

GOVERNMENT OF INDIA
MINISTRY OF SHIPPING

LOK SABHA
UNSTARRED QUESTION No. 825
TO BE ANSWERED ON 06.02.2020

PORT CHARGES

825. SHRI RAVNEET SINGH BITTU:

Will the Minister of SHIPPING be pleased to state:

- (a) whether it is a fact that high port charges for mainline ship calls is a major roadblock in the transformation of key domestic ports into regional hubs and discourage foreign transshipment;
- (b) if so, the details thereof;
- (c) whether the Government has taken any steps to streamline these high mainline ship calls port charges to help the domestic shipping industry;
- (d) if so, the details thereof; and
- (e) if not, the reasons therefor?

ANSWER

MINISTER OF STATE (INDEPENDENT CHARGE) FOR SHIPPING
(SHRI MANSUKH MANDAVIYA)

(a)&(b) No, Sir. The port charges at Indian Major Ports comprising two components namely Vessel Related Charges (VRC) and Cargo Related Charges (CRC), are comparable to the neighbouring International Ports. Though the VRC are higher than that of neighbouring International Ports, the CRC at Indian ports are much more competitive and together the port charges are not higher as compared to other ports in the region. Indian ports largely serve as origin/destination of the EXIM containers while neighbouring transshipment ports are container aggregators. The neighbouring Ports namely Colombo, Port Kelang, Jabel ali, Singapore and Hong Kong are established to handle Transshipment cargo which are lifeline of their economy and are not gateway ports like major ports in India.

The reasons for higher VRC at Indian ports are as under:

- (i) Dredging expenditure which mainly constitutes around 1/3rd of total operating expenditure on marine activity viz. channel & berthing maintenance and maintaining the depths is higher in some of the major ports. In many other countries, this dredging expenditure is borne by either local Government or by the Federal Government and hence is not reflected in the charges being levied by the port authorities whereas in India the cost of dredging is necessarily reflected in the VRC.

(ii) Manpower cost which forms a major portion of operating expenditure is also reflected in the VRC.

(c)&(d) To streamline these high mainline ship calls port charges, Government has taken up followings steps:

(i) By innovative methods and putting in a scientific dredging policy, dredging cost has been reduced.

(ii) Huge burden of manpower is being reduced and manning skills have also been reduced on the vessels as well as on shore operations.

(iii) By increasing the draft, huge mainline vessels are being attracted resultantly the cost per Gross Registered Tonnage (GRT) is reduced.

(iv) To attract mainline vessels as well as large vessels with transshipment volumes, discounts and incentives are being given.

(e) Does not arise.
