wheeled)	16
Rail	Rail Rakes (40 Wagons)	2,200
IWT	IWT Vessels	2,000

Operating Cost



Source: Word Bank Report

C. The freight cost per ton-km through IWT mode is ideally low, however it increases due to the following reasons:

i. **First & Last mile connectivity**: The waterways are located away from most of the industries. Therefore, the first mile and last mile connectivity to the nearest waterfront/ terminal increases the overall freight in IWT mode. This also increases the number of cargo handling activities (loading / unloading) that further increases the end-to-end cost as compared to road & rail. Efforts are underway to reduce the logistics costs of first and last mile connectivity by exploring the feasibility of construction of terminals on the riverbanks close to production units viz power plants, cement plants etc. and also by setting up Multimodal Logistics Parks near the terminals viz MMLP at Varanasi, Sahibganj and Jogighopa.

ii. **Voyage due to empty returns**: In most of the IWT voyages it has been observed that the cargo is available only for one leg of the trip and not the entire return trip. Due to this freight cost per tonne-km increases. To overcome this challenge over a period of time it is important to incentivise the industries & cargo owners to be able to utilise the IWT in a viable manner.

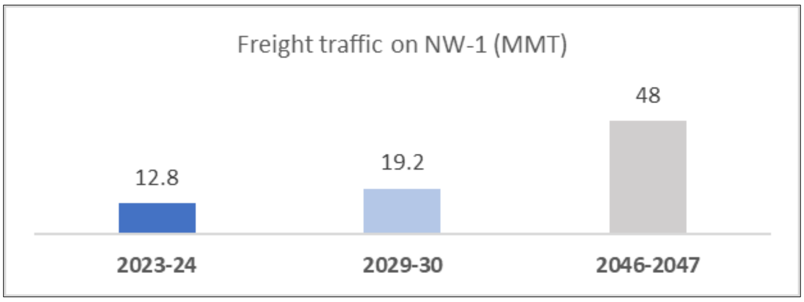
iii. **Inadequate water depth round the year**: The waterways are developed by harnessing the natural resource and depth in the river /waterway depends upon the discharge in the rivers. Assured depth dredging contracts are being implemented along NW-1 for ensuring minimum required depth in the river. Also, departmental dredging in NW-2 is also progressing till the assured depth contract is implemented through Dredging Corporation of India (DCI) for which the work is already awarded to DCI.

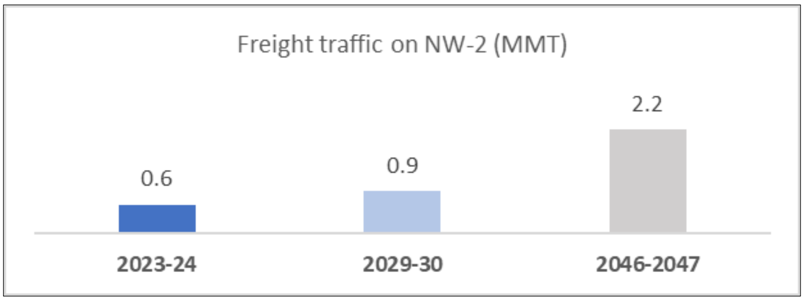
iv. **Round the clock navigational aids**: Night Navigation facilities are introduced on the busiest routes and being put in place for other routes in a phased manner to **facilitate 24-hour sailing and to reduce the voyage time of vessels**. IWAI is undertaking the installation, operation and maintenance of night navigation facilities on NW-1, NW-2 and IBP route (Indian side). These works are being executed through respective regional offices of IWAI on regular basis to provide safe navigation channel for the movement of vessels. Recently during the trial run in the stretch between Kolkata – Patna, night navigation facilities were used successfully.

v. **Delay on account of opening of pontoon bridges across the NW-1**: There are twelve pontoon bridges that need to be opened every time a vessel or barge crosses, which consume a lot of time and affect the overall movement of the vessels. To address this issue, **Quick Pontoon Opening Mechanism (QPOM) has been designed by IWAI with the help of IIT-Kharagpur** and is **being implemented on pilot basis at two locations i.e., 1 no. in Uttar Pradesh and 1 no. in Bihar**. These pilots will be operational shortly and post completion of the same, other locations will be taken up for the implementation. The advance design of QPOM will help in faster movement of vessel and will subsequently reduce substantial time for pontoon opening and closing.

ANNEXURE 2: Details of development works undertaken on NW-1, NW-2 and NW-16

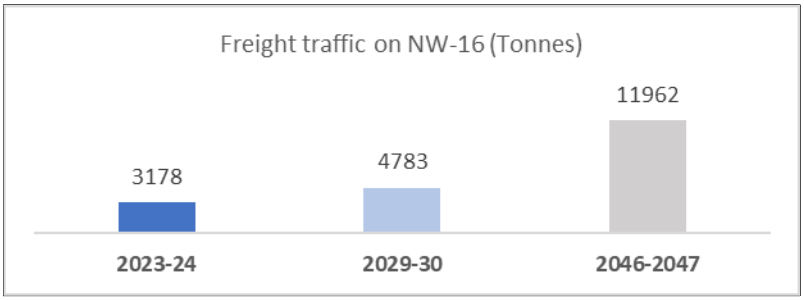
A. **National Waterway-1:**A project for the capacity augmentation of NW-1 i.e. Jal Marg Vikas Project (JMVP) is under implementation. The project aims to develop environment friendly, safe, economic and reliable mode of transport along NW-1. Majority of the interventions such as improvement in navigability by fairway development (2.2 to 3 m LAD with 45 m bottom width), installation of navigational aids, construction of multimodal terminals, construction of new navigational lock at Farakka, etc. have been either completed or are in advanced stages of completion. Further, the dredging assured depth contracts for the navigational routes are under implementation stage.





B. **National Waterway-2:**Various interventions are also being undertaken for developing NW-2 (Dhubri-Sadiya stretch of river Brahmaputra). Some of the key interventions include multimodal connectivity at Jogighopa & Pandu, connectivity to Pandu terminal from NH (length – 1150m), development of Repair Slipway at Pandu, Intermodal terminal at Dhubri, multiple floating jetties (Dhubri, Jogighopa, Pandu, Uzan Bazar, Silghat, Biswanathghat, Neamati Ghat, Kamlabari Ghat, Aphlamukh Ghat, Bogibeel, Guizan), installation of navigation aids and River Information System (RIS) along NW-2, etc.

C. **National Waterway-16:**The navigable portion of Barak River in India is the 121 km stretch between Lakhipur and Bhanga and was declared as NW-16 in the year 2016. The IWT terminals atKarimganj and Badarpur on NW-16, have been renovated and are ready for operations. These terminals, will help in increasing the export activities involving multiple commodities. These terminals have major influence area extending to districts of Cachar, Karimganj & Hailakandi in Assam and adjoining states of Mizoram, Tripura, Manipur and Meghalaya, where there is presence of cement industry, stone crushers, coal deposits, food processing units, tea estates, etc. Other interventions like dredging, channel markings installation, night navigation, etc. are also in place along NW-16.



ANNEXURE 3: Brief Synopsis Marco Polo Programme

A. Background:

- The Marco Polo programmes aimed to relieve congestion on road networks and improve the environmental performance of Europe's freight transport system by providing financial assistance to use alternative methods of transport with lower environmental impacts, in particular railways, inland waterways and short sea shipping.
- The Marco Polo programmes were mostly performance based and provided financial assistance to the transport and logistics sector to support certain actions aiming to shift transport off the road.
- **Marco Polo-I Programme (2003 to 2006)**, had the objective of contributing to maintaining the distribution of freight between the various transport modes at 1998 levels by helping to shift the expected aggregate increase in international road freight traffic to other transport modes. The budget under this programme was €102 million.
- Its successor **Marco Polo-II Programme (2007-2013)** had objective of avoiding or shifting 143.5 billion tonne kilometres (tkm) of freight transport from road to alternative modes of transport. A total budget of €435 million was available to fund five types of actions namely, modal shift, catalyst, common learning, motorways of the sea and traffic avoidance.

B. Salient features of Marco Polo-II Programme (2007-2013):

- Framed vide Regulation (EC) No. 1692/2006 of the European Parliament and of the Council of 24 October 2006, the act comprised of four chapters namely – Chapter 1: General Provisions, Chapter 2: Eligible Applicants and Actions, Chapter 3: Submission and Selection of Actions and Chapter-4: Final Provisions.
- The Act was amended vide Regulation (EC) No. 923/2009 of the European Parliament and of the Council of 16 September 2009
- Funding conditions and requirements under the 'Modal Shift' action:

Condition	Requirements
Funding Condition	• Modal shift action will achieve its objectives within a period of a maximum of 36 months, and stay viable after that period • Action will not lead to distortions of competition in the relevant markets,
Funding intensity and scope	• The financial assistance for modal shift actions shall be limited to a maximum of 35 %of the total expenditure necessary to achieve the objectives of the action. • Financial assistance determined by the Commission on the basis of the tonne-kilometres shifted from road to short sea shipping, rail and inland waterways shall initially be set at EUR 2 for each shift of 500 tonne-kilometres of road freight.
Form and duration of subsidy agreement	• The financial assistance for modal shift actions shall be granted on the basis of subsidy agreements. • Maximum duration of agreements shall be 38 months (provision of further 6 months extension due to exceptional circumstances) • The financial assistance shall not be renewable beyond the stipulated maximum period of 38 months, or in exceptional cases 44 months.
Contract value threshold	• The minimum indicative subsidy threshold per modal shift action shall be 60 million tonne-kilometres or its volumetric equivalent of modal shift per year, to be implemented over the entire life of the subsidy agreement. • Modal shift actions aiming at implementing a shift to inland waterways will be subject to a special threshold of 13 million tonne-kilometres or its volumetric equivalent of modal shift per year to be implemented over the entire life of the subsidy agreement

ANNEXURE-4: Para no. 19 of the Three Hundred Fifty Eighth Report of the Department related Parliamentary Standing Committee on Transport, Tourism and Culture (Extract)

'*The Committee notes the Ministry's submission that waterway usage charges have been kept at Nil and other charges kept at a low level to promote inland water transport. The Committee, however, feels that **substantial financial incentives rather than mere waiver of charges would be necessary to facilitate the modal shift to waterways**. The Committee has been informed that no financial incentives are at present proposed by IWAI*.'

<u>ANNEXURE-5</u>: A Sector review meeting was held on 15.06.2023 for Ministry of Ports, Shipping and Waterways under the chairmanship of Hon'ble Prime Minister

प्रधानमंत्री कार्यालय

PRIME MINISTER'S OFFICE

साउथ ब्लाक / **South Block,**
नई दिल्ली / **New Delhi– 110 011**

Sub: Sector Review Meeting- M/o Ports, Shipping and Waterways for FY 2022-23 -reg

Kindly find enclosed herewith, for information and further necessary action, Minutes of Meetings held on 15.06.2023 chaired by Hon'ble Prime Minister on the above subject.

(Mangesh Ghildiyal)
Deputy Secretary
Tele: 23017442

Cabinet Secretary
CEO, NITI Aayog
Finance Secretary and Secretary Expenditure
Secretary, Ministry of Ports, Shipping & Waterways
PS to Hon'ble Minister of Ports, Shipping & Waterways
PS to Hon'ble Minister of State for Ports, Shipping & Waterways (SYN)
PS to Hon'ble Minister of State for Ports, Shipping & Waterways (ST)
PS to Vice Chairman, NITI Aayog

With request to place it before concerned Minister, MoS and VC, NITI Aayog

PMO ID No. 360/31/C/23/2020-FE

Dated: 14.11.2023

Encl.: as above

I/3781359

Minutes of Meeting

FY 22-23 Sector Review: 'Ports, Shipping and Waterways'

A meeting was held under the chairmanship of Hon'ble Prime Minister on 15th June 2023 to review the progress made in FY 22-23 in the Ports, Shipping and Waterways sector. The main points of action for their implementation are as follows,

S. No.	Action steps	Action suggested	Action by	Timelines
		Planning and Policy		
1.	Comprehensive Evaluation	A comprehensive evaluation of the shipping sector, under the Ministry of Shipping and State Governments may be done to assess the impact and potential so as to devise a proper strategy to improve the sector.	Ministry of Ports, Shipping and Waterways (MoPSW), Ministry of Defence (MoD)	31.10.2024
2.	Coastal shipping ecosystem	Prepare a plan on improving coastal shipping ecosystem in the country.	MoPSW, MoD	30.10.2024
3.	Promoting employment of Indian Seafarers	Analyse the reasons of very high presence of seafarers other nations in maritime sector and make strategies to replicate the same for Indian seafarers to obtain international employment	MoPSW	30.06.2024
4.	VGF for waterway operations	Possibility may be explored to draft a scheme to provide support for waterway operations and to support in transporting commodities from factory to inland water way terminal.	MoPSW	30.06.2024
5.	Data on ship building	Provide separate data for Gross tonnage in ship building for defence and commercial ships of the country; explore the possibilities of making India a ship building hub.	MoPSW	30.06.2024
6.	Turn Around Time	Improve the Turn Around Time for all the ports as average does not give clear picture of each port.	MoPSW	31.07.2024
7.	Enhance the capacity utilisation	Identify measures to maximise capacity utilization of the infrastructure created in shipping sector including major ports in view of reported utilisation of only 56%. Devise port specific strategies for capacity utilisation of ports involving the experts	MoPSW	31.03.2024
8.	Port connectivity projects	Explore PPP mode for implementation of port connectivity projects and ensure connectivity with the freight corridors.	MoPSW	31.08.2024
9.	Funding for Indo-Bangladesh protocol route	Prepare a proposal for Indo-Bangladesh Protocol Route Maia-Aricha Connectivity (227 kms) & Sonamura-Daudkandi Connectivity (93 kms) with 100% Government of India funding support.	MoPSW, Ministry of External Affairs (MEA) & Ministry of Finance (MoF)	29.02.2024

10.	Alang development	Develop Alang in mission mode in the following 4 sectors. A. Traditional ship breaking and recycling B. Container manufacturing through waste quality Steel C. Vehicle scrapping & recycling D. Recycling of is electronic waste.	MoPSW	31.07.2024
11.	Cruise tourism development	A. Develop cruise tourism as an effective tool to showcase Indian culture. This may be done through whole of Government approach by roping in all relevant Ministries.	MoPSW, Ministry of Tourism, Ministry of Culture, Ministry of Environment Forest & Climate Change and other relevant Ministries	30.11.2024
		B. Possibility may be explored to design a suitable scheme for youth involvement in Cruise tourism in India.	MoPSW & Ministry of Tourism	31.07.2024
		C. Cruise Tourism in Western India: Possibility may be explored to develop a cruise tourism circuit in western part of the country passing through the following till Dubai: • Lakshadweep as Tent city, • Maharashtra for Shivaji Maharaj legacy, • Ocean fort of western India, European culture of Daman & Diu, • Dwarka, Somnath, Sasan Gir National Park, & Rann of Kutch. • Mandvi Beach	MoPSW & Ministry of Tourism	31.12.2024
		D. Cruise Tourism in Narmada River: Possibility may be explored to develop Narmada River for cruise tourism.	MoPSW & Ministry of Tourism	31.03.2024
12.	Leasing of ships	Take measures for leasing of ships through Gift City.	MoPSW, Ministry of Commerce and Industry	31.10.2024
13.	Re-employment of retired Naval Sailors	Possibility may be explored to design a scheme for re-employment of retired Naval sailors in commercial shipping sector.	MoPSW & MoD	30.06.2024
		Projects/Activities		
14.	Ro-RO & Ro-Pax services	Analyse and disseminate the benefits of Ro-RO & Ro-Pax services in terms of fuel savings, improvement in environment etc.	MoPSW	31.01.2024

		Proper branding of these services may also be done.		
15.	Publicising GOI initiatives	A. Invite sector experts to write articles in media on benefits of using waterways in India after 2014. B. Encourage publication of articles in media from renowned persons/ experts/thought leaders on the Logistic efficiency improvement and economic benefits accrued after improving Turn Around Time.	MoPSW	29.02.2024
16.	Lighthouse in Surendranagar, Gujarat.	Examine the Lighthouse in Surendranagar district of Gujarat and similar other old light houses for their conservation and development.	MoPSW	31.01.2024
17.	Study of logistic chain for dairy products	Study the truck on train initiative of Gujarat Banas dairy for transporting milk from Gujarat to Delhi and prepare a model of effective Logistic chain.	MoPSW	31.01.2024
18.	Status of port at Omergaon, Gujarat	Inform the status of the proposal of building a port near Dandi at Omergaon, Gujarat.	MoPSW	31.01.2023
19.	Indian Maritime Shipping Complex	Ensure multi-modal connectivity of Indian Maritime Shipping Complex keeping in mind Dholera airport, Vaidehi University and nearby ports.	MoPSW	31.01.2024
20.	India Maritime Heritage Complex	Explore the CSR support from the different shipping companies for India Maritime Heritage Complex. Review using drone may be arranged.	MoPSW	29.02.2024
21.	Port Infrastructure	A. Capacity addition of more than 700 lakh tons. B. Award of 20 PPP projects valued over Rs. 8,000 cr.	MoPSW	31.03.2024
22.	Capital Expenditure	Increase Capital Expenditure to Rs. 13,000 cr.	MoPSW	31.03.2024
23.	International Container Transhipment Terminal	Award of Phase-I of International Container Transhipment Terminal at Galathea Bay, Andaman & Nicobar, valued at Rs. 18,000 cr.	MoPSW	31.03.2024
24.	Mega Container Port	Development of Mega Container Port at Vadhavan, Maharashtra	MoPSW	31.03.2024
25.	Navigation Lock	Completion of new Navigation lock at Farakka Terminal, West Bengal and Kalughat Terminal, Bihar	MoPSW	31.03.2024
26.	Arth Ganga Project	Completion of 50 community jetties under Arth Ganga	MoPSW	31.03.2024
27.	Construction and Upgradation of Terminals	Construction and Upgradation of Terminals at Jogighopa, Bogibeel, Sonamura, Badarpur & Karimganj	MoPSW	31.03.2024

28.	Development of National Waterways -5	Development of NW-5 (Brahmani river) from Talcher coal field to Paradip Port.	MoPSW	31.03.2024
29.	Lighthouse Tourism	A. Establishment of two new Lighthouses.	MoPSW	31.03.2024
		B. Development of Tourism Facilities at 54 Lighthouses.	MoPSW and Ministry of Tourism	31.03.2024
30.	Ocean Cruise	Commencement of Operations of 4 new Ocean Cruises.	MoPSW	31.03.2024

Meeting ended with vote of thanks to chair and participants.

ANNEXURE-6: Signed copy of MoU between IWAI and ICSL

MEMORANDUM OF UNDERSTANDING

BETWEEN

INLAND WATERWAYS AUTHORITY OF INDIA (IWAI)

AND

INLAND & COASTAL SHIPPING LIMITED (ICSL)

FOR

OPERATION & MANAGEMENT OF THREE CARGO VESSELS "M.V. HOMI BHABHA" ,"M.V. LAL BAHADUR SHASTRI" & "M.V RABINDRA NATH TAGORE"

22nd.....JANUARY, 2021

कृते अन्तर्देशीय एवं तटीय नौवहन लिमिटेड
For Inland & Coastal Shipping Ltd.

(डी. नन्दी/ DEBANJAN NANDI)

S. V. K. REDDY
Chief Engineer
Inland Waterways Authority of India
(Ministry of Shipping, Govt. of India)
A-13, Sector-1, Noida-201301 (U.P.)

MEMORANDUM OF UNDERSTANDING

BETWEEN

INLAND WATERWAYS AUTHORITY OF INDIA AND

INLAND & COASTAL SHIPPING LIMITED (ICSL)

FOR

OPERATION & MANAGEMENT OF THREE CARGO VESSELS "M.V. HOMI BHABHA", "M.V. LAL BAHADUR SHASTRI" AND "M.V RABINDRA NATH TAGORE"

This Memorandum of Understanding is made on the ..22nd...day of January, 2021

BETWEEN

Inland Waterways Authority of India, a statutory body duly constituted and established under section 3 of the Inland Waterways Authority of India Act, 1985 and having its Head office at A-13, Sector 1, Noida-201301, Uttar Pradesh, India (hereinafter referred to as "IWAI" which expression shall, unless repugnant to the context or meaning thereof, include its administrators, successors and assigns) as the "FIRST PARTY"

AND

Inland & Coastal Shipping Limited, a wholly owned subsidiary of The Shipping Corporation of India Ltd., having its head office at Shipping House, 13, Strand Road, Kolkata - 700001 (hereinafter referred to as "ICSL") as the "SECOND PARTY" and collectively referred to as "PARTIES"

WHEREAS

1. **IWAI** as per the mandate is *inter-alia* responsible for developing and maintaining National Waterways for the purpose of shipping and navigation.
2. **IWAI** owns three Inland Cargo vessels, namely "M.V. Homi Bhabha", "M.V. Lal Bahadur Shastri" and "M.V Rabindra Nath Tagore"

कृते अन्तर्देशीय एवं तटीय नौवहन लिमिटेड
For Inland & Coastal Shipping Ltd.
(डी. नन्दी/ DEBANJAN NANDI)

S. V. K. REDDY
Chief Engineer
Inland Waterways Authority of India
(Ministry of Shipping, Govt. of India)
A-13, Sector-1, Noida-201301 (U.P.)

3. **ICSL** is *inter-alia* responsible for establishing, maintaining and operating high quality services for transportation by Vessels.

   Therefore IWAI has offered ICSL to run Cargo service by using IWAI's Cargo vessels "M.V. Homi Bhabha", "M.V. Lal Bahadur Shastri" and "M.V Rabindra Nath Tagore and ICSL has agreed in-principle to run their services for transportation of cargo following the prevailing rules and regulation of the concerned State's, Inland Vessels Act, 1917 and/ or any other relevant rules, regulations of the State or Central Government.

   Cargo vessels "M.V. Homi Bhabha", "M.V. Lal Bahadur Shastri" and "M.V Rabindra Nath Tagore" shall primarily be operated on National Waterways / Indo Bangladesh Protocol Routes.

4. Both the parties intend to collaborate within the framework of the present Memorandum of Understanding (hereinafter referred to as "MoU").

NOW THEREFORE, both the parties hereby agree and declare as follows:

ARTICLE I

OBJECTIVE

1. The purpose of this MoU is to have smooth operation of Cargo vessel service on NW's using IWAI's Cargo vessels "M.V. Homi Bhabha", "M.V. Lal Bahadur Shastri" and "M.V Rabindra Nath Tagore .

ARTICLE II

AREAS OF COOPERATION

An indicative list of obligations and expected deliverables on the part of the Parties entering into this MoU is mentioned below. Parties agree to carry out initiatives in the areas of cooperation identified below, which may alter or modify by written agreement of the Parties.

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(डी. नन्दी/ DEBANJAN NANDI)

S. V. K. REDDY
Chief Engineer
Inland Waterways Authority of India
(Ministry of Shipping, Govt. of India)
A-13, Sector [illegible] (U.P.)

1. Roles and Responsibilities of IWAI

1.1 To provide IWAI's Cargo Vessels "M.V. Homi Bhabha" ,"M.V. Lal Bahadur Shastri" and "M.V Rabindra Nath Tagore on a bare boat hire charges of "Rs.1/- (Rupee One)' per annum for each vessel.

1.2 The expenditure for dry dock repairs of the vessels shall be borne by IWAI. ICSL shall carry out the dry- docking of vessels after due approval of expenses on dry-docking and shipyard by IWAI following the due procedure of open tendering.

2. Roles and Responsibilities of ICSL

2.1 Operate Cargo services using IWAI's Cargo Vessels "M.V. Homi Bhabha" ,"M.V. Lal Bahadur Shastri" and "M.V Rabindra Nath Tagore at any location(s) or origin – destination pair by deploying their manpower as per the prescribed norms, rules & regulations of State Govt.'s, Central Govt. and Inland Vessels Act, 1917 as amended and collect the fare/ charges for the cargo transported using the Cargo vessels.

2.2 The fuel, lubrication, manpower and all other expenses related to the operations and survey of the Cargo vessels shall be borne by ICSL.

2.3 All repairs including breakdown repairs during the operation of the vessel, and day to day maintenance shall be carried out by ICSL. All schedule maintenance of vessels except drydocking to be undertaken by ICSL.

2.4 Ensure safety and security of the crew, cargo and vessels and compliance to environment protection requirements as per the prescribed norms, rules & regulations of State Govt. and Central Govt after taking over of vessels by ICSL.

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2.5 Indemnity: It shall be deemed that by signing the MoU, ICSL agrees and indemnifies IWAI, irrevocably, unconditionally, fully and finally from any and all liability for claims, losses, damages, costs, expenses or liabilities in any way related to or arising from the breach of exercise of any rights and/ or breach of performance of any obligations hereunder, pursuant hereto and/ or in connection herewith and waives any and all rights and/ or claims it may have/or may arise in this respect, whether actual or contingent, whether present or future.

2.6 Fee and charges as may be applicable shall be paid by ICSL to IWAI or any other statutory/non-statutory organisation as the case may be. Inland Waterways Authority of India (Levy and collection of fees and charges) Amendment Regulation -2020 (as amended from time to time) shall be applicable for utilisation of terminals/jetties or the IWAI facilities/infrastructure.

ARTICLE III

IMPLEMENTATION

1. Each of the parties shall nominate a nodal officer, who shall be responsible for coordinating all communication and the implementation of this MoU.
2. The IWAI's Vessels "M.V. Homi Bhabha", "M.V. Lal Bahadur Shastri" and "M.V Rabindra Nath Tagore will be handed over by IWAI to ICSL in writing after due inspection by both parties along with IRS(third party). Detailed handing over/taking over note shall be prepared.
3. All vessels will be handed over to ICSL by IWAI in an operational condition at a mutually convenient date and port.
4. On completion of the MoU validity, the vessels will be taken over by IWAI, after due inspection in writing along with IRS (third party), with a detailed handing over/taking over note.
5. It will be ensured by ICSL that the vessels are handed over to IWAI in a good condition. In case, it is not so, ICSL will bear the expenses for rectifying such defects which are not acceptable as normal wear and tear.

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6. During the validity of MoU, officers of IWAI as nominated by IWAI shall have the right to inspect the vessels once in every Six months and submit its reports to both parties with their observations and suggestions for improvement. However, such inspections should not unduly interfere with the operation of the vessel. All costs towards such inspection are to be borne by IWAI.

7. During the validity of the MoU, ICSL will be responsible for obtaining and maintaining, at its own cost, necessary comprehensive insurance (which shall include the vessel including hull and machinery, including wreck removal ,insurance of crew deployed and other requisites as may be required.) for IWAI's Vessels ""M.V. Homi Bhabha" ,"M.V. Lal Bahadur Shastri" and "M.V Rabindra Nath Tagore and of goods on board the vessel during its voyages as per prevalent rules & regulations of Central and State Government. The Insurance Policy shall be obtained from any Nationalized Insurance Company and/or Group P&I Club or Fixed premium P&I Insurance Company.

8. ICSL will be responsible for any damage to the IWAI's vessels or any IWAI/Private terminal/jetty, facilities due to any unsafe operating practices. ICSL & IWAI will take preventive and mitigative action to the mutual satisfaction of the concerned.

9. Modalities of Delivery of the vessel(s) - At the time of handing over of the Vessel to the ICSL, a joint inspection of the vessel(s) by ICSL and IWAI in presence of registered Marine/ Ship surveyor for determining the physical condition of the vessel including structural/ mechanical/ electrical/ electronic/ outfitting and other appurtenance including on board stores and spares and stock of POL, if any is to be carried out. The charges for arranging the joint inspection and of marine ship surveyor are to be borne by IWAI and ICSL equally. The vessel(s) MV Rabindra Nath Tagore and MV Lal Bahadur Shastri will be handed over to the ICSL at Varanasi and Patna respectively. Handing over will be effected within 7 days from the date of signing of agreement between the ICSL and IWAI, by signing the Protocol of delivery of the vessel(s). M.V. Homi Bhabha is not operational at present; she will be taken over by ICSL once her dry-dock is completed (overdue since 2018) and she is made operational by IWAI.

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10. Modalities of Return of the vessel(s) - At the time of handing over of the vessel to IWAI, a joint inspection by the ICSL and IWAI in presence of approved Marine/ Ship surveyor for determining the physical condition of the vessel including structural/ mechanical/electrical/ electronic/ outfitting and other appurtenance including on board stores and spares and stock of POL, if any. The charges for arranging the joint inspection and of marine ship surveyor are to be borne by IWAI and ICSL equally. The Vessel(s) will be taken over by IWAI at Kolkata or any location in NW1/NW2 by signing the Protocol of redelivery of the vessel(s).

ARTICLE IV
FINANCIAL ARRANGEMENT

1. **ICSL** shall collect the revenues derived from the said cargo service. ICSL shall also maintain a record of cargo handled and share monthly basis data on cargo handled with IWAI.
2. **ICSL** will also be responsible for payment of statutory fees/ charges/ cess/ levy/taxes etc. (except to IWAI) as per prevailing rules and regulations of State or Central Government from time to time.
3. Operation of said cargo vessels will be carried out by **ICSL** and all expenses whatsoever shall be borne entirely by ICSL.
4. IWAI shall not be party to sharing any Profit/Loss, operating or any statutory expenses whatsoever as the case may be.
5. The ICSL may sub-let the vessel(s), only with the prior approval and consent of IWAI and shall always remain responsible to the Authority for due fulfilment of the terms and conditions of this agreement.

ARTICLE V

REVISION, MODIFICATION AND AMMENDMENT

Any party may request in writing a revision, modification or amendment ofall or any part of this MoU. Any revision, modification or amendment agreed by the parties shall be signed by the authorized signatories of the parties and shall form part of MoU. Such revision, modification or amendment shall come into force on such date as may be determined by the parties

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ARTICLE VI

GOVERNING LAW AND SETTLEMENT OF DISPUTES

1. The present MoU will be construed in accordance with the laws of India.
2. In the event of a dispute, controversy or claim arising out of or relating to this MoU, the Parties will use their best efforts to promptly settle such dispute.
3. Any dispute that is not settled within sixty (60) days from the date a Party has notified the other Party of the nature of the dispute and of the measures that should be taken to rectify it, shall be resolved through consultation between the executive heads of the Parties or their duly authorized representatives.
4. If any term of this MoU is found to be invalid, illegal or unenforceable, it is the intention of the Parties that the remainder of this MoU will not be affected thereby; provided, however, that no Party's rights under this MoU have been materially adversely affected
5. If the dispute is not resolved in spite of the steps and efforts made between the parties, such dispute or difference shall be taken up by either party for resolution to Secretary, Ministry of Ports Shipping and Waterways (MoPSW) for decision and the decision of Secretary, MoPSW shall be final and binding to both the parties.

ARTICLE VII

TERM, EFFECTIVENESS AND VALIDITY OF MOU

1. This MoU shall become effective from the date of its execution and shall remain in force up to a period of FIVE (5) year(s) from the date of execution and can be extended further by a period of (5) years with the mutual consent of both parties.
2. Notwithstanding the above, IWAI / ICSL reserves the right to withdraw from MoU at any time, by giving three months' notice.
3. In the event of disinvestment of SCI by the Government of India, IWAI reserves the right to take over the vessels without any notice or to hand over the vessels to the new entity at mutually agreed terms and conditions.

S. V. K. REDDY
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ARTICLE VIII

OTHER CLAUSES

1. If there is any claim on the Vessel or if the Vessel is arrested or otherwise detained by reason of a claim or claims against the IWAI, the IWAI shall, at their own expense, take all the reasonable steps to secure that within a reasonable time the Vessel is released, including the provision of bail. In such circumstances the IWAI shall indemnify the ICSLs against any loss, damage or expense incurred by the ICSLs (including hire paid under this contract) as a direct consequence of such hindrance to the operation of the vessel, arrest or detention. Provided any of the above claims for the incidents have occurred before vessel was delivered to ICSL or While Vessel remains under Operational control of IWAI

2. IWAI to provide river atlases, river pilot tables, navigational charts and publications required as per regulations free of cost to ICSL for each vessel on one-time basis.

IN WITNESS WHEREOF, the undersigned, being duly authorized by their respective authorities have signed this Memorandum of Understanding.

DONE at Kolkata, this 22nd day of January in the year 2021 in two original copies in English language

FOR AND ON BEHALF OF IWAI	FOR AND ON BEHALF OF ICSL
	कृते अन्तरदेशीय एवं तटीय नौवहन लिमिटेड For Inland & Coastal Shipping Ltd. (डी. नन्दी / DEBANJAN NANDI)
Name: S.V.K.Reddy	Name: Mr Debanjan Nandi
Designation: Chief Engineer	Designation: DGM (Commercial-B&T)
Inland Waterways Authority of India	Inland & Coastal Shipping Limited.

S. V. K. REDDY
Chief Engineer
Inland Waterways Authority of India
(Ministry of Shipping, Govt. of India)
A-13, Sector-1, Noida-201301 (U.P.)

In the presence of the following witnesses

Name: L. K. Rajak, Director	Name: Capt Shantanu, SCI
Date: 22/01/21	Date: 22.01.2021

Annexure-7: Detailed process for availing incentives by cargo owners for shifting to IWT mode:

Process for availing benefits of Scheme is provided in the table below:

S.No.	Activity	Description
1	Registration and Eligibility Verification	• The Cargo owners interested in availing incentives under the Scheme for shifting their cargo to IWT will be required to register online with ICSL on a portal developed by ICSL. •
2	Application and Approval Process	• Once registered, cargo owners will be required to submit applications duly providing details of the cargo to be transported by waterways including modal shift being done, the planned route, , plan for modal shift for a period of 5 years and other relevant information as per the format provided online. • Cargo owners would be required to commit to cargo volumes for 3 (three) years for modal shift to IWT mode and undertake regular movements on NW-1, NW-2, NW-16 and transit movements (India to India) using Indo Bangladesh Protocol routes (except Over Dimensional Cargo). • Applications submitted by cargo owners will be examined and approved by the Steering Committee. • All applications and processing shall be done online and in a paperless manner.
3	Documentation and Reporting	• Eligible Cargo owners will be required to maintain accurate records, voyage log book, documents, and reports related to the transportation of their cargo via IWT. • They will also have to submit periodic reports detailing the quantity of cargo transported, routes used, modal shift achieved, and any other relevant data as per the report format provided.
4	Disbursement of Funds	• Funds under the Scheme will be disbursed to the eligible cargo owners after satisfactory completion of the voyage • The Cargo owner will be required to submit the following document for availing the funds under the Scheme • **1) To establish Cargo details –** i) Bill of coastal goods signed and stamped by Master / Owner / Operator of the vessel. ii) Shipper's Certificate of handing over cargo for transport via IWT. iii) Receivers Certificate of having received cargo transported through IWT. **2) Voyage Route / Port Call Details –** i) Port's Invoice for vessel related charges e.g. Port Dues, Berth Hire, Pilotage, Pre arrival notice, Port Clearance etc. Invoice should also state date & time of vessel's arrival and departure. ii) Terminals Invoice for cargo handling reflecting all relevant details viz., cargo quantity loaded / discharged, handling tariff, overtime, special service charges, total amount etc.

S.No.	Activity	Description
		iii) lock gate charges etc. **3) Vessel related expenses towards fuel cost, manning expenses, insurance etc.** i) Log Book duly attested / signed by Master of vessel. ii) Invoice for purchase of fuel with quantity and rate. iii) Manning Contract & Manning Invoice for relevant period. iv) Invoice for insurance premium for H & M cover, cargo etc. **4) Customs Clearance & Immigration Documents in case of cargo movement through NW2 / IBP route, including transit permit, statutory charges, incidental expenses, etc. supported** by documentary evidence. **5) For any other activity undertaken for carriage of goods via IWT valid invoice & supporting documents should be submitted against each expense being claimed.** ▪ IWT movement with IWAI vessel tracker record • The funds under the Scheme shall be disbursement within 7 days of receipt of all requisite documents related to proof of expenditure (GST bills only) from the cargo owner. • All documents and payment requests shall be submitted online. • Financial incentives to cargo owners will not be provided beyond the period of 3 years under this Scheme. However, the journey started during the said period of the Scheme will be covered under the Scheme.
5	Monitoring and Tracking	• The Steering Committee will monitor the transportation of cargo via IWT by the cargo owner, from time to time, through the reports submitted by the cargo owner.
6	Performance Evaluation	• The performance of the Scheme shall be evaluated periodically by Steering Committee based on predefined performance indicators, such as the volume of cargo shifted to IWT, environmental benefits, overall effectiveness in promoting IWT, etc.
7	Feedback Mechanism	• Cargo owners availing the Scheme will be invited to provide feedback on the Scheme's implementation, effectiveness, and areas for improvement. • Feedback will be collected through surveys, consultations, and stakeholder meetings, informing future adjustments or enhancements to the Scheme.
8	Public Disclosure and Transparency	• Information about the Scheme, including eligibility criteria, application procedures, incentives amount, monitoring results, and performance evaluations, shall be made publicly available by ICSL to ensure transparency and accountability.

Annexure-8: Parameters for monitoring operation of the Scheduled Services operated by ICSL:

S.No.	Parameter	Description
1	Timeliness	• Schedule of voyages under Scheduled Services shall be published in public domain with details of the vessel, timings etc. • Monitor adherence to scheduled departure and arrival times of the Scheduled Services at terminals, and other designated points along the waterway subject to delays caused due to factors beyond ICS's control, viz. availability of pilot, prompt opening of pontoon bridges, water depth & current etc. Accordingly measure percentage of instances where Scheduled Services depart and arrive on time.
2	Capacity Utilization	• Assess utilization of vessel capacity on Scheduled Services. for each voyage.
3	Reliability	• Evaluate the reliability of Scheduled Services in terms of service interruptions, cancellations, or delays. Measure the frequency and duration of disruptions subject to timely operational assistance by IWAI for opening of pontoon bridges, maintenance of LAD, terminal logistics support etc.
4	Safety Compliances	• Monitor compliance with safety regulations and standards during Scheduled Services. Ensure adherence to navigation rules, vessel inspection requirements, crew training protocols, and emergency preparedness procedures to mitigate safety risks and prevent accidents.
5	Customer Feedback	• Solicit detailed feedback from shippers, consignees, and other stakeholders regarding the quality of scheduled IWT services. Assess customer satisfaction levels based on factors such as reliability, timeliness, responsiveness, and communication etc.
6	Cost Efficiency	• Assess the cost efficiency of Scheduled Services in terms of operating expenses, fuel consumption, etc.
7	Regulatory Compliance	• Ensure compliance with regulatory requirements governing Scheduled Services, including licensing, permits, tariffs, reporting obligations, etc. • Monitor regulatory compliance and enforce penalties for non-compliance to maintain integrity and accountability in the sector

ANNEXURE-9: Calculation and basis for estimates of incentives to be provided to cargo owners for shifting cargo to IWT mode (3 years' period)

S. N.	Stretch	Total Waterway Distance (km)	Cargo Qty (MT)	No. of voyages in a year	Total cargo in T	Total T-km	Total Transportation expenditure by IWT mode (A)	Total incentive in the year @35% of operating expenditure (INR) (A*.35)
FY 2024-2025								
1	Kolkata- Patna	815	2,000	18	36000	2,93,40,000	4,39,27,042	1,53,74,465
2	Kolkata- Pandu	1,535	2,000	18	36000	5,52,60,000	7,53,03,837	2,63,56,343
3	Kolkata Badarpur/ Karimganj on NW-16 using IBP route	1,318	1,500	9	13500	1,77,93,000	3,16,30,467	1,10,70,663
4	Kolkata - Varanasi	1,178	1,500	9	13500	1,59,03,000	2,81,94,236	98,67,983
	Total			**54**	**99000**	11,82,96,000	17,90,55,582	**6,26,69,454**
FY 2025-2026								
1	Kolkata- Patna	815	2,000	36	72000	5,86,80,000	8,78,54,083	3,07,48,929
2	Kolkata- Pandu	1,535	2,000	48	96000	14,73,60,000	20,08,10,232	7,02,83,581
3	Kolkata Badarpur/ Karimganj on NW-16 using IBP route	1,318	1,500	24	36000	4,74,48,000	8,43,47,911	2,95,21,769
4	Kolkata - Varanasi	1,178	1,500	24	36000	4,24,08,000	7,51,84,630	2,63,14,620
	Total			**132**	**240000**	29,58,96,000	44,81,96,856	**15,68,68,899**
FY 2026-2027								
1	Kolkata- Patna	815	2,000	60	120000	9,78,00,000	14,64,23,472	5,12,48,215
2	Kolkata- Pandu	1,535	2,000	60	120000	18,42,00,000	25,10,12,790	8,78,54,477
3	Kolkata Badarpur/ Karimganj on NW-16 using IBP route	1,318	1,500	24	36000	4,74,48,000	8,43,47,911	2,95,21,769
4	Kolkata - Varanasi	1,178	1,500	24	36000	4,24,08,000	7,51,84,630	2,63,14,620
Total				**168**	**312000**	37,18,56,000	55,69,68,803	**19,49,39,081**
Grand Total				**354**	**6,51,000**	**78,60,48,000**	**1,18,42,21,241**	**41,44,77,434**

Summary:

Year	Total (tonne-km)	Total Incentive (35% of expenditure) (Amount in INR)
2024-25	11,82,96,000	62,669,453
2025-26	29,58,96,000	156,868,900
2026-27	37,18,56,000	194,939,081
TOTAL	**786,048,000**	414,477,434

Annexure-10: Calculation for estimates of funds for operationalization of Scheduled Services by ICSL

Sl. No	Stretch	Tentative No of trips in month	Expected Total voyage (Aug'24-Mar'25)	Distance (Km)	Cargo Loads (Tonne)	Total (Tonne - Km)	Total (Tonne-Km)	Expected expenditure by IWT per round trip including first and last mile (INR)	Total expenditure (Amt in INR Crores)
2024-25									
1	Kolkata- Patna-Varanasi	2	18	1,178	300	5400	63,61,200	45,00,000	4,05,00,000
2	Kolkata-Dhubri-Pandu	1.5	12	1,535	300	3600	55,26,000	50,00,000	3,00,00,000
3	Kolkata - Karimganj/ Badarpur	1.75	16	1,318	300	4800	63,26,400	48,00,000	3,84,00,000
			46	4031		13800	18213600	1,43,00,000	10,89,00,000
Total (INR)									**10,89,00,000**
			Full Year (11 months)						
2025-26									
1	Kolkata- Patna-Varanasi	2	22	1,178	300	6600	77,74,800	45,00,000	4,95,00,000
2	Kolkata-Dhubri-Pandu	1.5	15	1,535	300	4500	69,07,500	50,00,000	3,75,00,000
3	Kolkata - Karimganj/ Badarpur	1.75	19	1,318	300	5700	75,12,600	48,00,000	4,56,00,000
			56	4031		16800	22194900	1,43,00,000	13,26,00,000
Total (INR)									**13,26,00,000**
2026-27									
1	Kolkata- Patna-Varanasi	2	22	1,178	300	6600	77,74,800	45,00,000	4,95,00,000
2	Kolkata-Dhubri-Pandu	1.5	15	1,535	300	4500	69,07,500	50,00,000	3,75,00,000
3	Kolkata - Karimganj/ Badarpur	1.75	19	1,318	300	5700	75,12,600	48,00,000	4,56,00,000
			56	4031		16800	22194900	1,43,00,000	13,26,00,000
Total (INR)									**13,02,00,000**
G. Total			**158**	**12,093**		**47,400**	**6,26,03,400**	**4,29,00,000**	**37,41,00,000**

Summary:

Year	Total expenditure (Amt in INR)
2024-25	**10,89,00,000**
2025-26	**13,26,00,000**
2026-27	**13,26,00,000**
TOTAL	**37,41,00,000**

Annexure-11:Funding provisions for the Scheme

(I) Scheme Component 1- Incentives to cargo owners for sustainable modal shift of cargo to IWT					
		2024-25	2025-26	2026-27	Total (INR)
Sl no	**Stretch**	**Total Incentive (35% of expenditure) (INR)**	**Total Incentive (35% of expenditure) (INR)**	**Total Incentive (35% of expenditure) (INR)**	
1	Kolkata- Patna	15,374,465	30,748,929	51,248,215	97,371,609
2	Kolkata- Pandu	26,356,343	70,283,581	87,854,477	184,494,401
3	Kolkata Badarpur/ Karimganj on NW-16 using IBP route	11,070,663	29,521,769	29,521,769	70,114,201
4	Kolkata - Varanasi	9,867,983	26,314,620	26,314,620	62,497,223
A	**Total (A)**	**62,669,453**	**156,868,900**	**194,939,081**	**414,477,434**
					Say Rs 41.45 cr

(II) Scheme Component 2- for Schedule Services					
Sl no	**Stretch**	**Total expenditure (INR)**	**Total expenditure (INR)**	**Total expenditure (INR)**	**Total (INR)**
1	Kolkata- Patna-Varanasi	4,05,00,000	4,95,00,000	4,95,00,000	13,95,00,000
2	Kolkata- Dhubri-Pandu	3,00,00,000	3,75,00,000	3,75,00,000	10,50,00,000
3	Kolkata - Karimganj/ Badarpur	3,84,00,000	4,56,00,000	4,56,00,000	12,96,00,000
B	**Total (B)**	**10,89,00,000**	**13,26,00,000**	**13,26,00,000**	**37,41,00,000**
					Say Rs 37.41 cr *
(III) Other costs					
C	Management expenses and other expenses for Management of Scheme @ 10% of above (C)	1,71,56,945	2,89,46,890	3,27,53,908	7,88,57,743
D	**Sub Total (D=A+B+C)**	**18,87,26,399**	**31,84,15,790**	**36,02,92,989**	**86,74,35,177**
E	Contingencies @ 10% of above (E)	1,88,72,640	3,18,41,579	3,60,29,299	8,67,43,518
G	**Total (G=D+E)**	**20,75,99,039**	**35,02,57,369**	**39,63,22,288**	**95,41,78,695**

Say Rs 95.42 cr

**** Above would be reduced by the actual revenue earned from cargo movement by ICSL***

भारतीय अन्तर्देशीय जलमार्ग प्राधिकरण
(पत्तन, पोत परिवहन और जलमार्ग मंत्रालय, भारत सरकार)
मुख्यालय : जलमार्ग भवन, ए–13, सैक्टर–1, नौएडा–201 301, (उ० प्र०)
INLAND WATERWAYS AUTHORITY OF INDIA
(Ministry of Ports, Shipping and Waterways, Govt. of India)
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IWAI/Cargo/368/2020-Part(1)

Date: 05.04.2024

OFFICE MEMORANDUM

During discussions held with Shipping Corporation of India (SCI) on 04.04.2024, it was inter alia decided that a Scheme for running Scheduled Service on National Waterways is to be framed jointly by IWAI and SCI.

2. Accordingly, as discussed during the meeting, the following is the composition of the team/ committee for framing the scheme for commencement of Scheduled Service on National Waterways:

IWAI	SCI
i. Shri A.K. Bansal Director (Traffic & Logistics)	i. Shri Jaswinder Singh, Director (Liner & Passenger Services), SCI, ICSL
ii. Shri Sanjeev Kumar AHS (Traffic & Logistics)	ii. Ms. Archana Bharati Dy. General Manager (CS&M), SCI, ICSL

3. The draft Scheme shall be prepared by the team/ Committee within two weeks.

4. This issues with the directive of Competent Authority.

(A.K. Bansal)
Director (Traffic & Logistics)

Encl: Record of Discussion

To:

1. Shri Sanjeev Kumar, AHS (T&L)
2. Shri Jaswinder Singh, Director (Liner & Passenger Services), SCI, ICSL
3. Ms. Archana Bharati, Dy. General Manager (CS&M), SCI, ICSL

Copy to:

PPS / PS / PA to Chairman / Vice-Chairman / Member (T&L) / Member (Finance) / Member (Tech)

RECORD OF DISCUSSIONS HELD WITH
SHIPPING CORPORATION OF INDIA ON 03.04.2024

1. Discussions were held with Shipping Corporation of India (SCI) / ICSL under the chairmanship of Chairman, IWAI.

2. The status of five vessel handed over to ICSL (a wholly subsidiary of SCI) on MoU basis was reviewed and SCI informed that:

- R.N. Tagore is on voyage from Kolkata to Varanasi with ITC cargo. In return, IFFCO cargo shall be transported to Kolkata.
- L.B. Shastri – is under dry-dock repair by SCI.
- M.V. Homi Bhabha – to be handed over to ICSL under dry-dock repair by IWAI (likely to be completed by 15.04.2024)
- Ro-Ro Vessel Gopinath Bordoloi – ICSL after taking over from IWAI handed over the vessel to M/s. Ziria Pvt Ltd for Ro-Ro service between Manihari and Kargil. Permission awaited from State Govt. of Bihar. IWAI has taken up with State Govt. of Bihar to expedite the permission.
- Ro-Ro Vessel Shankerdev – Ready for handing over to SCI. SCI will take over and hand over this vessel to M/s. Ziria once the movement between Manihari and Kargil commences.

3. Member (T&L) will pursue the permission from State Govt of Bihar with Transport Secretary, Bihar and if required, the matter shall be escalated to the level of Chief Secretary, Bihar and MoSPW within a week.

4. SCI and IWAI shall jointly prepare a scheme for running scheduled services on National Waterways. SCI informed that a similar scheduled ferry service is being run by them with funding from MEA, between Kochi and Maldives.

5. The joint teams to make the scheme within two weeks for scheduled service are as below:

IWAI	**SCI**
i. Shri A.K. Bansal Director(Traffic & Logistics)	i. Shri Jaswinder Singh Director (Liner and Passenger Services), SCI / ICSL
ii. Shri Sanjeev Kumar AHS (Traffic & Logistics)	ii. Ms. Archana Bharati Dy. General Manager (CS&M), SCI / ICSL

6. SCI to explore taking IWAI's other Ro-Ro/ Ro-Pax and Electric Catamaran vessels for their gainful utilization to run water taxi type services at suitable locations.

7. SCI has also showed interest for transportation of Petroleum Products cargo, including LPG, in consultation with oil companies and IWAI. A meeting has been scheduled with Oil companies on 05.04.2024. SCI has also been invited for the said meeting.

***

In Attendance			
	IWAI		**SCI**
1.	Chairman, IWAI	1.	Capt. Binesh Kumar Tyagi, Chairman & Managing Director SCI & ICSL
2.	Shri Vinayak Azaad, Member (Traffic & Logistics)	2.	Shri Jaswinder Singh Director (Liner and Passenger Services), SCI / ICSL
3.	Shri A.K. Bansal, Director (Traffic & Logistics)	3.	Ms. Archana Bharati, Dy. General Manager (CS&M) SCI / ICSL
4.	Shri Sanjeev Kumar, AHS (Traffic & Logistics)	4.	Shri Sujoy Baug RDGM, SCI / ICSL
5.	Shri Rajveer Dahiya, Sr. Consultant (Traffic & Logistics)		
6.	Shri L.K. Rajak, Director, IWAI Patna R.O.		
7.	Shri Arvind Kumar, Director (I/c), IWAI Kolkata R.O.		