

Newsletter for the week ended May 08, 2005

Container lines may hike freight charges

India - Pakistan - Bangladesh - Ceylon Conference (IPBCC) is planning to increase the rates for European bound trade to the UK, north continent, Scandinavian and Baltic ports through a rate restoration initiative effective from June 1. The rate increase is to the extent of US\$ 150 per 20-foot equivalent units (TEU) and US\$ 250 per 40-foot equivalent units (FEU) for cargo from Europe to ports of India, Bangladesh, Sri Lanka and Pakistan and this rate would be valid till September 30. The rate increase of US\$ 150 per TEU and US\$ 300 per FEU is for cargo originating from westbound Indian ports to European ports to be effective from June 1.

Teledata expands in presence in the Chinese market

Teledata has bagged a US\$1million order from the China-based Sinotrans Shipping for installing its software in its 34 vessels and onshore offices, and will execute its order in six months. The company has already opened an office in Shanghai and is planning to release a Mandarin version of the software for the benefit of other Chinese shipping players. Teledata has the advantage of being the only Asian company at CMM Level 3 providing ERP solutions for marine, utilities and education sectors.

Vizag port to construct captive berths

Vizag port plans to construct captive ports at its inner harbour at a cost of Rs.27 crores to facilitate the export of aluminum powder for the companies setting up aluminum smelters in Orissa. It is also planning to develop mechanical handling and storage facilities at the inner harbour. The private bidders would have to invest another Rs.80-90 crore to create storage and mechanical handling facilities at the port area. The planned expenditure for the current fiscal includes Rs.27 crore to deepen the inner harbour channel and strengthen the three existing berths.

Private terminals' share in container traffic declines

The share of private container terminals in the total container traffic handled by major ports has been consistently declining, which is in tune with the slowdown of container traffic growth in India owing to the congestion. The private share fell from 54.6 per cent in 2002-03 to 52.4 percent in 2003-04, declining further the next year. The container growth also halved to 7.07 per cent during 2004-05 from a 15.8 per cent growth the previous year.

IOC prefers local shipping firms

Despite the freedom to make its own shipping arrangements Indian Oil Corporation (IOC) would have to give Indian shipping companies preference while chartering vessels to carry its oil imports, bound by the Directorate General of Shipping guidelines, according to which any kind of competitive bidding favoured Indian shipping companies. IOC was given permission on the condition that imports would be on a free-on-board (FOB) basis. This means IOC cannot ask exporters to make shipping arrangements also. If IOC floats a global tender, then the domestic policy requires that even if a foreign company quotes the lowest price, the most competitive Indian bidder would be given an opportunity to match the price. More than the chartering policy, it is the paucity of tankers that could prove to be a disadvantage for the domestic shipping industry.

Kolkata port explores options to make up for 'crude traffic flight'

Kolkata port is examining various options to recover the loss of revenue on account of the crude traffic shift from Haldia to Paradip due to the Haldia-paradip gas pipeline. There is a plan to construct two berths at Haldia at an estimated cost Rs.30 crore each and to earmark one of these

berths exclusively for handling chemicals given the prospects of a jump in the imports (of raw materials) and exports (of finished products) of both Mitsubishi Chemicals, which operates a chemical plant at Haldia, and the Haldia Petrochemicals complex. The Indian Oil Corporation too has evinced interest in developing a chemical park comprising various chemical units at Haldia. There is also a proposal to construct a barge jetty at Haldia dock following Tata Steel's plan to import large quantities of limestone by barges from Thailand.

Extension of tonnage tax to inland, coastal vessels sought

A parliamentary Committee on Shipping has recommended that "matters for extending the benefits of tonnage tax to the vessels registered under Indian Vessels Act 1917 and Indian Coastal Vessels Act 1838 may be pursued further with the Ministry of Finance as this is also vitally linked to the viability of inland water transport sector." The original proposal had excluded dredgers and vessels registered under Indian Vessels Act and Indian Coastal Vessels Act, the union budget for 2005-06 allowed tonnage tax system for dredgers only.

FICCI for setting up free zone at Vizag port

The Federation of Indian Chambers of Commerce and Industry (FICCI) has asked the Andhra Pradesh Government to develop a free zone at Visakhapatnam port on the lines of Jebel Ali Free Zone in Dubai. The free zone would trigger economic growth by giving impetus to intense manufacturing and processing activity. The Jebel Ali Free Zone charged no duties on all imports and exports within the free zone. There was no need for entering tie-ups with local companies. The free zone may offer flexible labour rules. Agriculture, knowledge-based industry and services may be the thrust areas.

Company formed to develop box terminal at Vizhinjam

A group of city-based individuals and organisations is floating a company to support the development of the proposed international container transshipment terminal at Vizhinjam. The plan is to raise an initial corpus of Rs.100 crore from members of the public. Anyone who wants to support the proposal to develop an international container transshipment terminal at Vizhinjam can invest in the company. There is also a plan to invite firms that supply equipment to ports to invest in the venture.

Major iron ore exporting ports rely more on road connectivity

New Mangalore, Paradip and Haldia achieved most of their export volumes of iron ore on account of trucks. 100 per cent of the total volume of 5.57 million tonnes of iron ore fines handled by the New Mangalore port arrived by trucks as compared to 60 per cent of the total volume of nine million tonnes of ore at Paradip and nearly 60 per cent of the total of 5.5 million tonnes at Haldia as the railways did not meet the wagon requirement of the iron ore exporters. General scarcity of the wagons, stipulation of backloading, priority to exports of the value-added products in preference to primary products, all lead to non-availability of wagons.

Juicy Bits

- Visakha Container Terminal Private Limited recorded about 122 per cent growth in container handling in the fiscal ended March 31, 2005. It is aiming at achieving more than 75 per cent growth in the current fiscal.
- India's major ports together posted 11.3 per cent growth on a total cargo throughput of 383.77 million tonnes (mt) in 2004-05 compared to 9.9 per cent growth at 344.7 mt in 2003-04.

- Chennai was among the ports that improved its share of freight traffic in 2004-05, contributing to a total cargo throughput growth of over 11 per cent in all the major ports.
- The Visakhapatnam port was the only facility to cross the 50-mt mark in 2004-05, though with a low growth of 5.05 per cent.
- Only two ports that raised steadily their shares in the past few years were Kolkata (which also includes Haldia) — from 10.5 per cent in 2001-02 to 11.42 per cent in 2002-03, 11.97 per cent in 2003-04 and 12.03 per cent in 2004-05 — and New Mangalore — from 6.09 per cent in 2001-02 to 6.84 per cent in 2002-03, 7.74 per cent in 2003-04 and 8.83 per cent in 2004-05.
- Mumbai port's share in 2004-05 was higher at 9.15 per cent than 8.7 percent in 2003-04 and 8.55 percent in 2002-03 but lower than 9.19 per cent in 2001-02.
- Kochi port showed a record handling of 140.95 lakh tonnes during 2004-05, surpassing the 135.70 lakh tonnes from the previous year.

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Private-public partnership (PPP) in the port sector

The Prime Minister's committee on infrastructure has decided to constitute an inter-ministerial group (IMG) for designing a model concession agreement, which would lay down the regulatory framework for private-public partnership (PPP) in the port sector. The committee has estimated that investments worth Rs 50,000 crore would be required for development of ports by 2012, of which Rs 5,000 crore would be generated through internal resources, and major support would be required through PPPs. A 20-year perspective plan for the development of the 12 major ports was being framed and under this plan, capital dredging of ports would also be undertaken.

Tuticorin box terminal gets additional yard space, equipment

Tuticorin Container Terminal (TCT), operated by PSA Sical Terminals Ltd (PSA Sical), has added four more rubber-tyred gantry cranes, an additional quay crane and new yard space to meet the growing demand for container handling facilities. Its vessel MV Wan Hai 262 serves the mainline call China-Middle East Service, which connects Tuticorin directly to Port Klang, Singapore, China and key ports in West Asia. Tuticorin has direct services to the US, Europe, China, West Asia, Asia and Africa. And also has feeder connections to Colombo, Singapore and Salalah.

Freight rates unlikely to reverse trend

Indian shipping companies have seen India register handsome increases in their net profits in the previous year owing to good freight market trends and tonnage growth. Though the global freight rates have softened in the recent months, shipping companies are optimistic that it would remain firm and stable in the remaining period of the year. The growth of Chinese and Indian economies holds the key for the growth of this sector.

Wage increase order

Indian shipping companies have opposed an order of the Director General of Shipping asking them to pay a maximum wage scale to junior officers temporarily promoted for manning ships in the absence of senior officers as this will increase the operational expense of the companies on the back of a shortage of seafarers coupled with the increase in the number of vessels.

Investment in the cruise shipping sector

A working group with representatives from the Department of Tourism, Department of Shipping, major ports and industry have recommended that six major ports — Mumbai, Mormugao, New Mangalore, Kochi, Tuticorin and Chennai — be selected for the development of infrastructure so that India could emerge as a major tourist destination. Infrastructure development at the major port of Kolkata and minor ports at Puri, Porbandar and Port Blair may be taken up in the second phase. The working group has encouraged ports to develop infrastructure facilities if they are able to attract a build operate transfer (BOT) operator.

Inland Water Transport

Inland Water Transport has been a neglected sector as despite its economic potential, it accounts for merely 0.15 per cent of the cargo movement in the country. The Department of Shipping has been asked to address issues regarding the development of adequate infrastructure facilities such as fairways, terminal and navigational aids on the three existing National Waterways. The Department of Shipping has referred the case of Central Inland Water Transport Corporation to the Board for Reconstruction of Public Sector Enterprises for their consideration and recommendation.

Kochi port to re-tender capital, maintenance dredging contract

The Kochi port has decided to re-tender the capital and maintenance-dredging contract in the channel for the financial year 2005-06 after turning down the only tender of Jaisu Shipping that had come up before it on the ground that it was the single tender received for the purpose. The depth of the draught is a major concern and the port is planning to make alternate arrangements by entrusting the task of maintenance dredging with the Dredging Corporation of India on a temporary basis.

SCI may withdraw from Indamex service

Shipping Corporation of India (SCI) is likely to withdraw from the Indamex (India-East Coast of the US) service from June due to non-availability of vessels. The 3,500-TEU capacity vessel, "Mercure", acquired on charter by the shipping line some time ago, currently in operation on the Colombo-JNPT-New York-Norfolk-Charleston-Colombo route and to be freed from charter sometime in the middle of June, may not be available for renewal of the charter contract. SCI has so far been unable to locate another vessel of larger capacity to replace "Mercure". The other partners in the service have decided on upgradation by deploying higher capacity, 4,000-TEUs plus, vessels on the route.

Calcutta Dock Labour Board pension liabilities

The Ministry of Shipping, Road Transport and Highways has decided to approach the Union Cabinet with a proposal to seek Rs 600 crore to form a corpus pension fund for Calcutta Dock Labour Board (CDLB). As on April 1, 2004, the Life Insurance Corporation had assessed the actuarial liability for pension and family pension at Rs 457.04 crore. Adding the arrears of pension and wages, among other heads at Rs 76.35 crore (as on February 2005), the Ministry had earlier estimated Rs 533.39 crore as the amount required to clear all outstanding liabilities of the board and for building a corpus of pension fund out of which the future pension liabilities of the board can be discharged.

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Sethusumudram Ship Canal Project okayed

The Cabinet Committee on Economic Affairs (CCEA) cleared the Rs 2,427.40 crore Sethusumudram Ship Canal Project (SSCP) off Rameshwaram in Tamil Nadu and may tap the capital market through initial public offering or private placements to mobilise Rs 226 crore. A special purpose vehicle (SPV) would be set up for the implementation of the project that would create a navigational canal.

Shipping services likely to escape tax net

The post-Budget notification, set to be issued in the first week of June, is expected to exempt shipping services from the tax. Considering that the domestic shipping sector was facing intense competition from foreign players, the services received abroad are expected to be freed from payment of tax. Through the Finance Bill 2005, the government had enlarged the domain of taxable services by including services provided outside India to a recipient who has a place of business in India.

Shell for terminal at Hazira

Royal Dutch Shell, with Essar Steel is planning to set up a bulk terminal in Hazira for captive use with an investment of Rs 3,000 crore in bulk cargo and container terminal at Hazira port, where it has built a regasification terminal. Shell is looking at 49 per cent equity partnership in the container terminal and has formed Hazira Port Pvt Ltd for building the terminals. Shell is talking to several multinational firms, including Maersk, P&O Ports of Australia, Port of Singapore Authority (PSA) and Dubai Port International.

SCI disinvestments to the extent of 15%

The Ministry of Shipping, Road Transport and Highways has given the green signal for a 15-per cent disinvestment in SCI. The current paid-up capital of SCI is Rs 282.30 crore. As per the present share holding pattern, the Government holds 80.12 per cent stake in the shipping company, institutional investors hold 13.57 per cent and private corporate bodies 1.72 per cent. The Indian public owns 4.43 per cent and NRIs own 0.16 per cent.

Chennai port box terminal

More than 10 companies have purchased the tender document from the Chennai Port Trust (ChPT) to develop a second container terminal inside the port. The project cost of the second terminal is estimated at Rs 492 crore, of which the ChPT will contribute around Rs 100 crore and the BOT (Build, Operate and Transfer) operator the balance. As the capacity of existing terminal is fast reaching a saturation point, there is a strong need for a second container terminal.

ADB sanctions Rs 50 cr for Nagapattinam port

Asian Development Bank (ADB) has sanctioned Rs 50 crore for the development of the Nagapattinam port. The State Government has sanctioned Rs 1 crore as immediate relief and the construction of the northern breakwater would be completed in six months. The proposed assistance from ADB would be utilised for the reconstruction of the wharf and relaying of the port road, reconstruction of perimeter wall, sunken southern breakwater and caisson wall, dredging of the Kaduvaiyar, reconstruction of the shipway and dry dock, procurement of a dredger, a patrol vessel, marine survey instruments with a survey vessel, reconstruction of the electrical room and electrical lighting, port control etc.

Kerala State port policy

The Kerala Government has come out with a policy for the infrastructure development of the ports that aims at making the State one of the top three States in the country in cargo traffic by 2014. As per the policy, seven ports of Vizhinjam, Thangassery, Alappuzha, Munambam, Ponnani, Beypore and Azhikkal will be developed in the first phase and the remaining ones at a later stage as and when necessary. The policy envisages establishment of multi-purpose ports and transshipment terminals and creation of coastal shipping facilities and advanced cargo storage and handling infrastructure. The policy also lays stress on the development of ship-building and ship-repairing yards, setting up of warehouses, container freight stations and inland container depots and ensuring environmental protection of coastal areas. In order to ensure the availability of trained manpower in the field, the Government proposes to start a maritime university as also other maritime training centres in the State, with the help of private participation.

Wind curtains at Chennai port to prevent coal dust

Curtains made of ultraviolet resistant fabric over 1.5 km to the east of the coal terminal will be installed to prevent wind carrying coal dust into the city involving an expenditure of Rs 37 lakhs. It can act as a shield to control the velocity of the wind by 25 per cent. The port trust is also installing the curtain at the iron ore terminal. The port trust has initiated a series of anti-pollution measures, including sprinkling water on the roads, on coal heaps and reducing their height.

Teledata, DNV to offer e-learning course for ship superintendents

On the back of the huge demand for qualified shipping superintendents, Teledata Informatics and Det Norske Veritas (DNV) have tied up to launch an e-learning course and certification programme for ship superintendents. The companies have invested about \$6 million till date on the project with Teledata spending \$5 million and DNV the rest. Globally the requirement of ship superintendents was around four lakh and Teledata was looking at capturing 10 per cent of this market in the first year. The e-learning course can be done from any part of the world.

CTI Shipbrokers to open office at Dubai Maritime City

With Dubai's growing reputation as an international maritime hub, CTI Shipbrokers India Pvt Ltd has announced its plans to open an office at Dubai Maritime City, the first purpose-built maritime facility aimed at serving a global maritime audience. CTI Shipbroker's primary business is to source ships and cargoes for Indian ship-owners and charter companies. It is also considering sourcing a considerable amount of business for international ship-owners.

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Bharati Shipyard bags new orders

Bharati Shipyard had bagged contracts for four vessels worth about \$57.50 million. The contracts are from Sea Cargo Skips AS, Norway and Nor Lines AS, Norway, for supply of 2 container vessels to each company with an option for 8 more. The contracts are for supply of four multi-purpose RORO/ pallet / container vessels. The first two vessels are scheduled for delivery to Sea-Cargo, followed by two vessels for Nor Lines. The option, for up to eight additional vessels, are shared between Sea Cargo and Nor Lines. The first vessel is to be delivered by October 31, 2006.

APM Terminals has acquired 47% in Gujarat Pipavav Port Limited (GPPL)

APM Terminals is now the single largest shareholder with complete management of GPPL. It has announced a fresh capital injection of Rs 2 billion in the developmental activities of Pipavav port in the next 4-5 years. APM Terminals will participate in the growth activities of the port which includes widening of existing berths, constructing new berths and yard space, installing new gantry cranes and RTGs (Rubber Tyred Gantries) and dredging. GPPL has sufficient land at its disposal to facilitate these developments. APM Terminals will lead the restructuring plans and look after the operations of the port.

Maersk plans to acquire P&O Nedlloyd

AP Moller-Maersk recently unveiled plans to buy the Anglo-Dutch container shipping company P&O Nedlloyd in a move that would give the new entity control of almost one-fifth of the world's container shipping capacity. Maersk, because of its global reach, best volume customer rate and service, gets a huge amount of buyer nominations as for instance supermarket accounts such as Wal-Mart, Target and big textile accounts such as GAP. It also offers packages covering on-land transportation of boxes. In addition, it has a controlling interest in Pipavav port.

Concor to set up a depot at Gurgaon

In addition to With the Internal Container Depots (ICD) at Dadri, the Container Corporation of India (Concor) plans to set up another depot in Gurgaon, as the ICD at Tughlakabad has become congested. Concor would soon approach the railway ministry for rail links to Gurgaon. At present, as exporters are facing problems with the Tughlakabad ICD, Concor was encouraging exporters to transport their consignments to Dadri. Concor is aiming to set up 23 terminals in the next two years, in addition to the existing 42.

Cruise terminal planned at Kochi port

Kochi port will construct a full-fledged cruise terminal meeting international standards at an estimated cost Rs 50 crore with the active participation of Kerala Tourism Department. a separate agency from overseas would be engaged for preparing a report in this regard in a month's time. Tour operators in and around Kochi are of the opinion that the inability of the port authorities to provide good facilities to cruise liners and its passengers is the major hurdle for tapping the advantage of Kochi as a tourist spot. Only a separate cruise terminal can attract more ships.

Container shipment rates to rise

Container shipment rates between India and Europe are likely to go up by \$150 per 20 feet container - an increase of almost 13% over the current rate of \$1,150 per container. A hike in container rates will increase the cost of transporting goods between India and Europe. Trade on this sector includes textiles, garments, agricultural produce like rice and cereals, footwear and garments.

Restriction for Tughlakabad ICD relaxed till July

The deadline, for prohibiting entry of trailers headed for the Tughlakabad internal container depot via Ring Road and Outer Ring Road, from the neighbourhood cities has been extended to July. Restrictions were on transit containers or the containers travelling from the neighbouring states to Tughlakabad and not on trucks. The notification that was originally to take effect from November prohibits trailers entering the city limits via Ring Road and the Outer Ring Road. The containers could, however, reach Tughlakabad via Faridabad-Badarpur route.

Kochi SEZ

The Cochin Port Trust (CoPT) has roped in a consultant for its proposed special economic zone (SEZ). As per the proposal agreed to, the consultant, IL&FS, would look into all aspects, including inviting companies to set up the zone, for which the port would provide all assistance. Consultancy charges for the company would be in the form of a success fee, details of which were being finalised. The amount would be ploughed back into a development project fund for implementing more projects.

Ship repair facility at Kochi

The international ship repair facility of the Kochi Port is expected to be ready by this month end, after which the initiative is expected to gather momentum for setting up the Rs 315-crore yard. The repair yard proposed at Puthuvypeen, near Kochi port is expected to have good business potential with dry dock facilities for ship repairs being far below the demand. Indian Ports Association was appointed consultant for conducting the feasibility study for the project. The port has 40 hectares earmarked in the port-based Special Economic Zone.

Mercator Lines signs Rs 50-crore deal with SAIL

Mercator Lines Ltd (MLL), the country's second largest shipping company in the private sector, has bagged a Rs 50-crore contract from Steel Authority of India Ltd for transportation of about five lakh tonnes of coal over a period of 15 months from August. This marks MLL's foray into bulk shipping. MLL is looking for such long-term contracts for bulk transportation of coal from other steel makers, especially Rashtriya Ispat Nigam Ltd, which runs the Vizag Steel Plant.

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Kochi Refineries' mooring project

The consultants appointed by Kochi Refineries Ltd (KRL) would submit its report for the revised cost estimate for its Rs 780-crore crude oil receipt facilities project. There was a cost escalation of over 40 per cent over the original plan. A 48-inch submarine pipeline has to be laid for a distance of 20-km from the single buoy mooring (SBM) location to the shore tank farm and from there 30-inch pipeline covering six km to connect the existing pipeline would also have to be laid. Setting up of the crude oil receipt facilities consisting of SBM, a shore tank farm and connected pipelines was mooted to reduce the cost of crude oil transport and handling as part of the Rs 3,000-crore expansion programme of KRL to be completed by 2010.

Inland Waterways

Some of the State maritime boards are putting pressure on inland operators to restrict movement of their vessels in the State where these were registered, thus making it difficult for the operators to run their services freely on the inter-State waterways. Inland operators have hence urged the Shipping Ministry to suitably amend the Inland Vessels Act of 1917 to remove such restrictions in movement, especially as the existing three national waterways meander through six States. Shift of one billion tonne km from roads to IWT will mean a saving of Rs 80 crore on account of fuel alone.

Chennai, Ennore ports to get new infrastructure

New infrastructure will be created in Chennai and Ennore ports, and road and rail connectivity will be improved to ease congestion and cope with the expected growth in container traffic. The planned terminal would cost Rs 491.76 crore. Chennai Port would contribute around Rs 100 crore for the terminal, and the balance would come through the entity that wins the Build, Operate and Transfer (BOT) contract. The quay length of the terminal would be up to 826 metres. In addition to creating infrastructure in the ports, the state and central governments have begun improving the rail and road links between the ports and key points in order to ease the congestion at the ports. A Rs 165-crore project has started to link Chennai port to two national highways.

Coal shipments to TNEB via Paradip hit

Earlier Paradip port was handling about eight rakes of thermal coal for the Tamil Nadu Electricity Board (TNEB) coming from the Talcher mines of Mahanadi Coalfields Ltd., but now the number has dropped to about 5-6 rakes. TNEB might be forced to import coal on a regular basis, which will be a disaster for the Paradip port. The port's mechanical coal handling facility, installed at a huge investment and with assistance from the Asian Development Bank, is geared to handle nearly 25 million tonnes of coal annually, or more than two million tonnes a month on an average, for coastal shipments to the Ennore port to meet TNEB's requirements. The facility runs the risk of substantial under-utilisation of capacity.

Sethusamudram project

The government plans to invite global tenders for implementing the project. Dredging Corporation of India (DCI) has been asked to start dredging work at Palk Strait and Adam's Bridge from next month. The project, which is worth Rs 2427.40 crore, is expected to be completed in three and a half years. Government equity in the project will be 51%. DCI, Shipping Corporation of India and port trusts will also finance the project. Private equity, according to estimates, will be around Rs 200 crore.

Kulpi port

As the Kulpi port plan was sent back to the Shipping Ministry, the Ministry will carry out a study on the course and movement of Hooghly river channel near the proposed minor port. According to the initial plan, the development of port was to be done under a 50-year concession. Bengal Port would develop two berths capable of handling a maximum of 350 million tonnes of cargo. Additional capacity was supposed to be developed as demand grows. The project also includes a 1,100-hectare special economic zone.

SEZ at Kochi port

The Cochin Port Trust is going ahead with the preliminary activities for setting up of the port-based special economic zone covering a total area of 456.5 hectares. The port had already allotted 82 hectares of land to Kochi Refineries Ltd (KRL) for its storage tank farm for single buoy mooring (SBM) and another 32 hectares to Petronet LNG Ltd (PLL) for its LNG terminal at Puthuvypeen.

Kochi box terminal gets four new RTG cranes

Dubai Port International, which has taken over the Rajiv Gandhi Container Terminal of the Kochi port, has brought in four brand new rubber-tyred-gantry (RTG) cranes to operate in the container yard. They were specifically purchased to increase productivity for DPI's customers in Kochi. With the arrival and installation of the new equipment, two of the RTGs currently in use will be completely rehabilitated. Two of these will be further rehabilitated to improve performance and productivity.

ABG Shipyard expanding its facilities

ABG is expanding its shipbuilding facilities at a cost of Rs 450 crore to meet the surge in demand for new ships. The expansion is expected to be over by 2007. For funding this, the company has concluded a Rs 140-crore private equity financing agreement with Standard Chartered Private Equity and IL&FS Investment Managers. The balance funding for the project will be partly through debt and an IPO of Rs 100 crore scheduled later in the current fiscal. After the expansion, ABG will have the capacity to simultaneously produce eight vessels with a DWT up to 1.20 lakh.

Cruise ships may be allowed to ply in Bay of Bengal

The Centre is examining the issue of granting licences to cruise ships in the Bay of Bengal for plying along the Orissa coast to tap the immense potential for beach tourism in the state. At present, no cruise ship is coming to east coast. According to the tourism minister, the government could identify 1000 acres of land along the beach for developing a special tourism project.