

Project Monitor

minor ports should also serve remote hinterland

Date: 11-06-2008 | Edition: National | Page: 50 | Source: Bureau | Clip size (cm): W: 6 H: 13

Clip: 1 of 2



large

scale private investment has substantially increased the handling capacity of minor ports. What is needed is a change in approach so as to create and develop minor ports that serve the remote hinterland and not just the immediate hinterland, explains

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Clip: 2 of 2

PORTS handle around 95 per cent of India's total trade in terms of volume and 70 per cent in terms of value. While major ports handled 70 per cent of the total cargo traffic, minor or non-major ports accounted for 30 per cent during the year 2007-08. The major ports in India are yet to meet international standards in terms of vessel turnaround time, cargo handling etc. Berth occupancy and low crane productivity further add to woes of the shipping companies. These bottlenecks force private port developers and shipping companies to eye stakes in the minor ports.

With the emergence of large pri-

was about 220 million tonnes during the year 2007-08. The minor ports are expected to add about 350 million tonnes capacity by 2012, taking the total minor ports handling capacity to 580 million tonnes by the 2012 - the end of the 11th Five-Year Plan. Whereas the major ports are expected to add about 500 million tonnes to the present capacity of about 500 million tonnes resulting in a total capacity of 1,000 million tonnes by the end of 2011-12. While the capacity increase in major ports is about 100 per cent by the end of 2012, it is about 150 per cent in the case of minor ports with reference to the year 2007-08. These figures



▲ Combined capacity of minor ports, currently estimated at 230 million tpa, is projected to reach 580 million tpa by 2012.

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vate investments, the cargo handling capacity at minor ports has increased, commensurate with the cargo traffic volumes. Minor ports in India had a capacity to handle about 230 million tonnes of cargo and the traffic handled

would indicate the sharp growth activity at the minor ports in the years to come when compared to major ports.

Though development of minor ports depends on several logistics and navigational advantages - the

facilities at places like Gujarat thrive on their proximity to trade centers, well-developed coastal industrial base and the vast hinterland. The foremost need is a change in the present approach of creating minor ports to serve their immediate hinterland. Instead, such maritime facilities should aim at catering to a much larger hinterland far away from them.

Over the years, the contribution of minor ports to the total traffic handled at Indian ports has risen. A study of the pattern of traffic handled by minor ports during the last 10 years would indicate that its share in the total port traffic, which was only 12 per cent in 1997-98, has shot up to 30 per cent in 2007-08. Minor ports are in an advantageous position to reach their customers more efficiently than what the major ports could do. The fact that the minor ports are in close proximity with the local producers will be both an opportunity and challenge. It is an opportunity because the port will be able to attract local producers on the basis of lower inland transport cost, lower port charges and more efficient and cost effective service. It will be a challenge

because neighboring major ports will have established infrastructure, better facilities and frequent shipping services to attract the shippers to such ports.

Public-private partnership

The state governments have now found a great opportunity to offer attractive terms to port developers and investors to make investments in minor ports. Port developers, in general, find a refreshing contrast in the environment offering various forms of concession - the concession period itself extending from 30 to 50 years. Further, many maritime state governments offer road and rail connectivity to the port sites as their responsibility. State governments enter into joint venture partnerships with equity participation in the special purpose companies for port development. More importantly, the state governments have given port developers full freedom to fix tariff dictated by market forces. Minor ports remain outside the jurisdiction of the tariff authority for major port trusts and this single factor does indeed raise the comfort level of the port

► 81