**MINUTES OF 110TH MEETING OF THE NATIONAL SHIPPING BOARD HELD ON 12TH AUGUST, 2008 AT JAWHAR GUEST HOUSE, PARADIP PORT, ORISSA.**

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1. The 110th Meeting of National Shipping Board (NSB) was hosted by Paradip Port Trust (PPT) on 12th August 2008 at Paradip. The meeting began with the traditional invocation by students of Paradip Port Trust High School followed with lighting of a lamp by Shri Santosh Nautiyal, Chairman, NSB and other dignitaries.

2. Before the start of the proceedings, Chairman, NBS requested all the members to observe 2 minute silence as a tribute to the memory of Late Shri Prakash Paranjpe, Hon'ble MP (Loak Sabha) & Member of NSB, who had recently passed away. The Chairman stated that Shri Paranjpe had been a very valuable member of the NSB who had contributed substantially to the discussion in the Board and the development of the maritime industry of the country. His untimely and tragic passing away was a loss not only to the Board but also to Parliament and the nation.

3. Thereafter, Chairman, PPT, presented flower bouquets to Chairman, & all members of the NSB and special invitees. The list of participants is enclosed at **Annexure- 1.** The meeting was held as per the schedule enclosed at **Annexure-2.**

4. The Chairman, PPT in his welcome address, extended a hearty welcome to the Chairman and all the participants of the meeting. He stated that it was a great privilege for the PPT to host the 110th Meeting of NSB. He further informed that this was the 3rd occasion on which the PPT was hosting an NSB meeting. Chairman, PPT briefly explained about the Port, highlighting

recent initiatives being undertaken with respect to port security, deepeni
channel undertaken by DCI, Dry Dock facility, laying of underwater pip
and installation of SPM by Indian Oil Corporation at Paradip Port for hanc
VLCCs, measures taken for disaster management/ pollution control. He a
informed that as a welfare measure for the seafarers, PPT is constructin
Seafarers Club at a cost of Rs.2.00 crores. The Orissa Maritime Academy h
been established under the administrative control of Government of Oriss
with the financial aid from Paradip Port Trust.

5. Chairman, PPT also put forth following areas of concern being faced b
the Port;

i. Navigational problem during rough seas.
ii. Leakage in Ballast Tanks
iii. Inadequate Ballast Capacity
iv. Unsafe Pilot ladder

Chairman, PPT also briefed the Board about the operational problem being faced by the Port due to some sub-standard and over aged vessels being allowed to trade. In view of the above, Chairman, PPT requested the Board to advise whether ships over a certain age could be prevented from entering into the Port.

6. Capt Khatri, Member Secretary, thanked the Chairman, PPT for his informative remarks about the Port. He requested the Chairman, NSB to start with the proceedings of 110th NSB Meeting. Shri S. Nautiyal, Chairman, NSB, in his opening address welcomed the Hon'ble MP Shri P.S. Gadhavi, members and the special invitees of the NSB Meeting. He also thanked the Chairman, PPT for consenting to hold the meeting and also for his warm hospitality. Chairman, NSB also congratulated Shri S. Hajara, CMD, Shipping Corporation of India(SCI), on SCI being awarded 'Navaratna' status. Chairman, NSB stated that the substantive issues to be discussed in the meeting were (a) Development of Ship Building Yards & (b) Income Tax exemption to

Seafarers. He suggested that minutes of the last meeting could be taken up for confirmation at first and thereafter substantive issues could be taken up for deliberation. This was generally agreed to.

7. **Confirmation of Minutes of the 109th NSB Meeting.**

The suggestions received from Dr. Shanti G. Patel, President, NUSI and Shri M. K. Pandhe, Vice-President, FUSI regarding amendment of the minutes of 109th meeting of NSB were discussed and it was decided to accept the proposed amendments except with regard to para 9.3 which would remain unchanged. However, the last word in para 9.3 i.e. "requirement" may be replaced by "Government". Minutes were confirmed with these amendments.

8. **Review of ATR.**

a) **Issue of exemption of Income Tax for Indian Seafarers. (Item No. 9.3).**

Shri S. S. Kulkarni, Secretary General, Indian National Ship owners Association (INSA) introduced the concept paper circulated on the subject. He highlighted various issues faced by the Indian Ship Industry, viz. shortage of shipboard officers, disadvantage to Indian Shipping as compared to International Shipping, tax burden to the sector etc. He stated that inspite of the report submitted by the high level group to consider the legitimate demand of Tax exemption to the Indian Seafarers in the Shipping Industry, the issue had not been resolved for the last 15 years. He informed that the problem was getting aggravated because young people do not now prefer shipping as career option and therefore the traditional supply line is also drying up. He suggested the following steps to resolve the long pending taxation issues

i) The tax exemption benefit to be extended to the income earned l seafarers during their ship board employment, whether operating on th Indian coast or outside India and

ii) since the above exemptions would require legislative amendment, it was suggested that as an interim measure the Govt. may consider easing the procedural constraints by issuing a clarificatory circular to supersede the CBDT Circular dated 30.11.1990 so that the seafarer's stay outside the country is counted for NRI status, on the basis of dates stamped on his/her CDC/Passport. In support of the tax exemption Mr. Kulkarni brought out a comparison of neighbouring and other countries and requested the Board to make suitable recommendation to Government.

The matter was discussed in detail and the Board decided to endorse the proposals made in the concept paper to the Ministry and decided that a group of representatives of the Board would meet the Hon'ble Minister to apprise him of the issue.

b) **Allotment of land for setting up training institute by NUSI. (Item No.9.5)**

c) **Introduction of a training course for country crafts (Item No. 9.4 (a)**

Shri P.S. Gadhavi, Hon'ble MP (LS) and Member, NSB while initiating the discussion on the subject stated that, the issues of setting up of a training institute and introduction of training course for country crafts was pending since long. He also briefly discussed the issues concerning transportation of goods by country craft and the urgent need to promote country craft construction so as to preserve the traditional expertise of Indians in this field.

Capt. Khatri explained that land is the main issue to start with the Institute and therefore Kandla Port Trust was requested to spare land for the Institute. But as evident from the letter of Kandla Port Trust, MPT Act does not provide for diverting of funds for other requirements except the works related to Port development. Mr. Gadhavi explained that there is urgent need for setting up of a Maritime Institute in order to cope up with the requirement of this region. The matter was discussed in detail and Shri Gandhavi was requested to impress upon the Government of Gujarat for allotment of land for setting up a Training Institute in line with the Maritime Institute established by Paradip Port Trust. He further advised that Gujarat Maritime Board may also be approached for the purpose.

As regards the introduction of training course for construction of country craft, Member Secretary informed that the issue has been taken up with IIT, Mumbai and IRS. In response, IRS had informed that they will need to prepare a management programme on the issue. It was also suggested that the Kutch University may also be approached to develop such training programme in consultation with IIT.

d) **Reduction of seatime ( Item No. 8.3)**

The Member Secretary informed that the present system of Deck cadet training is in collaboration with IGNOU which requires completion of three semester of 6 months each to be completed at sea. He further informed that a new scheme is being formulated for induction of Graduate candidates, as a Deck Cadets. Under this scheme, the pre-sea training period has been reduced from one year to six months thereby reducing the total training time by six months. In addition, another scheme for entry of deck rating into 2nd Mate Foreign going examination scheme has also been proposed. This scheme reduces the training period by approximately six months from the

existing scheme for a conversion of ratings (who are 10 + 2), to 2nd Mate (Foreign going).

**Shri S Hajara,** stated that unfortunately IGNOU is not being able to meet the requirement of the industry. It was informed that the DG Shipping is continuously monitoring the IGNOU scheme and measures are being taken to resolve any outstanding issues.

e) **Any other items**

Rear Admiral Anurag G. Thapliyal stressed the need to consider the case of young retirees from Defence Service, to be inducted into Merchant Navy. He emphasized that ex-Navy personnel are capable and experienced, having rendered several years of service in the Navy.

9. **Presentation on Ship yard issues**

Mr. Vijay Kumar, Managing Director, Bharti Shipyard Ltd., on behalf of the Ship Builders Association as well as Bharti Shipyard thanked the Board for giving them an opportunity to present issues of concern in the shipyard industry that plays an important role in the maritime industry. He requested on behalf of the Association that a suitable representation from the Ship Building Industry might be considered for inclusion as a member of the NSB. Mr. Vijay Kumar, in his presentation, explained that the growth of shipbuilding in the last five years had been significant. He highlighted the achievements made by their shipyard, present activities, future expansion programmes, problems faced by the ship building industry and the issues that need to be streamlined for the growth of the ship building industry in the country. Mr. Vijay Kumar while making a reference to the concessions provided by China, Korea, Vietnam and other neighbouring countries and in order to boost the shipbuilding industry which generates larger rural employment in comparison to other industries, pleaded for the support of the Government to give a boost to the Industry by extending the subsidy of

jobs being given to the industry which had expired about a year [illegible] regard to a query of Chairman, NSB on the quantum of subsidy required, Mr. Vijay Kumar stated that a study has been made to this effect by the KPMG; an Internationally renowned Consultant. He placed the Report of KPMG before the members for their perusal.

Chairman, NSB, thanked Mr. Vijay Kumar for making an excellent presentation and then requested Cochin Shipyard to make theirs.

Mr. C. K. Thomas, Executive Director, Cochin Shipyard Ltd stated that their Shipyard had started operations in the year 1978 and today has the capacity to build ships upto 110,000 DWT. He made a power point presentation, briefly highlighting the growth/achievements of the yard over the years, business profile, core competency, marine engineering training, present strength, infrastructure and other facilities. While endorsing the views of Bharati Shipyard, Mr. Thomas stressed the need for concessions and support to the Industry from the Government in order to compete in the present scenario in the International market.

On the issue of extension of subsidy for the Ship building Industry, Shri C. Balakrishnan, Addl. Secretary & FA informed that the issue had been taken up with the Ministry of Finance.

The issue was deliberated at length and it was decided to recommend to the Government to extend the scheme of subsidy to the Ship Building Industry for at least another five years so that the industry could take advantage of the current boom in demand.

10. The Chairman in his closing remarks appreciated the support of the secretariat of the Board and thanked all the members & special invitees for their excellent cooperation and support in the deliberations of the Board during the last two years.

11. Shri Balakrishnan, AS&FA, congratulated Shri Nautiyal for pro very purposeful stewardship to the NSB meetings as its Chairman.

12. **Recommendation of the National Shipping Board**

a) An NSB delegation may meet the Hon'ble Minister for Shipping, Rc Transport & Highways on the need for extension of Income Tax concessio to seafarers in manner that would attract new personnel to the Industry ar also not place Indian shipping Companies at a disadvantage vis-a-vis foreig companies.

**[Action: NSB Secretariat]**

b) Government may be requested to extend the scheme of subsidy for the ship building industry for at least another five years.

**[Action : Ministry of Shipping, Road Transport & Highways]**

c) Inclusion of a representative of the ship building industry in the National Shipping Board may be considered by Government.

**[Action: NSB Secretariat/ Ministry of Shipping, Road Transport & Highways]**

d) DG(Shipping) may examine the suggestion made by Chairman, PPT, about placing restrictions on ships over a certain age from entering into the port, keeping in view IMO guidelines, if any.

**[Action: D.G. Shipping]**

The meeting ended with a vote of thanks to the Chair.

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Annexure-

**List of Members and Special Invitees participated in the 110th Meeting of the National Shipping Board held on12th August,2008 at 1000 hours at Paradip Port Trust, Paradip.**

| Sr. No. | Name of the Member/Special Invitee | Name of Organization represented | Signature |
|---|---|---|---|
| 1. | S. Nanjiah | Chairman NSB | |
| 2. | P.S GADKARI | M.D (Kutch) Gujarat | |
| 3. | C. BALAKRISHNAN | ASSTT, Mins of Shpg, RT&H. | |
| 4. | K. Raghuramaraju | Chairman, PPT | |
| 5. | Capt H. Khatri, Dy D.G. | DGS | |
| 6. | S. HAJARA | CMD, SCI Ltd | |
| 7. | MARUI RETHREKAR | Vice Presd NUSI (Mumbai) | |
| 8. | S S Kulkarni | INSA. | |
| 9. | R.P. KHARE | Director, Inland waterways Authority of India, Noida. | |
| 10. | SUDHIR RANGNEKAR | MD & GRP CEO, SICAL LOGISTICS LTD. | |
| 11. | A. ASHWARAYANAN COMDT | COAST GUARD HQ NEW DELHI | |
| 12. | BIPLAV KUMAR | PARADIP PORT TRUST | |
| 13. | CAPT G.P. BISWAL | —— " —— | |
| 14. | CAPT. GOPAL JHA | BHARATI SHIPYARD LTD | |
| 15. | PARAG DOSHI | BHARATI SHIPYARD LTD | |
| 16. | A.B. DUTTA | SIC, MMD, Paradip | |

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| 17. | S. K. GOSWAMI | US, M/O S.R.T&H | Sing |
| 18. | A. K. TEWARI | Deputy Secretary, D/Shipping | |
| 19. | C. K. THOMAS | Executive Director Cochin Shipyard Ltd | |
| 20. | V. KUMAR | Managing Director Bharati Shipyard Ltd | |
| 21. | RAdm AG Thapliyal | ACNS(IW Ops) Naval Headquarters, N.Delhi | |
| 22. | G.S. Bhalla | (Fm SCI) As ICC Chairman | G Bhalla 12/08/08 |
| 23. | Rakesh Srivastava | JS(Ports), Deptt of Shipping | 12/8/08 |
| 24. | SP Garg | Chairman, IWAI M/o Shipping | S P Garg 12/8 |
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