

Port Development

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Outline

- Significance of Ports
- Privatization at JNPT
- Contracts : Case Study of SWPL
- Issues in Ports

Significance of Ports: India

- 95% of India's trade by volume
- 77% of India's trade by value
- 12 major port administrations
- 187 non-major Ports (44 under GMB)
- Major bottlenecks resulting in higher than international turn around times (average 4.47 days for all major ports-2011-12)
- About 913 mt traffic (560 mt at major ports and 353 mt at non-major ports, of which 259 mt in Gujarat) in 2011-12
- About 935 mt traffic (546 mt at major ports and 389 mt at non-major ports, of which 288 mt in Gujarat) in 2012-13

Source: IPA

Significance of Ports: India

Composition of total traffic at major ports

For FY13, Coal and POL grew by 10.6% YOY and 3.9% YOY, respectively, while Iron ore and fertilizers declined significantly by 55.2% and 27.5%

(In mt)

Commodity	FY 12	FY 13	Change
POL	179.10	186.16	3.9%
Container	120.09	119.81	-0.2%
Iron Ore	60.40	27.08	-55.2%
Other	101.36	110.69	9.2%
Coal	78.78	87.14	10.6%
Fertilizers	20.38	14.78	-27.5%
Total	560.11	545.66	-2.6%

Source: IPA

Significance of Ports: India

Traffic 2012-13 (mt)	No of Ports
above 100	1
70-100	2
40-70	5
20-40	6
10-20	7
7-10	4
4-7	5
2-4	5
1-2	2
	37

Significance of Ports: India

Sr	Port	State	Cargo (mt)								CAGR (%)			
			2012 -13	2011 -12	2010 -11	2009 -10	2008 -09	2007 -08	2006 -07	1998 -99	2008-09 to 2009-10	2009-10 to 2010-11	2010-11 to 2011-12	2011-12 to 2012-13
1	Sikka	Guj	124.0	118.0	115.5	107.0	65.2	61.8	60.2	1.2	64.1	7.5	2.2	5.1
2	Kandla (M)	Guj	93.6	82.5	81.8	79.5	72.2	65.0	53.0	40.6	10.1	2.9	0.9	13.5
3	APSEZ	Guj	82.0	66.0	51.9	40.3	35.6	26.1	13.4	0.2	12.8	28.7	27.2	24.2
4	JNPT (M)	Mah	64.5	65.7	64.3	60.7	57.2	55.7	44.8	11.7	6.03	5.9	2.2	-1.8
5	Visakha patnam (M)	AP	58.9	67.4	68.0	65.5	63.9	64.5	56.4	35.6	2.5	3.8	-0.9	-12.6
6	Mumbai (M)	Mah	58.0	56.1	54.5	54.5	51.8	57.0	52.4	30.9	5.1	0.0	2.9	3.4
7	Paradip (M)	Odi	56.5	54.2	56.0	57.0	46.4	42.4	38.5	13.1	22.8	-1.8	-3.2	4.2
8	Chennai (M)	T N	53.4	55.7	61.4	61.1	57.4	57.1	53.4	35.2	6.2	0.5	-9.3	-4.1
9	Kolkata (Inc Haldia) (M)	WB	39.8	43.2	47.4	46.3	54	57.3	55.1	29.4	-14.26	2.4	-8.9	-7.9
10	New Mangalore (M)	Kar	37.0	32.9	31.5	35.5	36.7	36.0	32.0	14.2	-3.2	-8.7	4.4	12.5

Source: IPA

Significance of Ports: India

Sr	Port	State	Cargo (mt)								CAGR (%)			
			2012 -13	2011 -12	2010 -11	2009 -10	2008 -09	2007 -08	2006 -07	1998 -99	2008-09 to 2009-10	2009-10 to 2010-11	2010-11 to 2011-12	2011-12 to 2012-13
11	Tuticorin (M)	TN	28.3	28.1	25.7	23.8	22.0	21.5	18.0	10.2	8.1	8.0	9.3	0.7
12	Magdalla	Guj	22.6	20.3	18.4	16.3	14.0	14.2	14.3	8.9	16.4	12.9	10.3	11.3
13	Dahej	Guj	22.2	17.6	14.3	12.5	11.0	11.3	10	0.6	13.6	14.4	23.0	26.1
14	Krishna patnam	AP	21.2	15.4	16.0	16.1	8.2	-	-	-	96.3	-0.6	-3.8	37.6
15	Cochin (M)	Ker	19.8	20.0	17.8	17.4	15.2	15.8	15.3	12.7	14.5	2.3	12.4	-1.0
16	Ennore (M)	TN	17.8	15.0	11.0	10.7	11.5	11.6	10.7	-	-6.9	2.8	36.4	18.7
17	Mormu gao (M)	Goa	17.7	39.0	50.0	48.8	41.6	35.1	34.2	18.0	17.2	2.5	-22.0	-54.6
18	Ganga varam	AP	13.1	14.0	13.9	12.9	2.6	-	-	-	396.1	7.7	0.7	-6.4
19	Kakinada	AP	12.1	13.0	12.9	12.8	16.6	16.6	16.0	4.2	23.0	0.7	0.8	-6.9
20	Dhamra	Odi	11.1	5.0									-	122.0
21	Panjim	Goa		14.4	14.6	13.9	11.9	12.8	14.3	2.2	16.9	5.04	-1.4	-

Source: IPA

Significance of Ports: India

Sr	Port	State	Cargo (mt)								CAGR (%)			
			2012 -13	2011 -12	2010 -11	2009 -10	2008 -09	2007 -08	2006 -07	1998 -99	2008-09 to 2009-10	2009-10 to 2010-11	2010-11 to 2011-12	2011-12 to 2012-13
22	Belekeri	Kar		-	9.7	6.3	1.9	6.1	4.1	-	231.5	54.0	-	
23	GPPL	Guj	8.0	7.8	7.1	6.8	3.7	1.6	2.2	0.7	83.7	14.7	9.8	2.6
24	Dharam Tar	Mah		7.5	7.1	6.8	5.0	7.7	6.8	-	36.0	4.4	5.6	
25	Port Blair	AN		7.2	9.2	1.2	1.3	1.4	1.1	-	-7.69	108.3	-21.7	
26	Karaikal	Pud		6.1	3.2	-	-	-	-	-	-	-	90.6	
27	Karwar	Kar		5.9	5.8	2.2	2.8	2.7	2.4	0.2	-21.4	163.6	1.7	
28	Bedi	Guj	6.7	2.7	1.1	2.0	2.5	5.3	4.2	-	-20.0	-45.0	145.5	148.2
29	Navlakhi	Guj	6.4	5.7	4.5	4.5	2.8	2.4	1.8	1.1	57.1	0.0	26.4	12.3
30	Jaigarh	Mah		5.0	1.3								284.6	
31	Jafrabad	Guj	3.4	4.1	5.4	5.4	4.8	5.0	5.5	2.8	12.5	0.0	-24.1	-17.1

Source: IPA

Significance of Ports: India

Sr	Port	State	Cargo (mt)								CAGR (%)			
			2012 -13	2011 -12	2010 -11	2009 -10	2008 -09	2007 -08	2006 -07	1998 -99	2008-09 to 2009-10	2009-10 to 2010-11	2010-11 to 2011-12	2011-12 to 2012-13
32	Mul Dwarka	Guj	3.4	3.8	3.2	3.2	3.4	3.8	4.1	2.1	-8.8	0.0	18.8	-10.5
33	Rawa	AP		3.1	1.6	1.8	2.1	2.6	2.6	-	-14.2	-11.1	93.7	
34	Ulwa-Belapur	Mah		1.6	1.6	1.5	1.6	1.4	1.3	-	-6.2	6.7	0.0	
35	Por bandar	Guj	2.3	1.1	1.0	1.0	2.6	3.5	2.5	0.3	-61.5	0.0	10.0	109.1
36	Okha	Guj	1.7	1.6	1.1	1.1	1.7	4.1	3.2	1.3	-37.0	0.0	45.5	6.3
37	Revdanda	Mah		1.3	1.6	1.2	1.0	0.8	1.0	-	20.0	33.3	-18.7	
	Total of Above			889	878	-	-	-	-	-	-	-	-	
	Overall Total		935	913	890	817	738	720	650	252	10.6	9.0	2.6	2.4

Source: IPA

Total Traffic: Where are we?

(mt)

Top Seven Ports				
	Indian		World	
	Port	2012-13	Port	2012
1	Sikka	124	Ningbo-Zhoushan	744
2	Kandla	94	Shanghai	736
3	APSEZ	82	Singapore	538
4	JNPT	65	Tianjin	476
5	Vizag	59	Rotterdam	442
6	Mumbai	58	Guangzhou	434
7	Paradip	57	Qingdao	402
	Total of above	425	Total of above	3772
	Total (Major + Non major)	935	Total (all ports)	9076

Source: Indian Ports Association; Shanghai International Shipping Institute, APSEZL Annual Report, 2013

Container Traffic: Where are we?

(mTEUs)

Top Seven Container Ports				
	Indian		World	
	Port	2012-13	Port	2012
1	JNPT	4.3	Shanghai	32.6
2	Mundra	1.7	Singapore	31.6
3	Chennai	1.5	Hong Kong	23.1
4	Pipavav*	0.6	Schenzhen	22.9
5	Kolkata&Haldia	0.6	Busan	17.0
6	Tuticorin	0.5	Ningbo Zhoushan	16.8
7	Kochi	0.3	Guangzhou	14.7
	Total of above	9.5	Total of above	158.7
	Total (all ports)	~ 10.0	Total (all ports)	618.0

Source: Indian Ports Association; Shanghai International Shipping Institute, APSEZL Annual Report, 2013

*<http://www.infranews.in/News.aspx?news=Container-volume-declines-in-Pipavav-port-India-Sector&nid=1+5w8OzEVQoYSYaiTZdHdQ==>

Privatization at JNPT

- 1963: Major Port Trust Act
Calcutta, Madras, Bombay: Containerization
- 1988: Container Terminal at JNPT
- 1992: P&O (Australia) offered to take over terminals
Price low
Tendering not gone through
- 1993: Decision to construct two more berths

	JNPCT	Mumbai	Total Mumbai Area	000 TEUs Total
1989-90	34	310	344	633
1990-91	55	324	379	681
1991-92	109	280	389	683
1992-93	143	315	458	798

Privatization at JNPT

- Sep 95-March 96: Thrust for privatisation, political will
- Dec 95: Bid document prepared
- 26 Dec 95-15 Jan 96: Bid on sale
- 16 January 1996: Sale of tender closed
- 14-15 March 1996: Pre bid conference
- 3 February 1997: License awarded to P&O Ports Australia Pvt Ltd

000 TEUs

	JNPCT	Mumbai	Total Mumbai Area	Total
1993-94	173	428	601	1052
1994-95	244	487	731	1257
1995-96	339	518	857	1449
1996-97	423	583	1006	1698

Privatisation at JNPT

- BOT scheme for a period of 30 years for a new terminal. (Initially, concession period was considered for 10 years only.)
- 5 bids (separate financial and technical bids)
- Delays at various stages
- JNPT to provide draft, pilotage, power, security
- Bid document wanted guarantee of 500,000 TEUs from 6th year
- Bidder guaranteed 550,000 TEUs
- Negotiations on guarantee and royalty fee with selected bidder. Increased the guarantee to 600,000 TEUs from 15th year

NSICT

- Tender awarded and work started in July 1997
- First ships use NSICT terminal in April 1999, ahead of July 2000 completion date
- Actual project cost: USD 185 m (reduced from original cost of USD 200 m)
- Royalty offer: Atleast USD 78 m
- Quick growth of traffic at NSICT
- Productivity at NSICT better than JNPT terminal

000 TEUs

Year	JNPT			Mumbai	Total Mumbai Area	Total
	JNPCT	NSICT	Total			
1997-98	504		504	601	1105	1892
1998-99	669		669	509	1178	1932
1999-00	546	343	889	430	1319	2185
2000-01	494	695	1189	321	1510	2470
2001-02	630	943	1573	254	1827	2886

Third Box Terminal at JNPT

- The need for third container terminal
 - Congestion
 - Capacity constraints
 - Infrastructure not in line with volume growth
- Decision to convert the Fertilizer terminal at JNPT (April 2002)
- Tendering (Oct 2002)
- P&O excluded from bidding
- P&O challenges JNPT's decision (Jan 2003)
- Courts dismiss P&O Ports petition against JNPT (Jan 2003)
- P&O Ports loses legal battle (May 2003)

Third Box Terminal at JNPT

- Changes in bidding norms (August 2003)
- Payment terms delay bid for JNPT project (Nov 2003)
- Five parties submitted the bid (Dec 2003)
- Evaluation of technical bids (Feb 2004)
- JNPT terminal to be set up by Maersk-Concor (March 2004)
- Final approval after elections (August 2004)
- GTIPL commenced its trial operation in March 2006 – 3920 TEUs (2005-06)
- Post bidding issues

Box Terminals at JNPT

Facility	JNPCT	NSICT	GTIPL
Quay length	680 + 90 metres	600 metres	712 metres
RMQC	Post Panamax - 6 Super Post Panamax - 2	Post Panamax - 6 Super Post Panamax - 2	8
RMGC	3	3	3
RTGC	18	29	29
Container yard (hectares)	41	28	52+2+18
Railway siding	4	2	3
Tractor trailers	119	50 owned + about 100 hired	86
Reach stackers	11	3	4
Reefer points	280	672	

Source: JNPT Website, 2007

Performance Measures

(000 TEUs)

Year	JNPT				Mumbai	Total Mumbai Area	Total*
	JNPCT	NSICT	GTIPL	Total			
2002-03	729	1201		1930	213	2143	3366
2003-04	1038	1231		2269	197	2466	3900
2004-05	1138	1232		2370	219	2589	4502
2005-06	1340	1324	4	2668	156	2824	4998
2006-07	1310	1360	630	3300	138	3438	5964
2007-08	1261	1508	1291	4060	118	4178	7512
2008-09	1060	1430	1460	3950	92	4042	7671
2009-10	776	1532	1753	4061	58	4119	8019
2010-11	877	1537	1856	4270	72	4342	8620
2011-12	1028	1402	1891	4321	58	4379	9937
2012-13	1208	1044	2007	4259	58	4317	10004

*including Mundra and Pipavav

Source: JNPT, Major Ports of India: A profile, Various Years IPA and Exim News

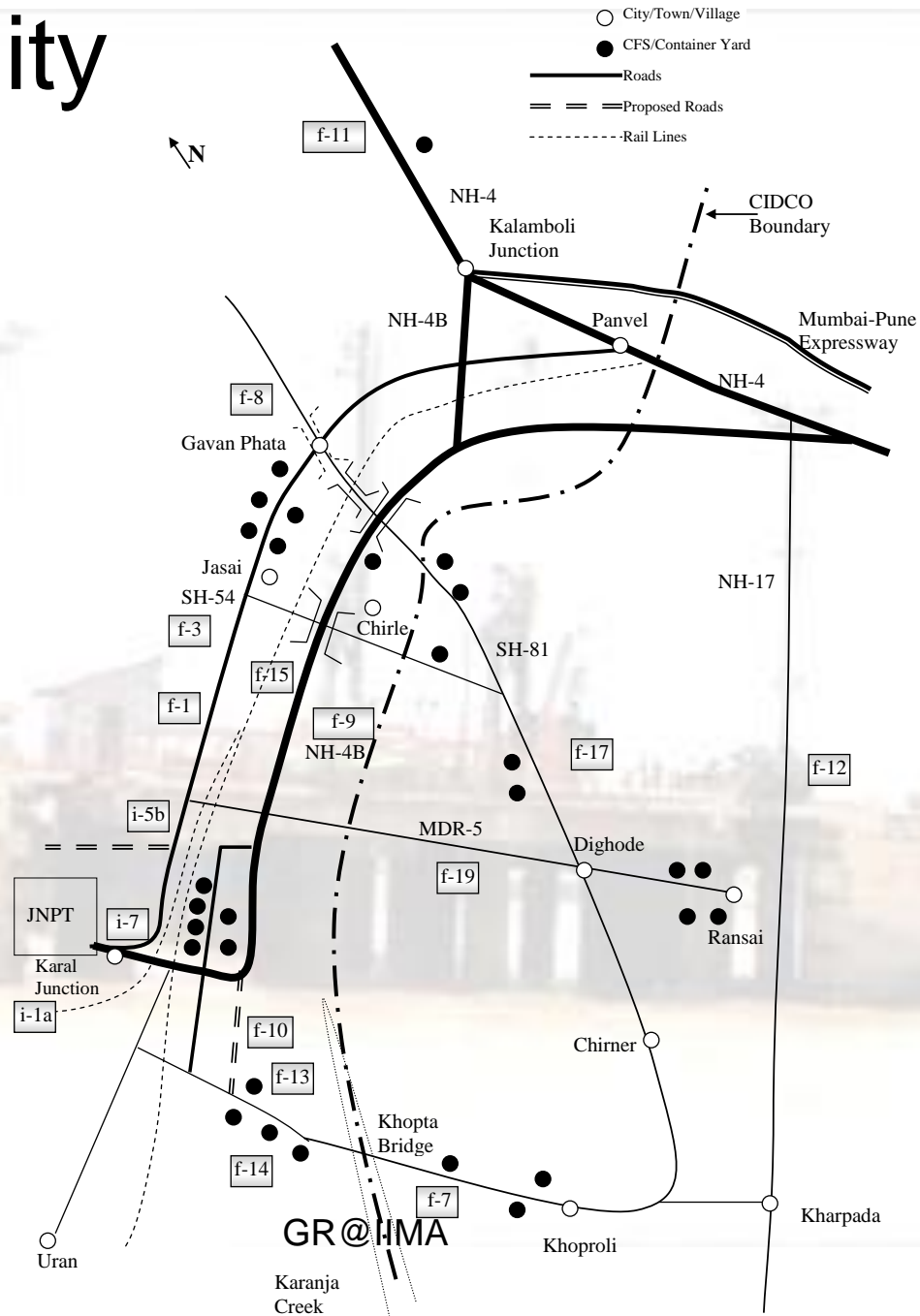
Cost of CFS in and outside CIDCO Land

	Proposed CFS outside CIDCO	Proposed CFS in CIDCO	Existing CFS at Dronagiri (CIDCO)
Land (acres)	10	10	6
Land rate (Rs Cr per acre)	0.25	2.00	1.25
Cost of land (Rs Cr)	2.5	20	7.5
Additional facilities (Rs Cr)	10	10	12.50
Total Cost of Project (Rs Cr)	12.5	30	20

Source: [Maroo, 2005]

Maroo, 2005. Private correspondence from Mr Raj Maroo, MD, Mangalam Shipping & Logistics Pvt Ltd, Mumbai.

JNPT Vicinity



Major Bottlenecks

- Container Yard of NSICT
- Road Access
- Coordination Between Key Actors

Policy Guidelines for Who Can Bid

- There should be at least two operators across the terminals
- One operator cannot have more than two terminals at the same port
- Awardee cannot bid for the next terminal

Fourth BOX Terminal

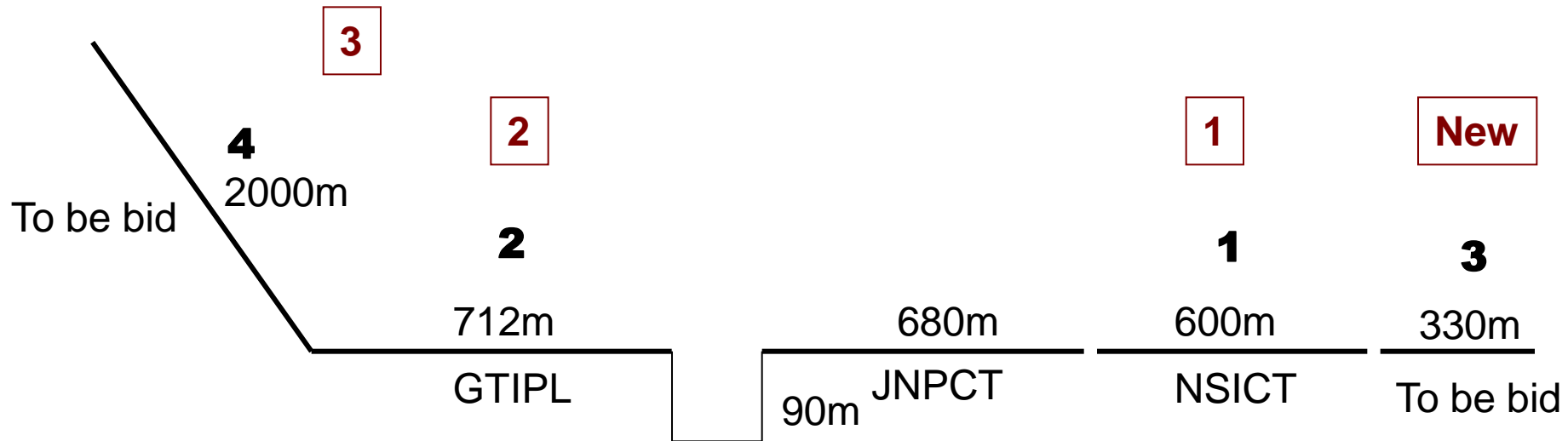
- New Container Terminal with annual capacity of 4.4 mTEUs planned to be constructed on BOT basis
- Port Trust invited expressions of interest from prospective developers
 - Over 40 developers responded (Nov 2006)
- Project structuring was completed and the proposal was submitted to the board of trustees and approved by them (Oct 2007)
- Costing was approved by JNPT board (March 2008)

Description	Estimated cost (Rs Cr)	
(a) Development of 4 th Terminal Phase –I and Replicating BPCL jetty.	3683.10	Estimated capacity (Phase-I) Container = 33.60 mt per annum (MTPA) (2.6 mTEUs)
(b) Development of Container Terminal Phase-II	2351.40	Estimated Capacity (Phase-II) Container = 33.60 mt per annum (MTPA) (2 mTEUs)

Fourth BOX Terminal

- Third changed to fourth
- New third brought in
- Process makes the policy look flimsy and vulnerable
- However, interested bidders are happy

Layout of JNPT



New Policy Guidelines for Who Can Bid

If there is only one private terminal/berth operator in a port for a specific cargo, the operator of that of that berth or his associates shall not be allowed to bid for the next terminal/berth for handling the same cargo in the same port

For the purpose of this policy: The specific cargo include:

- (i) Containers (ii) Liquid Bulk (iii) Dry Bulk or**
- (iv) Multi Purpose/Other General Cargo.**

The Policy shall be made applicable from July 2010.

Also, bids against a given tariff (since 2008)

Recent Developments

- The fourth container terminal with 2 km quay length, 4.4 mTEUs per annum capacity and Rs 6,700 Cr project cost got the Cabinet approval in January 2010 (after confusion regarding 4th and 5th terminal)
- The Supreme Court's verdict dated May 11, 2011 had allowed the Danish port operator APM Terminals, part of the A P Moller-Maersk Group, to participate in the bidding process for the USD 1.5 billion container terminal project in India giving it the right to develop and operate Jawaharlal Nehru Port Trust's (JNPT) upcoming fourth container terminal at Mumbai Port.
- The verdict was on a petition filed by the Danish firm, seeking qualification for putting in its bids for the project, after the port had earlier declined to accept its bid on the ground that it already operates a container terminal in the port. They have been battling to bid for the proposed terminal for almost two years.

Recent Developments

- The development of a fourth terminal and a chemical terminal formed a vital part of its business plan. The port is keen on fast-tracking the bidding process, by asking APM to submit its bid which will compete with the five other price bids.
- The other bidders were — DP World, PSA of Singapore, Mundra Port and Special Economic Zone, GVK Group and Sterlite Industries who will now be in the fray for the 4.8 mTEUs capacity fourth terminal project.
- APM Terminal, however, did not bid
- A JV of PSA International and ABG won the bid with 50.82% revenue share. (*June 2011*)
- JNPT board formally approved the project for PSA-ABG (*September 2011*)

Recent Developments

- PSA-ABG backed out from signing the concession agreement citing that they were unaware of stamp duty to be paid for registering the signed document (*January 2012*)
- The date of signing the document was extended by JNPT but again missed by PSA-ABG (*August 2012*)
- JNPT decided to terminate the contract awarded to PSA-ABG due to delay in signing the CA (*September 2012*)
- JNPT encashed the Rs 67 Cr security deposit in the form of bank guarantee
- JNPT decided to split the project into two of 1km quay length each. (*November 2012*)
- As per the then Chairman L Radhakrishnan, the split would allow two successful bidders to simultaneously start the construction to save money and time. JNPT planned to invite fresh bids next month (*February 2013*)

Recent Developments

- With the change in the Chairman, JNPT scraped the proposal of bifurcating the 4th container terminal bid into two and went back to the original proposal of treating it as a single project (*May 2013*)
- JNPT invited fresh bids for 4th container terminal with stricter criteria (*June 2013*)
- Bid submission date extended from July 19 to August 19 2013
- 8 bids were received by JNPT which included include Adani Ports, Essar Ports, Dubai Port World, APM Terminals, Port of Singapore Authority, JM Baxi & Company, Mediterranean Shipping Company and Sterlite Ports, which is a division of Vedanta (*August 2013*)
- The bidding process is under progress. Qualifying bidders will be given price bid form by mid November while JNPT will seek security clearance for these companies from Ministry of Shipping. The winning bid will be announced by mid January 2014. (*October 2013*)

Top Positions

	Upto May 31, 2005	May 31, 2005- May 31, 2006	May 31, 2006-Oct 19, 2006	October 19, 2006-March 16, 2007	March 16, 2007
Chairman	Ravi Budhiraja		Vacant	Vacant	SS Hussain
Dy Chairman	Neera Saggi	Vacant	Vacant	Maya S Sinha	
Chairman Incharge			Rani Jadhav		

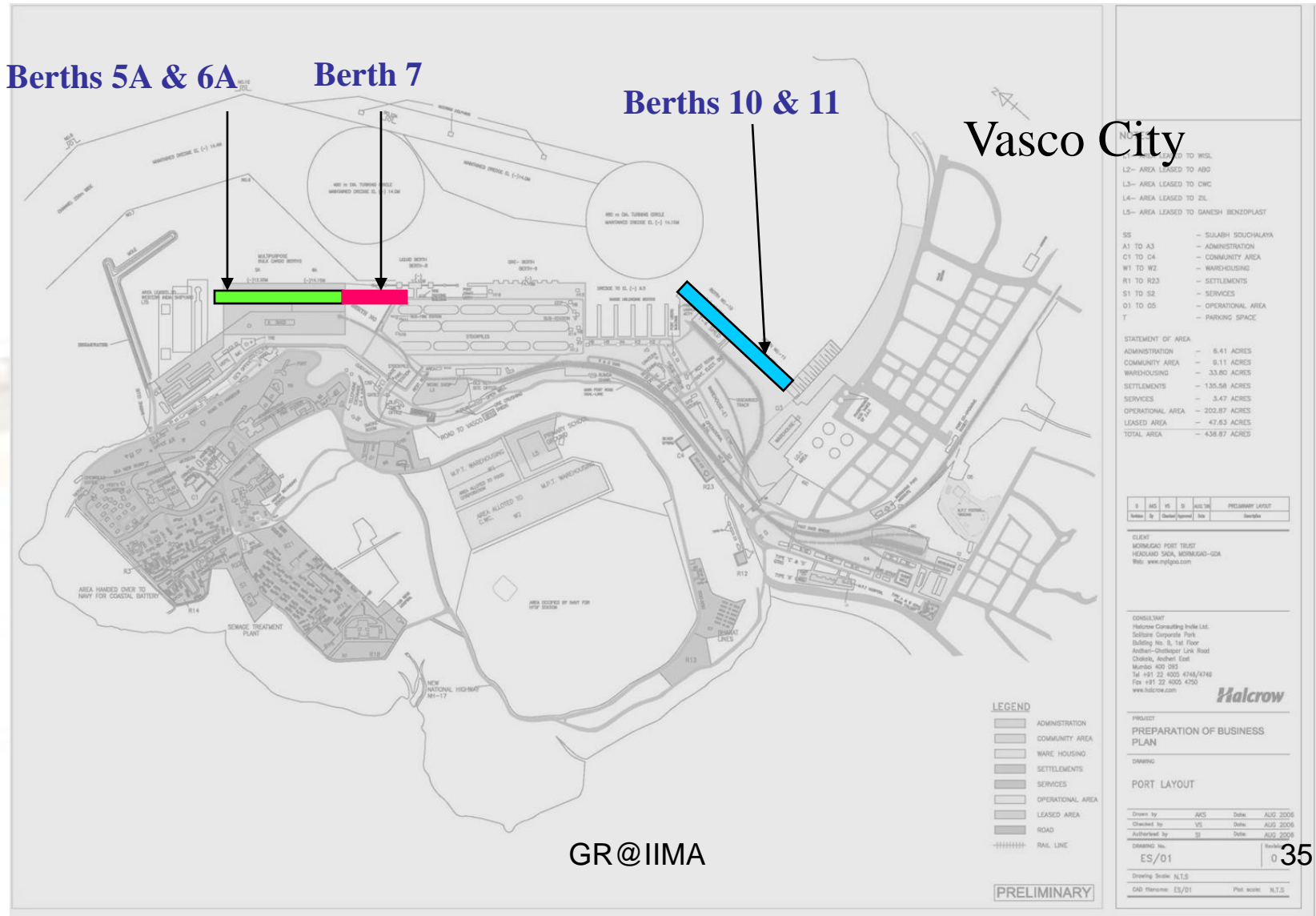
Privatization at JNPT

Issue	What is	What should be
Competition monitoring	Mixed up roles (Regulator, Licensor and Player)	Role clarity and unbundling
Obligatory requirements	One-sided	Mutual
Performance guarantee	No incentive to invest	Change terms of guarantee and allow flexibility in contract
BOT Scheme: 'Transfer'	Nothing stated	More stake for private parties
Government's role	Regulatory	Facilitating/managing

Contracts: Case Study of SWPL

- MoPT was unable to use berths 5A and 6A, awarded to SWPL on a common user basis
- SWPL used these berths as captive facility for its parent company, JSWL, a steel plant in Vijaynagar, for importing coal/coke, limestone and exporting steel
- MoPT handled coal/coke for other clients from berths 10 and 11. Coal dust from these berths, being close to Vasco city, caused air pollution. MoPT received complaints from the city.

Contracts: Case Study of SWPL



Contracts: Case Study of SWPL

6.1.4 Common-User, Non-Discriminatory License

Subject to provisions of article 6.1.5, the Licensee shall manage and **operate the Terminal on a common-user basis**, open to any and all shipping lines, importers, exporters, shippers, consignees and consignors, and refrain from indulging in any unfair or discriminatory practice against any user of the Terminal or persons desiring to avail themselves of the services offered by the Terminal.

Source: Excerpts from the Licence Agreement between SWPL and MPT

Contracts: Case Study of SWPL

7.3.3 Throughput Requirement

The Licensee shall guarantee a **minimum volume of throughput of 5 mt per annum at the Terminal** (minimum guaranteed throughput). The time frame for achieving the minimum guaranteed throughput shall be **66 months from the date of handing over** of the licensed premises. In case the licensee fails to achieve the minimum guaranteed throughput at anytime after the said period of 66 months, the Licensee shall nonetheless be liable to pay the provisions under Article 7.3.4.3 of this agreement. In case the licensee improves upon the minimum guaranteed throughput even during period of 66 months, the Licensee shall be liable to pay the royalty on the actual throughput as per the provisions under Article 7.3.4.3 of this agreement.

Contracts: Case Study of SWPL

9.5 Exclusivity Rights

The Licensor agrees that it shall **commission/grant concession to any other party** to commission additional facilities for handling coal/coke within the Port limits if and only if any of the following takes place:

- (a) throughput of coal/coke cargo handled at the Terminal **exceeds 4,000,000** mt per annum, or
- (b) the Terminal, or any part thereof, is operated as a **dedicated user facility** and is not available to other consignees for handling similar type of cargo

Source: Excerpts from the Licence Agreement between SWPL and MPT

Contracts: Case Study of SWPL

6.1.5 Preferential and Priority Berthing

The Licensee shall have the right, subject to the provisions of Article 6.1.4 and Article 15.5 of this agreement and with the prior written approval of the Licensor, to enter into agreements for **priority berthing schemes** in the matter of berthing of ships of any one or more shipping lines or vessel owners/operators with a view to **optimizing the use of the berths** and equipment in view of Minimum Guaranteed Throughput.

Source: Excerpts from the Licence Agreement between SWPL and MPT

Contracts: Case Study of SWPL

- SWPL entered into **use or pay agreement with Jindal Steel Ltd (JSL) to handle 3 mt** (including export and import) for the initial period of three years ending on August 01, 2009 and can be renewed with agreed terms and conditions.

Source; SWPL Information Brochure

Contracts: Case Study of SWPL

Cargo Handled at SWPL Berths

Berths 5A & 6A commissioned for operation in June 2004

mt

Year	SWPL (Non Coke/coal)	SWPL (Coke/coal)	MPT (Non SWPL)	Total Coke/Coal (MPT, incl SWPL)
2000-01			1.88	1.88
2001-02			2.68	2.68
2002-03			2.46	2.46
2003-04			2.32	2.32
2004-05	0.03	2.09	1.57	3.66
2005-06	-	3.02	1.04	4.06
2006-07	0.30	3.72	1.32	5.04
2007-08	0.30	4.13	1.14	5.27

Source: SWPL Communication, MPT Annual Administrative Report 2007-08

Contracts: Case Study of SWPL

- SWPL had not got the full land as per contract – a four meter stretch along the entire back up yard. The railway interfacing, which was to be through MoPT, is by default happening directly.
- SWPL was proposing an in-motion rapid wagon loading system for which they required some land outside the SWPL premise.
- MoPT was proposing development of berth 7 on a PPP basis for handling of coal/coke and stopping the same in berths 10 and 11. SWPL could not be a bidder.

Contracts: Case Study of SWPL

- In 2008,
 - MoPT passed order to stop operations at berth No. 10 & 11 on account of pollution caused by handling of coal and coke
 - A petition was filed by port users before the High Court of Bombay, challenging the order passed by the MPT
 - M/s Aprant Iron & Steel Ltd. filed against the decision of MoPT to transfer the handling of coal/coke from berths 10 and 11 to berths 5A and 6A
 - The Ministry of Shipping, Government of India after hearing all the parties concerned, decided that berths 10 and 11 would be continued for use of handling of coal and coke
 - All necessary environmental protection measures would be undertaken, implemented in consultation with Goa State Pollution Control Board.

Contracts: Case Study of SWPL

- Adani Ports and SEZ Ltd (APSEZ) to commission a Coal Handling Terminal of 5 million tonnes capacity at the Mormugao Port. This was to come at berth 7 under PPP- DBFOT mode (*2009 – Ongoing*)
- The High Court asked GSPCB to assess berth 10 and submit a report within 2 months (*June 2011*)
 - It was also decided that all necessary environmental protection measures would be undertaken while handling coal
- Inspection report by GSPCB recommend stoppage of operation until NEERI recommendations were complied (*September 2012*)
 - Allow 5 steel making companies to shift coal
- GSPCB guidelines
 - Don't transport coal from stockyard
 - Installed water sprinklers should be functional
 - Coal / coke stack height restriction – 5 metres
- The operations were stopped in berths 10 and 11 (*September 2012*)
- M0PT demanded inquiry into functioning of GSPCB (*November 2012*)

Contracts: Case Study of SWPL

- Berth No 7 faced land transfer delays and clearances issue (2012)
- Coal and coke imports increased over 8 per cent at 7.79 mt, though the Port had witnessed a steep decline of about 55 per cent in its overall cargo traffic at 17.69 mt. (2012)
- 4 MMTPA Coal Import Terminal proposed at Berth No. 11 under PPP mode awarded to Gammon Infrastructure and CA is signed. (January 2013)
- GSPCB had directed SWPL to take necessary steps to control air pollution while handling coal at mechanized plant (5A & 6A) (April 2013)
- The state government had rejected the proposal of the South Western Railway (SWR) to double the existing railway track from Londa in Karnataka to Vasco in Goa (July 2013)
- Goa Minister for environment & forests, Alina Saldanha, had stated that the floating hotels and marinas proposed by the (MPT) are likely to adversely impact the environment and the livelihoods of traditional fishermen (July 2013)
- Construction of a 7.2 MMTPA Iron Ore Export Handling Terminal at West of Breakwater(WOB). (under process)

Ports: Recent Developments and Challenges

- **Significant Growth and Potential of Maritime Transport**
- **Continued Increase in Ship Size**
- **Mergers and Alliances of Shipping Companies**
- **Emergence of International Terminal Operators doing their Business at Multiple Ports Globally**
- **Increasing Involvement of Private Sector in Ports**
 - **Privatized services:** handling equipment at container and break bulk terminals, services such as pilotage, stevedoring, towage, ship agents, land transport and other shipping services
 - provision of port services has been **shifting from the public port authority to private sector** for improved efficiency of port operations

Ports: Recent Developments and Challenges

- **Supply Chain Management:** New Focus Area
- Integration from Point of Production to Point of Consumption
- Logistics: A Key Function
- Transportation: A Critical Activity
- Ports: A Significant Inter-modal Facilitator

Ports: Recent Developments and Challenges

- Ports traditionally have led to **urbanization** and sought support from it
- Urbanization has often led to land side evacuation congestion
- Concept of a port on this front has changed
- Zoning of port area is critical
- Shifting of ports from congested urban areas may be a viable proposition

Ports: Recent Developments and Challenges

- Ports as Logistic Centers
 - Hubs/centers for global logistics system
 - Value adding center in logistics system
- Ports in IT Age
- Diversified and Innovative Partnerships
 - Public and private sectors in port
 - Port and its users
 - Port authority and terminal operators
 - Partnerships with logistics providers, transport providers
 - Inter-port co-operation, port alliance and mergers
- Port Corporatization
 - More flexibility and speed in port management and development (planning and decision making)

Key Conditions of Bidding

Lessons Learnt

Experiences of JNPT, MoPT, Vizhinjam etc)

Tariff determination (Tuticorin etc)

Speed of decision making an issue

The **Maritime Agenda 2020** projects a total traffic of 2500 mt for all major and non-major ports taken together and a capacity of 3280 mt.

The proposed investments in ports by 2020 is expected to be Rs 120000 Cr and in non-major ports it is Rs 170000 Cr.

The agenda for the decade for the **Ports** are:

- Create port capacity of 3200 mt for handling about 2500 mt of cargo
- **Improve port performance on par with the best in the world.**
- Increase tonnage both under the Indian flag as well as Indian control.
- **Increase coastal shipping and facilitate hassle-free multimodal transport**
- Increase India's share in global ship building to 5% (from 1%)
- **Promote use of the inland waterways for cargo movement**
- Increase India's share of seafarer to 9% (from 6%) of the global strength by 2015

<http://www.marinebuzz.com/2011/01/21/maritime-agenda-2010-2020-released-by-indian-ministry-of-shipping/>

- **Implementation of the Port development projects**
- Develop Two New Major Ports, one each on east and west coasts
- Full mechanisation of cargo handling and movement
- Major Ports to have draft of not less than 14 metres and hub ports 17 metres
- Identification and implementation of projects for rail, road and inland waterway connectivity to ports **(If 30% by rail?)**
- Development of two hub ports on each of the West and the East coasts – Mumbai (JNPT), Kochi, Chennai and Visakhapatnam

<http://www.marinebuzz.com/2011/01/21/maritime-agenda-2010-2020-released-by-indian-ministry-of-shipping/>

- **Port Policy Measures**
- Corporatisation of Major Ports
- New Land Policy for Major Ports
- New Policy on captive berths
- Establishing a Port Regulator for all ports for setting, monitoring and regulating service levels and technical & performance standards
- New Policy on dredging
- Shifting of transshipment of Indian containers from foreign ports to Indian ports
- Policy on co-operation and competition amongst Indian Ports
- Establishing 'Indian Ports Global' for overseas investments by Indian Ports

Ports: Challenges

- Provide Effective and Efficient Port Services
 - Market Profiling
 - Distance based, Customer based, Commodity based
 - Operations
 - Improving ship turn around and cargo turn around
 - Hinterland connectivity
- Improve
 - **Safety ??**
 - Security
 - Environmental Impact
- Role of Regulators
 - TAMP
 - Customs

Ports:Challenges

- The public port authority should focus more on
 - **landlord function** such as long-term planning, infrastructure development, asset management
 - **regulatory function** such as maritime safety, environment protection and fair competition, and
 - **co-ordination function** such as coordination among governmental agencies, maritime organizations, decision-making authorities and planners of the city, under the commonly shared long- range policy and planning
 - **facilitation/promotion function** such as provision of port EDI, inter-port cooperation and strategic marketing.

Concluding Issues

- How to make major ports as vibrant as non major ports? (Hand over major ports to the respective states?)
- Draft and dredging
- PPP business model and concession agreements
- Focus on land side connectivity: rail capacity is a problem, especially in the interior
- Captive vs common carrier ports – is it really an issue?

Concluding Issues

- Why are Indian ports more expensive than international ports?
- How to deal with cash surplus of ports? Is Indian Maritime Finance Corporation an answer?
- Can overseas investments by a public sector 'Indian Ports Global' be used well?
 - Should we not also bid and operate?
 - Would not the private sector be more efficient?

Concluding Issues

- Regulation
 - Safety
 - Security
 - Environment
- What does it take to do away with cabotage, at least for containers? If there are larger issues, then can container carrying feeder vessels be treated on par with foreign going vessels
- Tariffs and service levels can be regulated by the market
- Can ports take on part of the demurrage? Can there be appropriate SLAs?
- Has Safety been addressed sufficiently?

Issues Remain...

- Evacuation infrastructure
- Labour related issues
- Inhibiting regulations
- Centre state relations
- Role of TAMP
- Threat of private monopolies

Concluding Issues

- Indian infrastructure for logistics is poor compared to world class and at best reactive to demand. There is need for continued focus on quality infrastructure development with speed. Commercialization and private involvement through PPP contracts is the key for building global trade competitiveness.

Thank You

Transshipment Of Containers at Major Ports During 2009-10

Lakhs TEUs

Port	Sin	Klang	Col	Other	Total	Coastal	Direct	Grand Total	% Direct
Kolkata	2.14	0.37	1.09	0.15	3.75	0.03	-	3.78	0
Haldia	0.48	0.19	0.43	-	1.10	0.14	-	1.24	0
Paradip	0.02	-	-	0.02	0.04	-	-	0.04	0
Visakhapatnam	0.44	0.04	0.23	-	0.71	0.02	0.24	0.97	0.25
Chennai	1.03	0.96	2.46	2.06	6.51	0.29	5.36	12.16	0.44
Tuticorin	-	-	1.21	0.11	1.32	0.76	2.32	4.40	0.53
Cochin	0.01	0.03	1.44	0.18	1.67	0.96	0.27	2.90	0.09
New Mangalore	-	-	0.22	-	0.22	0.09	0.01	0.32	0.03
Mormugao	-	-	0.13	-	0.13	-	-	0.13	0
Mumbai	-	-	-	-	0.00	0.44	0.14	0.58	0.24
JNPT	0.044	0.008	0.014	1.02	1.09	0.63	39.2	40.92	0.96
Kandla	-	-	-	0.81	0.81	0.31	0.35	1.47	0.24
Total	4.16	1.60	7.22	4.35	17.35	3.67	47.89	68.91	0.69

Significance of Ports: India

Cost of Congestion

	Units	2011-12	2009-10	2008-09	2007-08
No of (major) port calls	number	21,925	22,676	21,949	22,141
Average turnaround time	days	4.47	4.42	3.87	3.93
International 'good' average	days	1.0	1.0	1.0	1.0
Extra time in India per port call	days	3.47	3.42	2.87	2.93
No of ship days lost per year	number	76,080	77,551	62,994	64,873
Cost per ship day	USD	20.000	20,000	20,000	20,000
Total cost of shipday per year	USD b	1.5	1.6	1.3	1.3
Exchange rate	Rs/USD	52	46	46	45
Total cost of shipday per year	Rs b	80.0	71.3	57.0	58.0
Total freight costs for Indian exports and imports per year (8% export + import)	USD b	-	-	25	25
Net foreign exchange earnings of shipping per year (excluding cost of buying ships)	Rs b	-	-	70	70
Repatriated earnings of 'shippees' per year	Rs b	-	-	10	10