

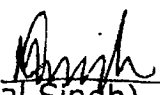
F.No.23011/78/2015-CPD
Government of India
Ministry of Coal

Shastri Bhawan,
New Delhi, 14th June, 2016

Office Memorandum

Subject: Minutes of the 3rd Meeting of the Inter-Ministerial Committee (IMC) on augmenting coastal shipping of Coal and other commodities/products held on 01.06.2016.

The undersigned is directed to forward herewith minutes of the 3rd meeting of the Inter-Ministerial Committee (IMC) on Augmenting Coastal Shipping of Coal held in the Office of Secretary, Ministry of Coal on 01.06.2016.


(Madanpal Singh)
Joint Director

Encl: As Above

To

1. Chairman, Railway Board, Rail Bhawan, New Delhi.
2. Secretary, Ministry of Power, Shram Shakti Bhawan, New Delhi.
3. Secretary, Ministry of Shipping, Transport Bhawan, New Delhi.
4. Secretary, M/o Road Transport & Highways, Transport Bhawan, New Delhi.
5. Chairman, IWAI, IWAI Bhawan, A-13, Sector 1, Noida, Uttar Pradesh.
6. Chairman, Paradip Port Trust, Paradip, Odisha.

Copy to:

- (i) PSO to Secretary (Coal).
- (ii) Sr. PPS to Special Secretary (Coal).
- (iii) PPS to JS (RKS).
- (iv) TD, NIC with the request to upload it on the website of Ministry of Coal.

Minutes of the 3rd meeting of the Inter Ministerial Committee (IMC) on Augmenting Coastal Shipping of Coal held in the Office of Secretary (Coal) on 01.06.2016 at 17:30 Hrs.

The 3rd meeting of the Inter Ministerial Committee (IMC) to develop a strategy and implementation roadmap for the coastal shipping of coal and other commodities/products was held on 1st June, 2016 in the office of Secretary (Coal). The list of participants is enclosed as Annexure.

2) The meeting started with a presentation by the consultants of Ministry of Shipping (RITES & McKinsey) on the various aspects discussed in the second meeting of the IMC. Consultant for Sagarmala informed that a Workshop on Coastal Shipping of coal was organized by Mckinsey & Co. with the key customers at Bhubaneswar on 20.05.2016. It was informed that some consumers had not given consent but as per practice were taking coal through Paradip Port amounting to 13.83 MT; Consumers had given consent for a quantity of 40.04 MT. The Consultants for Sagarmala were asked to propose an alternative to the proposed heavy haul railway line. It was also informed by the consultants that the linkage rationalization exercise had been undertaken and the same had been sent to Ministry of Coal. Opportunity for Inland Waterways was also discussed in the meeting. It was agreed that the least cost mode should be adopted for the transportation of coal. It was also discussed how much coal will be coastal coal.

3) Consultant for Sagarmala informed that a potential of 81 MTPA had been identified under Sagarmala, out of which 55 MTPA had been confirmed through consents received from MCL customers. Hence about 70% of the identified potential was confirmed. Further, current planned projects at Paradip Port and future outer harbor development plans would ensure that Paradip would have sufficient capacity to handle increased volume of coal. IMC observed that this would help increase confidence in the potential of coastal transportation of coal.

4) IMC suggested that the consultants for Sagarmala should also analyze how much cost would be incurred at the recipient power plants to move coal from ports to the power plants. Consultants for Sagarmala should include the cost of transporting coal from ports to plants in the project cost so as arrive at IRR. It was agreed that project specific SPV should be created for the execution of these projects and Paradip Port should become a majority stakeholder in the project.

5) As decided in the second IMC, RITES presented the proposal for the development of an alternate heavy haul rail line from Salgaon to Paradip bypassing Cuttack. It will be a new line running parallel to existing line from Kandarpur to Paradip with a new alignment. The distance from Salgaon to Paradip is 87 km. Two models have been suggested for this project: one is JV model and the other is Non-Governmental Railway model. It was informed by RITES that certain design parameters in the 3rd and 4th line would need to be reviewed e.g. gradient, long loop, number of unmanned level crossings, in order to accommodate the requirements of increased coal movement and to make it dedicated line for freight movement.

6) Secretary (Coal) suggested that all State level issues (such as Natada land dispute) should be uploaded on the web portal of Ministry of Coal so that these could be regularly monitored/updated online and these issues could be taken up before Chief Secretary, Government of Odisha during his next visit to Bhubaneswar.

7) IMC suggested that the feasibility of moving coal from Inland waterways should be explored in greater details as railways had been making huge investments in railway projects for transporting coal. It was also agreed that if the total cost of transporting coal through waterways was cheaper than railways, only then coal transportation through waterways should take place otherwise existing mode should continue as

there would be substantial savings for the economy. It was agreed that IWAI should organize a workshop in Jharkhand with power plants and mines relevant to NW 1 to confirm potential of Inland Waterways for movement of coal, taking into account various factors such as feasibility of linkage switching, potential for production increase, relative cost, logistics required, overall potential for capex and opex savings taking into account planned railway projects. It should also be studied how much coal could supplement other commodities through waterways.

8) Non-coal coastal shipping potential was discussed and it was highlighted that out of 150-155 MTPA of coastal shipping potential by 2020, 81 MTPA would be coal and rest, other commodities like petroleum and crude products, cement, steel, fertilizers and foodgrains.

9) Secretary (Coal) suggested that the port to plant (last mile) connectivity at receiving power plant should also be factored into while making an analysis of coal transportation through rail or rail-sea-rail route. It should also be factored into how much power plants were paying today for transporting coal and how much would they be paying after commissioning of coastal shipping projects. Focus should be on minimizing the variable cost. Sagarmala consultants confirmed that the end to end costs were already taken into account by the concerned power plant.

10) It was suggested that connectivity from the receiving port to power plant should be optimized and Ministry of Shipping could have a feasibility report in this regard. It was also informed that coastal shipping may become more attractive if the slab of Railways freight rates were combined (first mile and last mile rail freight).

11) Based on the discussion, the IMC agreed upon the following actions:

- i. RITES would prepare DPR for new alignment between Salgaon-Paradip bypassing Cuttack and that the alignment

- should be such as to ensure economy in bridge length on two important bridges (Mahanadi and Birupa). Ministry of Shipping would issue order to RITES in this regard.
- ii. RITES would highlight technical requirements and recommend design changes in the existing DPR of 3rd-4th line between Budhapank and Salgaon, to make it compatible with Talcher to Paradip coal haulage requirements. Indian Railways would revise the DPR and cost estimates based on the requirements.
 - iii. RITES would suggest options for structuring of SPV for taking the project forward and recommend the most suitable option (after DPR is prepared) based on the changes in the alignments. Fresh Project specific SPV should be explored.
 - iv. Consultants for Sagarmala should also analyse the cost of transporting coal from mine to power plant today and the cost after commissioning of coastal shipping projects. Least cost route should be presented before the IMC.
 - v. IWAI would convene a workshop with Ministry of Coal officials, representatives of power plants and mines relevant to NW1 in Jharkhand to confirm potential of Inland Waterways for movement of coal, taking into account various factors such as feasibility of linkage switching, potential for production increase, relative cost, logistics required, overall potential for capex and opex savings taking into account planned railway projects.
 - vi. Secretaries of Ministries of Fertilizers, Steel, IPP, Petroleum and Food & Public Distribution should also be invited in the next IMC meeting to discuss potential of coastal shipping of these commodities.

- vii. Consultants for Sagarmala would make detailed presentations on specific action points on the potential of other commodities for coastal shipping.
 - viii. RITES would upload state specific issues on the web portal of Ministry of Coal.
 - ix. 3rd and 4th line between Budhapank to Salgaon to be designated for freight movement only, with required improvements specified by RITES.
- 12) The meeting ended with thanks to the chair.

Annexure

List of Participants of the 3rd Meeting of Inter-Ministerial Committee (IMC) on augmenting coastal shipping of Coal and other commodities/products held on 01.06.2016.

List of Participants:

IMC Members

1. Shri A.K. Mital, Chairman, Railway Board, Rail Bhawan, New Delhi.
2. Shri Anil Swarup, Secretary, Ministry of Coal, Shastri Bhawan, New Delhi.
3. Shri P.K.Pujari, Secretary, Ministry of Power, Shram Shakti Bhawan, New Delhi.
4. Shri Rajive Kumar, Secretary, Ministry of Shipping, Transport Bhawan, New Delhi.

In Attendance

5. Shri A.K. Dubey, SS, Ministry of Coal, Shastri Bhawan, New Delhi.
6. Shri Amitabh Verma, Chairman, IWAI, Noida.
7. Shri R.K. Sinha, JS, Ministry of Coal, Shastri Bhawan, New Delhi.
8. Shri R. K. Agarwal, JS, Ministry of Shipping, Transport Bhawan, New Delhi.
9. Shri Devendra Singh, ED (Planning), Railway Board, Rail Bhawan, New Delhi.
10. Shri Sanjeev Kumar, SE, M/o Road Transport & Highways, Transport Bhawan, New Delhi.
11. Shri Abhishek Chandra, DS (Sagarmala), Ministry of Shipping, Transport Bhawan, New Delhi.
12. Shri Madanpal Singh, Joint Director, Ministry of Coal, Shastri Bhawan, New Delhi.
13. Shri N. Vaiyapuri, Deputy Chairman, Paradip Port Trust, Odisha.
14. Shri Arbind Kumar, Director (Project), RITES, Plot No-1, Sector – 29, Gurgaon
15. Shri S.C. Gupta, General manager, RITES, Plot No-1, Sector – 29, Gurgaon
16. Shri Suvojoy Sengupta, Consultant, Mckinsey & Co.
17. Shri Rajat Gupta, Consultant, Mckinsey & Co.
18. Shri Vijay Sarna, Consultant, Mckinsey & Co.
19. Shri Anupam Garg, Consultant, Mckinsey & Co.