

SECTOR SPECIFIC REPORT (Infrastructure)

May 2022 Edition



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The Edition*

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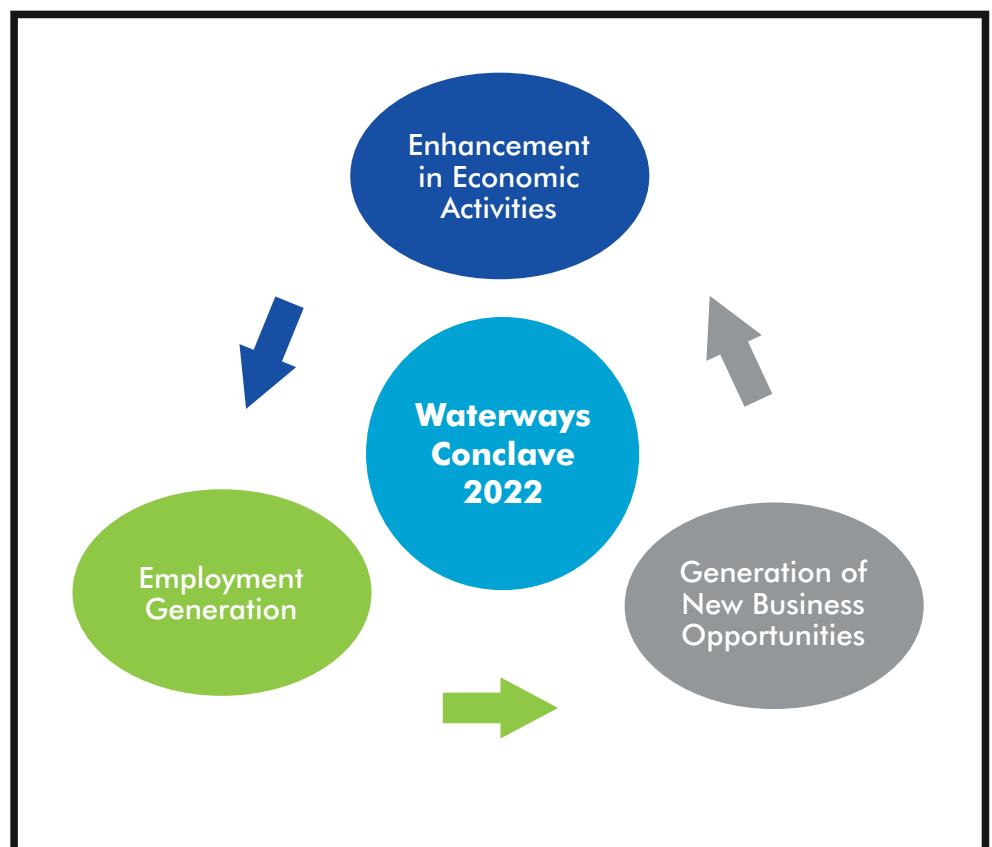
Waterways Conclave 2022

The Inland Waterways Authority of India (IWAI), under the Ministry of Ports, Shipping and Waterways has organized the Waterways Conclave 2022 in April in Dibrugarh, Assam. The Federation of Indian Chambers of Commerce & Industry (FICCI) is the industry partner of the conclave which was aimed to make use of India's ecosystem of international and domestic waterways present in the North-eastern region. It is supposed to help in boosting the bilateral trade and commerce and infrastructural developments in the region along with an additional boost to the local economy. The conclave has the following major objectives coherent with PM Gati Shakti Master plan to provide fast track multi modal waterways connectivity for India's strategically located Northeastern region:

All the stakeholders in the waterway's ecosystem like Policymakers, Domestic as well as international investors, Domain experts, Representatives of several important ports, Vessel, and Cruise Operators, etc were part of this 2-day event and exchanged the ideas and opportunities. It was identified that; the system is capable of expanding the trades and investment in the area and has huge opportunities to open new focus areas. There is the scope of new ties between different countries through waterways and

work in the regional upliftment while leveraging its vast potential of natural resources. The conclave was well designed to promote the spirit of "Vocal for Local" and the "Atmanirbhar Bharat" initiative of the Indian government at large.

Various MoU has been signed by IWAI during the event to open up new avenues of research and development along with specialized consultancy and investment in the inland waterway projects. Some MoUs were also signed to assist in cargo transportation, Vessels and Personnel Training, and Maintenance and operations of inland Waterways that will help to grow the facilities as one of the



major cost-effective transportation mediums and keep a check on the environmental degradation also.

All these efforts are aimed to connect Northeastern states of India with neighboring countries and bring new job and business opportunities in the sector along with the robust infrastructural upgrade. Around these waterways, 800 million population resides and thus provide tremendous growth opportunities for one and all. Being about 30% of India's water resource concentration in the region, the Brahmaputra River basin has huge potential to share cargo transportation for the region as well as the country through waterways at optimal costs and thus has the potential to become a connectivity hub of the country.

For this purpose, achieving cost-effective logistic efficiency in Indian waterways is paramount for the Government of India that will help in opening up new growth avenues for tourism in the northeastern states. It will prove to be a game-changer by showcasing its enriching untouched culture and heritage through waterways tourism like ferry services, etc. This will also provide efficient, sustainable, and cheaper transport connectivity through neighboring countries or within the country for trade and commerce via chicken neck (alternate route to Siliguri region) and give impetus to India's "Act East" policy with more active use of local resources.

As the 20 out of 111 National Waterways declared by the Government of India come in the region, thus to promote regional connectivity through such conclave will boost the growth and investment scenario in the region. It will eventually help in developing a cost-effective multi-modal connectivity grid in the country which will also help in the multi-facet growth and development of the region as well as the nation as a whole.



Dedicated Freight Corridor Scheme of Indian Railways

The Ministry of Railways, Government of India has taken several steps to make the maximum benefit of their Dedicated Freight Corridor (DFC) scheme and enhanced the competitiveness of Indian Railways in terms of freight rates. To provide an additional boost through investment and infrastructure upgrades and use the facilities optimally, the government has come up with the "Gati Shakti Multi-Modal Cargo Terminal" policy to help in the commissioning of 100 Gati Shakti Cargo Terminals in the next 3 fiscal year si. e., between 2022-2025.

The initiatives are covering a major range of policy decisions to boost freight traffic in railways through currently available 1110 Km under two dedicated freight corridors i.e., Eastern and Western Dedicated freight corridors. For this, the complete proposed service routes under each DFC are:

Eastern DFC	
States	Kms
Punjab	88
Haryana	72
Uttar Pradesh	1076
Bihar	236
Jharkhand	199
West Bengal	202
Total	1873

Western DFC	
States	Kms
Haryana	177
Rajasthan	567
Gujarat	565
Maharashtra	177
Uttar Pradesh	18
Total	1504

Source: <https://dfcil.com/Home/DynemicPages?MenuId=75>

The recent initiative by the Ministry of Railways for the promotion of freight traffic across these corridors is as under:

Roll out of Liberal Automatic Freight Rebate Policy in Empty Flow Directions

Discount on Bagged Consignment Loading in Open and Flat Wagons

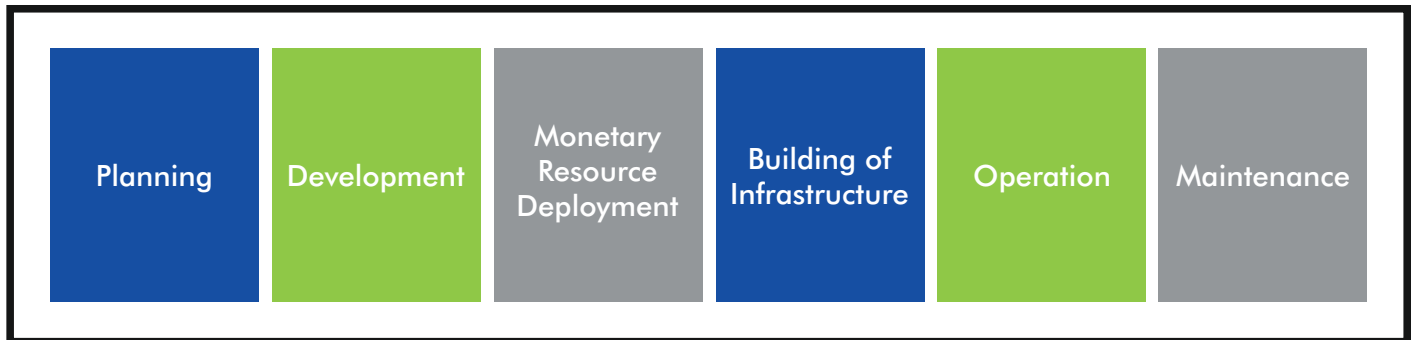
40% Discount for Freight on Fly-ash Traffic

25% Concession on Transportation of Empty Containers and Flat Wagons

Charges are made on Station to Station only

Container Charging is based on Round Trip

The DFCs are planned through a Special Purpose Vehicle under the Ministry of Railways named Dedicated Freight Corridor Corporation of India Ltd (DFCCIL), which works as a Public Sector Unit (PSU) for the purpose. The engagement model of DFCCIL is:



India's around 58% freight traffic through Indian Railways exists in the Golden Quadrilateral and its two diagonal routes comprising of linking among Delhi, Mumbai, Chennai, Howrah and Delhi- Chennai, Mumbai-Howrah respectively which amounts to only 16% route of total Indian Railways network. The same route also carries around 52% of passenger traffic and thus is saturated enough for the additional traffic for quick and free movement of freights. This resulted in the loss of freight traffic on the route from 83% to 35% between 1950 to 2012 respectively because of untimely deliveries of freight.



Thus, the diverted freight traffic from railways has increased the load of road transportation and brought new challenges and constraints to urban mobility such as an increase in traffic on roads, etc, along with increased fossil fuel consumption. Thus, for sustainable bulk freight transportation looking at an increase in international trade and commerce, the DFCs are going to provide a paramount shift through a notable reduction in the emission of Green House Gases with optimization of cost. This will help the economic growth of the country with a sustainable environment while handling the growing freight traffic and thus is a win-win situation for all.

Besides this, the major significance of developing DFCs in India will bring major benefits onboard such as:



With such huge advantages, DFC is going to prove as the dedicated engine of growth for the Indian economy and business community. It has the power to sustain life and livelihoods both through effective implementation and will rejuvenate the Indian Railways freight arrangement and operation after around 150 years. The dedicated corridors will increase the speed of freight trains and thus provide safe, bulk, and efficient transportation mediums for freight delivery across the corners of the country. Through its increased equity share of 40% in Viability Gap Funding, the government is showing its immense support and strong commitment towards providing priority to freight trains at par with passenger trains with the launch of dedicated freight trains like Kisan Rail, etc and giving priority to increasing freight traffic on these corridors all over the country in a phased expansion plan.



North East Industrial Development Scheme (NEIDS)

Recently, the North East Industrial Development Scheme (NEIDS) launched by the Government of India in 2017 has been evaluated under a feedback mechanism for streamlining its process to further enhance its efficacy. The Federation of Industry Commerce of the North Eastern Region along with several other industry associations working for the industrial development have given feedback on the implementation of this scheme.

The mechanism has outlined the need of addressing the delay in the process of granting registration of industrial units under the scheme. To address the issue, the government has planned the time-bound forwarding of proposals from District and State level authorities along with the monthly meeting of the Empowered Committee. This will accelerate the process of granting registration that helps in attracting more investments under to help the infrastructure and industrial development of the region including Sikkim.

The fruits of this scheme will ripe over time, as by April 2022 around 530 proposals worth Rs 3343 crore (approx.) have been approved under NEIDS by the Empowered Committee. It enhanced the ease of doing business in the region and thus welcomed 674 recognized startups by the Department of Industry and Internal Trade (DPIIT) till 31st January 2022. The budget allocation for north-eastern states over the years by the government of India is showcasing their commitment toward the growth of the region including industrial development:

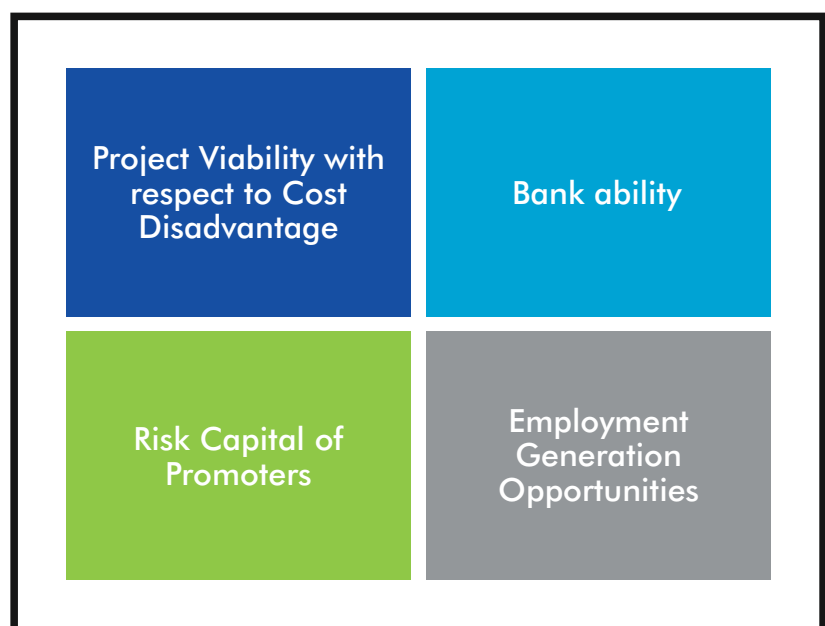
Budget Estimates (BE), Revised Estimates (RE) and Actual Expenditure under 10% GBS (Rs. in crore)			
Year	Budget Estimates	Revised Estimates	Actual Expenditure
2014-15	36,107.56	27,359.17	24,819.18
2015-16	29,087.93	29,669.22	28,673.73
2016-17	29,124.79	32,180.08	29,367.90
2017-18	43,244.64	40,971.69	39,753.44
2018-19	47,994.88	47,087.95	46,054.80
2019-20	59,369.90	53,374.19	48,533.80
2020-21	60,112.11	51,270.90	48,563.82
2021-22	68,020.24	68,440.26	38,456.00*
2022-23	76,040.07		

Source: <https://pib.gov.in/PressReleaselframePage.aspx?PRID=1796162>

With the continuous focus of the government of India on the growth and infrastructural development including road, rail, and air connectivity of the region, the business opportunities in the are aare expanding. Even under the Union Budget 2022-23, the allocation of Rs 150 crore for the NEIDS scheme has boosted the industrial scenario, especially MSMEs in the manufacturing and service sector including the industries dealing in Biotechnology and Hydro Power Generation Units up to 10 MW operating in the region. The eligible units are continuously energizing the employment scenario in the states and thus are eligible for the benefits like:

Central Capital Invenstment Incentive for Credit Access
Provision of Central Interest Incentive
Central Comprehensive Insurance Incentive
Reimbursement of Income Tax (IT) and Goods and Services Tax (GST)
Employment and Transport Incentives

All these benefits under the scheme to an industrial unit registered with the concerned department have an upper cap on cumulative incentive components i.e., of Rs 200 crore. The dispersal of eligible incentives takes place through the nodal agency, North East Industrial Development Finance Corporation Ltd, and has been given through e-transfer in the official bank account of the eligible industrial unit. The proposals have been examined for various incentives under the following considerable key points:



Hence, the scheme is well equipped to provide manufacturing and service sector industries, especially MSMEs the much-needed push and energize the economic development of the region. The scenario will help in enhancing the well-being of local human resources by providing opportunities for business and employment with the help of such lucrative financial assistance and will make the northeast capable enough to cater to the growth of new industries for the inclusive development of the region as well as the country.



Center approves North East Industrial Development Scheme (NEIDS) which will provide incentives to Small and Mid-level enterprises to generate employment in North East India

Resources

1. <https://pib.gov.in/PressReleasePage.aspx?PRID=1815664>
2. <https://pib.gov.in/PressReleaselframePage.aspx?PRID=1816034>
3. <https://nicct.nl/event/waterways-conclave-2022-11-12-april-2022-dibrugarh-assam/>
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10. <https://industries.assam.gov.in/latest/north-east-industrial-development-scheme-neids-2017>
11. <https://www.indiafilings.com/learn/north-east-industrial-development-scheme-neids/>
12. <https://dpiit.gov.in/policies-and-schemes/north-east-industrial-development-scheme>
13. https://dpiit.gov.in/sites/default/files/North_East_Industrial_Development_Scheme_NEIDS_2017.pdf
14. <https://pib.gov.in/PressReleaselframePage.aspx?PRID=1796162>
15. <https://journalsofindia.com/north-east-industrial-development-scheme-neids/>

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