



Infrastructure Push in Kerala

For Prelims: [National Infrastructure Pipeline \(NIP\)](#), [PM Gati Shakti Scheme](#), World Bank's Financing India's Urban Infrastructure Needs, [National Bank for Financing Infrastructure and Development \(NBFID\)](#), [Viksit Bharat](#), [Amrit Kaal](#), [Made in India](#).

For Mains: India's Infrastructure sector - Significance, Challenges and Related Initiatives.

[Source: TH](#)

Why in News?

Recently, the [Prime Minister \(PM\)](#) inaugurated three projects in Kochi, Kerala which include the **New Dry Dock (NDD) at Cochin Shipyard Limited (CSL)**, the **International Ship Repair Facility (ISRF) of CSL**, and the **LPG Import Terminal** of Indian Oil Corporation Limited (IOCL).

- These major infrastructure projects are in line with the Prime Minister's **vision to transform India's ports, shipping, and waterways sector**, and build capacity and self-sufficiency in it.

What are the three Different Projects Inaugurated in Kerala?

- **New Dry Dock:**
 - The NDD, with a length of 310 meters, is built **at par with international standards**.
 - This national pride is an engineering marvel which is **capable of handling aircraft carriers twice the displacement of INS Vikrant or other larger ships**.
 - It is a flagship project reflecting India's engineering prowess and project management capabilities, the **NDD is one of the largest marine infrastructures in the region**.
 - It has incorporated the latest technology and innovations to ensure efficiency, safety, and environmental sustainability.
- **International Ship Repair Facility:**
 - The ISRF is **India's first fully developed pure ship repair ecosystem** which will **add 25% capacity of ship repair industry in the country**.
 - Built at an investment of ₹970 crores, it will also **provide rapid turnaround for India's Naval and Coast Guard ships** during emergencies as planned refits.
 - The ISRF will modernise and expand the existing ship repair capabilities of CSL and to transform it as a global ship repair hub.
- **LPG Import Terminal for IOCL:**
 - An LPG Import Terminal for IOCL was also inaugurated at Kochi with a **state-of-the-art infrastructure connected with Multi-User Liquid Terminal Jetty** through a 3.5 km Cross Country Pipeline.
 - **The terminal aims at achieving a turnover of 1.2 million metric tons per annum (MMTPA)**. It will ensure LPG distribution through road and pipeline transfers, which will directly benefit bottling plants in Kerala and Tamil Nadu.
 - It will also significantly enhance India's energy infrastructure by ensuring a steady supply of LPG, benefiting millions of households and businesses in and around the region.

- This project will further strengthen India's efforts towards ensuring accessible & affordable energy for all.

What is the Significance of These Projects?

- **Strategic Vision for Maritime Development:**
 - Prime Minister emphasises the global benchmark set by the projects aligned with '[Sabka Saath, Sabka Vikaas](#)' vision.
 - The [Maritime Amrit Kaal Vision 2047](#) outlines ambitious goals to elevate Kochi into a prominent **Maritime Cluster and a Global Hub for Green Ship**, reflecting a commitment to excellence and innovation.
- **Investment and Employment in Maritime Sector:**
 - The initiatives launched aim to bring significant investment of Rs 45,000 Crores and generate employment of over 50,000 people in the maritime sector.
 - Efforts focus on increasing India's tonnage, becoming [Atmanirbhar](#), and minimizing dependency on foreign ships.
- **Role of Cochin Shipyard Limited (CSL):**
 - CSL, recognized globally for **delivering autonomous electric barges to Norway**, plays a pivotal role in India's resurgence as a major maritime player.
 - The shipyard's strong product portfolio, **including Next-Generation Green Technology ships**, positions it as a key contributor to India's maritime industry.
- **National Pride and Environmental Impact:**
 - The projects in Kochi, symbolising national pride, showcase India's engineering prowess. They are expected to lead to **significant logistic savings and reduce CO₂ emissions, emphasizing environmental responsibility.**
- **Alignment With Global Vision:**
 - Throwing light on the agreements made during [India's G20 Presidency](#) regarding the [Middle East-Europe Economic Corridor \(MEEEC\)](#), PM underlined that the MEEEC will further strengthen the **creation of Viksit Bharat by giving a boost to the coastal economy of India.**
- **Future Plans for Maritime Infrastructure:**
 - The Ministry of Ports, Shipping & Waterways outlines future plans on the basis of these projects which includes:
 - Establishment of a **Centre of Excellence in Shipbuilding & Repair.**
 - Creation of ship **repair clusters in strategic locations.**
 - Relaxation of trade conditions to propel the Ship Repair Sector.
 - Discussions for a Ship Repair facility at Vadinar are underway.

Major and Minor Ports

- **Number of Major Ports:**
 - There are **12 major ports and 200 non-major ports** (minor ports) in the country.
 - **Major ports** include Deendayal (erstwhile Kandla), Mumbai, JNPT, Marmugao, New Mangalore, Cochin, Chennai, Kamarajar (earlier Ennore), V O Chidambaranar, Visakhapatnam, Paradip and Kolkata (including Haldia).
- **Major Ports vs Minor Ports:**
 - Ports in India are classified as Major and Minor Ports according to the jurisdiction of the Central and State government as defined under the Indian Ports Act, 1908.
 - All the **12 Major Ports are governed under the Major Port Trusts act, 1963 and are owned and managed by the Central Government.**
 - All the Minor Ports are governed under the Indian Port Act, 1908 and are owned and managed by the State Governments.
- **Recent Developments:**
 - **Indian ports achieved double-digit annual growth in the last 10 years.**
 - India has surpassed many developed nations when it comes to their turnaround time.
 - **Timely changes to laws related to Indian seafarers have led to an increase in their numbers by 140%.**

Roadblocks in key sectors

A

HIGHWAYS

- Delays in land acquisition; lenders stop lending midway
- Tendering of projects to low-traffic entity
- Unclear exit policy for road developer; NHAI is a developer as well as the regulator which causes a conflict of interest in case of arbitration so there is a need for a clear distinction of roles for NHAI

PORTS

- Multiple changes in tariffs setup by the Tariff Authority for Major Ports make it difficult to evaluate the cost of projects
- Delays in tariff fixation

AIRPORTS

- Lack of consistency in tariff methodology and concession tariff framework
- Switching from single till tariff method to hybrid till creates difficulty in assessing the cost of projects
- Delays in the passage of tariff orders cause problems in the timely execution of projects

WIND

- Inconsistent policy at Central and State govt level
- Accelerated depreciation leads to non-viability
- State regulators do not honour renewable purchase obligation

TELECOM

- Lack of predictability
- Inconsistent policy and regulatory framework; govt refuses to honour PPAs signed earlier
- Aggressive bidding to some extent

POWER

- Coal block deallocation causing execution delays and losses to project developers
- New auction-based coal linkage approved by government in 2017, uncertainty remains regarding the validity of old contracts
- Inconsistency in the interpretation of PPA
- Inconsistency in Central & State regulation, for instance, the Central electricity Act allows open access, but State governments do not adhere to it causing the problem in execution
- Unstable financial health of State utility causes a delay in the payment cycle

GREENFIELD PROJECTS

- Land acquisition delay
- Nature of developers have been contractors which leads to low-cost bidding making the project unviable
- Bank loans are given out for **10/15/18 years** but the interest reset clause poses a high risk on overall investment return evaluation, sometimes **8%** interest rates are increased up to **14-15%** rendering the project unviable

BROWNFIELD PROJECTS

- Government questions the validity of existing projects (eg, with rates of solar energy slashing, will the contracts entered on higher tariffs remain valid or not?)
- There is a strong need for the ability to have more credible infrastructure developers and partners

UNIFIED LOGISTICS INTERFACE PLATFORM (ULIP) IS DESIGNED TO ENHANCE EFFICIENCY AND REDUCE THE COST OF LOGISTICS BY CREATING A TRANSPARENT, ONE-WINDOW PLATFORM

What Measures Can be Taken to Strengthen the Infrastructure Sector?

- **Ensuring Consistency in Policy/Regulatory Framework:**
 - There is a need for a better regulatory environment and consistency in the tendering process. **Lack of consistency and policy coherence across different government departments** should be addressed as a priority.
 - Between the government and the RBI, **there needs to be a holistic way to deal with the issue of stressed assets.**
 - A dedicated policy needs to be formed across sectors for non-performing assets and revamp of PSUs.
- **Reasonable User Charges:**
 - It is necessary for **augmenting infrastructure financing**, financial viability of infrastructure service providers, and for environmental and resource use sustainability.
 - User charges are crucial because in many areas across the country, **partly because of zero or very low user charges, there is over-use and wastage** of the precious resources.
 - Besides the environmental sustainability and resource use efficiency that would emanate

from reasonable user prices, this **policy priority has immense resource generation potential.**

▪ **Autonomous Regulation of Infrastructure:**

- As India and the world opens up more sectors to private participation, the **private sector would essentially demand autonomous infrastructure regulation.**
- The world-wide trend is towards multi-sectoral regulators as the **regulatory role is common across infrastructure sectors**, and such institutions build regulatory capacity, conserve resources and prevent regulatory capture.

▪ **Asset Recycling (AR) and BAM:**

- The basic idea of **BAM (Brownfield Asset Monetisation) is to augment infrastructure resources through brownfield AR** for accelerated greenfield investment by freeing up funds tied up in de-risked brownfield public sector assets.
- These assets can be transferred to a **trust (Infrastructure Investment Trusts (InvITs))** or a corporate structure (**Toll Operate Transfer (TOT) model**), which receive investment from institutional investors against a capital consideration (which captures value of future cash flows from these underlying assets).
- **India has a large stock of brownfield assets across infrastructure sectors.**

▪ **Utilising Domestic Funds:**

- Domestic sources such as **India Pension Funds** which **have been lying dormant could give a big boost to the sector if utilised efficiently.**
- India can emulate the practices in Canada, the Netherlands, Australia and the likes on efficient usage of domestic funds to push infrastructure development.

What are the Different Government Initiatives Related to Infrastructure?

- [PM Gati Shakti Scheme](#)
- [National Infrastructure Pipeline](#)
- [Urban Infrastructure Development Fund](#)
- [National Logistics Policy](#)
- [Dedicated Freight Corridors](#)
- [Sagarmala Projects](#)

UPSC Civil Services Examination, Previous Year Questions (PYQs)

Prelims

Q1. With reference to 'National Investment and Infrastructure Fund', which of the following statements is/are correct? (2017)

1. It is an organ of NITI Aayog.
2. It has a corpus of `4,00,000 crore at present.

Select the correct answer using the code given below:

- (a) 1 only
- (b) 2 only
- (c) Both 1 and 2
- (d) Neither 1 nor 2

Ans: (d)

Q2. In India, the term "Public Key Infrastructure" is used in the context of (2020)

- (a) Digital security infrastructure
- (b) Food security infrastructure
- (c) Health care and education infrastructure
- (d) Telecommunication and transportation infrastructure

Ans: (a)

Mains

Q. "Investment in infrastructure is essential for more rapid and inclusive economic growth." Discuss in the light of India's experience **(2021)**

PDF Refernece URL: <https://www.drishtias.com/printpdf/infrastructure-push-in-kerala>

