

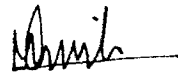
F.No.23011/78/2015-CPD
Government of India
Ministry of Coal

Shastri Bhawan,
New Delhi, 11th May, 2016
12th

Office Memorandum

Subject: Minutes of the 2nd Meeting of the Inter-Ministerial Committee (IMC) on augmenting coastal shipping of Coal and other commodities/products held on 03.05.2016.

The undersigned is directed to forward herewith minutes of the 2nd meeting of the Inter-Ministerial Committee (IMC) on Augmenting Coastal Shipping of Coal held in the Office of Secretary, Ministry of Coal on 03.05.2016.


(Madanpal Singh)
Joint Director

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.

Copy to:

- (i) PSO to Secretary (Coal).
- (ii) Sr. PPS to Special Secretary (Coal).
- (iii) PPS to JS (RKS).

Minutes of the 2nd meeting of the Inter Ministerial Committee (IMC) on Augmenting Coastal Shipping of Coal held in the Office of Secretary (Coal) on 03.05.2016 at 12.00 Hrs.

The 2nd 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 3rd May 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 first meeting of the IMC. As part of the presentation the additional option of a flyover to connect Salgaon with Cuttack-Paradip line was discussed. It was highlighted that, by 2027-28, the line from Talcher to Paradip would become constrained under all scenarios even after considering the proposed expansion projects (including the auto-signaling projects and 3rd/4th line from Talcher to Salgaon). In the scenario of higher coastal potential estimated under Sagarmala, the line would be a bottleneck from 2024-25. In addition, crossing of Cuttack and the stretch from Cuttack to Paradip will be constrained in all the years. These constraints will not change even after factoring in washing of coal which may reduce volumes by 15%.

3) The Committee considered that an alternative to the proposed heavy haul alignment is to have a dedicated heavy haul freight alignment by using upcoming 3rd and 4th line between Talcher & Salgaon with a flyover from Salgaon to a suitable point on the Cuttack-Paradip stretch and then parallel to Cuttack Paradip section. RITES was requested to analyze the same.

It was further considered that the various traffic scenarios should be studied keeping in mind the demand-supply match and potential solutions derived either from overcoming the constraints of the existing network or

by constructing a new network. Funding model and structuring options will be discussed in the next meeting of the IMC after agreement on feasibility of the 2 options.

4) Chairman, Railway Board mentioned that washed coal is proposed to be transported in future leading to reduction in the quantity of coal to be transported. He also mentioned that Talcher-Salegaon is already a two-lane network for which 3rd and 4th lines have been sanctioned. He mentioned that capacity enhancement projects of railways should also be taken into consideration before taking a final decision on augmenting coastal shipping of coal. ED (Planning), Railway Board mentioned that the new line from Angul to Sukinda and Haridaspur to Paradip should also be taken into consideration. Representative from RITES pointed out that these lines were built for iron ore exports, which is currently depressed due to external market conditions. He further mentioned that once the iron ore traffic revives, the line would not be able to handle the coal traffic. It was also highlighted that RITES have taken into account the traffic projection while analyzing the line. ED (Planning), Railway Board mentioned that the consultant for Sagarmala should also take into consideration two issues while making a revised analysis of heavy haul railway line as it involves handling charges at ports for loading and unloading of coal in comparison to direct supply by rail route and that a heavy haul railway line will carry double cargo per train hence unloading capacities at ports need to be planned accordingly.

5) Secretary (Shipping) emphasized that the least cost route should be considered whether it is by rail or by sea.

6) Consultant for Sagarmala presented details of proposed linkage rationalization of about 78 MTPA from MCL. They also highlighted that while 81 MTPA was the prioritized potential by 2020 (of which 75 MTPA is from MCL), the overall potential based on import substitution and leveraging full efficiency of coastal shipping would be 185-195 MTPA.

7) Secretary (Coal) advised for examination of linkage rationalization potential based on various aspects, such as, cost, quality and production capacity of subsidiaries. To take the initiative forward, he suggested

desired that the power plants and mines close to inland waterways be mapped to explore the potential of coal movement through waterways. Further, he mentioned that the potential for coastal movement of cargo other than coal may be examined in the next meeting of the IMC.

8) Secretary (Power) mentioned that a meeting was held in the Ministry of Power on 27th April, 2016 to discuss the potential for coastal shipping. He mentioned that AP Genco is examining the tenders for shipping contracts, which are due to expire shortly. He also discussed the importance of a logistics aggregator who can provide integrated services from mine to receiving port at competitive rates.

9) Secretary (Shipping) mentioned about the capacity upgradation projects being undertaken and planned for Paradip Port keeping in view the anticipated increase in handling of coal from coastal shipping. He suggested that the feasibility of moving coal (via National Waterway 5) to Paradip port should also be factored into the study. He also stated that Chairman, Paradip Port Trust and Chairman, IWAI will be invited in the next meeting of IMC as special invitees.

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

- i. RITES to study the alternative to the proposed heavy haul alignment i.e. 3rd and 4th line between Talcher & Salagaon with a flyover from Salagaon to a suitable point on the Cuttack-Paradip stretch and then parallel to Cuttack Paradip section, considering various traffic scenarios and demand-supply match.
- ii. MCL, with the help of Sagarmala consultants, to conduct a workshop of key customers to confirm the coastal shipping potential.
- iii. Opportunities for optimization of coal linkages to be further examined based on aspects such as cost, quality and capacity

of subsidiaries and also the evacuation infrastructure from the subsidiaries to the power plant.

- iv. Details of mines and power plants next to rivers (especially NW 1 & NW 5) to be examined and presented in the next meeting of the IMC.
 - v. Details of coastal potential for cargo other than coal to be presented at the next meeting of IMC.
 - vi. RITES to develop a suitable development model for heavy haul rail project.
 - vii. It was decided that the next meeting of IMC will be held on 27th May, 2016.
- 11) The meeting ended with thanks to the chair.

Annexure

List of Participants of the 2nd Meeting of the Inter-Ministerial Committee (IMC) on augmenting coastal shipping of Coal and other commodities/products on 03.05.2016.

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 R.K. Sinha, JS, Ministry of Coal, Shastri Bhawan, New Delhi.
6. Shri R. K. Agarwal, JS, Ministry of Shipping, Transport Bhawan, New Delhi.
7. Shri Devendra Singh, ED (Planning), Railway Board, Rail Bhawan, New Delhi.
8. Shri Sanjeev Kumar, SE, M/o Road Transport & Highways, Transport Bhawan, New Delhi.
9. Shri Abhishek Chandra, DS (Sagarmala), Ministry of Shipping, Transport Bhawan, New Delhi.
10. Shri Madanpal Singh, Joint Director, Ministry of Coal, Shastri Bhawan, New Delhi.
11. Shri Arbind Kumar, Director (Project), RITES, Plot No-1, Sector - 29, Gurgaon
12. Shri S.C. Gupta, General manager, RITES, Plot No-1, Sector - 29, Gurgaon
13. Shri Suvojoy Sengupta, Consultant, Mckinsey & Co.
14. Shri Rajat Gupta, Consultant, Mckinsey & Co.
15. Shri Vijay Sarna, Consultant, Mckinsey & Co.