

Salient features of the “Scheme for Incentives to Promote the Utilization of Inland Waterways Transport (IWT) Sector by Cargo owners and for starting Scheduled Services for Cargo Movement on NW-1, NW-2 via IBP Route and NW-16”

1. INTRODUCTION

a. Overview of the Scheme

An efficient transport system, where there is optimal utilization of various modes of transport, is pivotal for enhancing logistics efficiencies and costs. This also leads to reduction in the transport sector related emissions in the country. India, currently, faces an unbalanced logistics landscape with a significant reliance on road and rail networks for transporting freight cargo.

Road transport dominates the sector, accounting for approximately 65% modal share followed by rail at 26% modal share. In contrast, Inland Water Transport (IWT) has only a 2% share in India's overall freight movement.

b. Cargo Promotion Scheme for IWT

The IWT sector, unlike ports, is in nascent stage and requires support to promote modal shift of cargo, in addition to creation of physical infrastructure. While the cost of transporting cargo on the waterways itself is less compared to other modes of transport, the multi modal nature of the transport makes the total logistics cost higher than other modes of transport. Even in the developed part of world e.g. Europe, programs like Marcopolo were launched to provide financial support for modal shift of cargo to waterways. Accordingly, while we work on providing hard infrastructure on our waterways, it is essential to provide financial support to nudge cargo owners for modal shift to waterways which has to compete with much better funded and developed road and railways sector (the budget of IWT sector is less than 1% of road/railways). Accordingly, a scheme for providing 35% incentive to promote the utilization of inland waterways transport sector by cargo owners and for establishing scheduled service for cargo movement on NW-1 and NW-2 and NW-16 via Indo Bangladesh Protocol route has been approved by the Government. This scheme is expected to divert 800 million tonne Km cargo on IWT mode, which is nearly 17% of the current cargo of 4700 million tonne Km on NWs. The scheme is currently proposed at a cost of less than 100 Crore for three years and can be scaled up or modified depending on the success of the scheme.

The scheme naming “**Incentives to Promote the Utilization of Inland Waterways Transport (IWT) Sector by Cargo owners and for starting Scheduled Services for Cargo Movement on NW-1, NW-2 via IBP Route and NW-16**” have two different components to address the two specific needs of the IWT sector.

Scheme Component 1: Providing incentives directly to the cargo owners (except for the cargo operated under Inland & Coastal Shipping Limited (a wholly owned subsidiary of SCI) for sustainable modal-shift of cargo from Rail/ Road to IWT mode to the extent of 35% of total actual operating expenditure incurred on waterways journey.

Scheme Component 2: Scheduled Services by Inland & Coastal Shipping Limited (ICSL) with funding by IWAI to ICSL to demonstrate the reliability of IWT mode for promotion of IWT for the IWT vessel operated by ICSL.

Currently, the Scheme will be restricted only to NW-1, NW-2 and NW-16 via Indo Bangladesh protocol routes, as there is a lot of potential for growth of traffic. However, based on the success of the Scheme, it may also be extended to other waterways.

c. Objective

The objective of the Scheme is to:

- i. Provide impetus to modal shift of cargo to IWT mode by incentivising such shift; and
- ii. Demonstrate the reliability as well as readiness of the IWT sector for the purpose of boosting confidence of the stakeholders.

2. SCHEME DETAILS

SCHEME COMPONENT-1

- a. Financial incentives will be provided to the extent of 35% of the total actual operating expenditure incurred on waterways journey for the sustainable modal shift of cargo to IWT from road or rail modes. Also, such an incentive will be provided only for the long-haul movements on waterways i.e. distances greater than 300 km and shall exclude any expenditure incurred on first and last mile journey.
- b. The Scheme will provide incentives directly to the cargo owners who shift their cargo from rail/ road to IWT mode using their own/ hired vessel or through their operators along NW-1, NW-2 and NW-16. A few indicative routes are as follows:
 - i. Transportation of cargo by IWT between Haldia/Kolkata and Patna / Varanasi on NW-1
 - ii. Transit cargo from / to Kolkata/ Haldia to Pandu / Karimganj / Badarpur on NW-2 & NW-16 using IBP route
 - iii. Transportation of cargo by IWT between Pandu and Dibrugarh on NW-2
- c. The scheme will not be applicable
 - i. For short haul movements less than 300 km
 - ii. Ro-Ro, Ro-Pax and ODC movements
 - iii. Movement between Haldia & Tribeni on NW-1. (*Note: To account for movement in this stretch will only be possible when cargo moves 300 km beyond this stretch*)

- iv. Transportation by ICSL.

SCHEME COMPONENT-2

Scheduled Services by ICSL

ICSL will operate the Scheduled Services through vessels already handed **over** to them by IWAI (Inland Waterways authority of India) or vessels hired from the market, if any, between the following routes/ O-D pairs (onward & return journeys):

A. Within NW-1:

- i) Haldia/ Kolkata – Patna-Varanasi

B. From NW-1 to NW-2/ NW-16 via IBP route:

- i) Haldia/ Kolkata – Dhubri-Pandu
- ii) Haldia/ Kolkata – Karimganj-Badarpur

3. MODE OF EXECUTION

Inland and Coastal Shipping Limited (ICSL) will be the implementation agency.

A Joint Committee with representatives from Ministry of Ports, Shipping & Waterways (MoPSW), IWAI and ICSL will be formed for the purpose of evaluation & selection of proposals for providing incentives under the Scheme and overall monitoring of the Scheme.

The Joint Committee will also evaluate the performance of the Scheme on an annual basis and provide its recommendations for extension of period of Scheme or any other modifications for improvement in participation as well as overall impact of the Scheme.

4. PERIOD OF SCHEME

The Scheme, initially, will be valid for a period of 3 (three) years.

At the end of each financial year, the performance assessment of the Scheme will be done by a Steering Committee. In addition to this an independent third party may be engaged for performance assessment of each financial year, if required.

Based on this performance assessment, the Steering Committee may consider undertaking the modifications, if any, to the Scheme and determine its continuity over the subsequent years.

5. DETAILS PROCESS FOR AVAILING INCENTIVES BY CARGO OWNERS FOR SHIFTING TO IWT MODE

S. N.	Activity	Description
1	Registration and Eligibility Verification	<ul style="list-style-type: none"> • The Cargo owners interested in availing incentives under the Scheme for shifting their cargo to IWT will be required to register online with ICSL on a portal developed by ICSL.
2	Application and Approval Process	<ul style="list-style-type: none"> • Once registered, cargo owners will be required to submit applications duly providing details of the cargo to be transported by waterways including modal shift being done, the planned route, plan for modal shift for a period of 5 years and other relevant information as per the format provided online. • Cargo owners would be required to commit to cargo volumes for 3 (three) years for modal shift to IWT mode and undertake regular movements on NW-1, NW-2, NW-16 and transit movements (India to India) using Indo Bangladesh Protocol routes (except Over Dimensional Cargo). • Applications submitted by cargo owners will be examined and approved by the Steering Committee. • All applications and processing shall be done online and in a paperless manner.
3	Documentation and Reporting	<ul style="list-style-type: none"> • Eligible Cargo owners will be required to maintain accurate records, voyage log book, documents, and reports related to the transportation of their cargo via IWT. • They will also have to submit periodic reports detailing the quantity of cargo transported, routes used, modal shift achieved, and any other relevant data as per the report format provided.
4	Disbursement of Funds	<ul style="list-style-type: none"> • Funds under the Scheme will be disbursed to the eligible cargo owners after satisfactory completion of the voyage • The Cargo owner will be required to submit the following document for availing the funds under the Scheme • 1) To establish Cargo details – <ol style="list-style-type: none"> i. Bill of coastal goods signed and stamped by Master / Owner / Operator of the vessel. ii. Shipper’s Certificate of handing over cargo for transport via IWT. iii. Receivers Certificate of having received cargo transported through IWT. 2) Voyage Route / Port Call Details – <ol style="list-style-type: none"> i. Port’s Invoice for vessel related charges e.g. Port Dues, Berth Hire, Pilotage, Pre arrival notice, Port Clearance etc. Invoice should also state date & time of vessel’s arrival and departure. ii. Terminals Invoice for cargo handling reflecting all relevant details viz., cargo quantity loaded / discharged,

S. N.	Activity	Description
		<p>handling tariff, overtime, special service charges, total amount etc.</p> <p>iii. Lock Gate charges etc.</p> <p>3) Vessel related expenses towards fuel cost, manning expenses, insurance etc.</p> <p>i. Log Book duly attested / signed by Master of vessel.</p> <p>ii. Invoice for purchase of fuel with quantity and rate.</p> <p>iii. Manning Contract & Manning Invoice for relevant period.</p> <p>iv. Invoice for insurance premium for H & M cover, cargo etc.</p> <p>4) Customs Clearance & Immigration Documents in case of cargo movement through NW2 / IBP route, including transit permit, statutory charges, incidental expenses, etc. supported by documentary evidence.</p> <p>5) For any other activity undertaken for carriage of goods via IWT valid invoice & supporting documents should be submitted against each expense being claimed.</p> <ul style="list-style-type: none"> • IWT movement with IWAI vessel tracker record • The funds under the Scheme shall be disbursement within 7 days of receipt of all requisite documents related to proof of expenditure (GST bills only) from the cargo owner. • All documents and payment requests shall be submitted online. • Financial incentives to cargo owners will not be provided beyond the period of 3 years under this Scheme. However, the journey started during the said period of the Scheme will be covered under the Scheme.
5	Monitoring and Tracking	<ul style="list-style-type: none"> • The Steering Committee will monitor the transportation of cargo via IWT by the cargo owner, from time to time, through the reports submitted by the cargo owner.
6	Performance Evaluation	<ul style="list-style-type: none"> • The performance of the Scheme shall be evaluated periodically by Steering Committee based on predefined performance indicators, such as the volume of cargo shifted to IWT, environmental benefits, overall effectiveness in promoting IWT, etc.
7	Feedback Mechanism	<ul style="list-style-type: none"> • Cargo owners availing the Scheme will be invited to provide feedback on the Scheme's implementation, effectiveness, and areas for improvement. • Feedback will be collected through surveys, consultations, and stakeholder meetings, informing future adjustments or enhancements to the Scheme.
8	Public Disclosure and Transparency	<ul style="list-style-type: none"> • Information about the Scheme, including eligibility criteria, application procedures, incentives amount, monitoring results, and performance evaluations, shall be

S. N.	Activity	Description
		made publicly available by ICSL to ensure transparency and accountability.

6. OPERATIONAL GUIDELINES FOR SCHEDULED SERVICES

S.No.	Parameter	Description
1	Timeliness	<ul style="list-style-type: none"> • Schedule of voyages under Scheduled Services shall be published in public domain with details of the vessel, timings etc. • Monitor adherence to scheduled departure and arrival times of the Scheduled Services at terminals, and other designated points along the waterway subject to delays caused due to factors beyond ICS's control, viz. availability of pilot, prompt opening of pontoon bridges, water depth & current etc. Accordingly measure percentage of instances where Scheduled Services depart and arrive on time.
2	Capacity Utilization	<ul style="list-style-type: none"> • Assess utilization of vessel capacity on Scheduled Services for each voyage.
3	Reliability	<ul style="list-style-type: none"> • Evaluate the reliability of Scheduled Services in terms of service interruptions, cancellations, or delays. Measure the frequency and duration of disruptions subject to timely operational assistance by IWAI for opening of pontoon bridges, maintenance of LAD, terminal logistics support etc.
4	Safety Compliances	<ul style="list-style-type: none"> • Monitor compliance with safety regulations and standards during Scheduled Services. Ensure adherence to navigation rules, vessel inspection requirements, crew training protocols, and emergency preparedness procedures to mitigate safety risks and prevent accidents.
5	Customer Feedback	<ul style="list-style-type: none"> • Solicit detailed feedback from shippers, consignees, and other stakeholders regarding the quality of scheduled IWT services. Assess customer satisfaction levels based on factors such as reliability, timeliness, responsiveness, and communication etc.
6	Cost Efficiency	<ul style="list-style-type: none"> • Assess the cost efficiency of Scheduled Services in terms of operating expenses, fuel consumption, etc.
7	Regulatory Compliance	<ul style="list-style-type: none"> • Ensure compliance with regulatory requirements governing Scheduled Services, including licensing, permits, tariffs, reporting obligations, etc. • Monitor regulatory compliance and enforce penalties for non-compliance to maintain integrity and accountability in the sector
