



# *Indian Port Logistics Transformation*

Colombo International Logistics Conference 2019

Atul Kulkarni 2<sup>nd</sup> August 2019

CMIL, COLOMBO





*“Our coastal area can be a channel for global trade...”*

*— Hon’ble Prime Minister of India, Maiden Speech to Parliament*



# India's Coastal Regions & Maritime Sector

## Significance of India's Coastal Regions



**~7,500<sub>km</sub>** of coastline spanning 13 maritime States and Union Territories



**~18%** of India's population lives in coastal districts



Contribution of Maritime States to Indian GDP:  
**~60%**

# India's Coastal Regions & Maritime Sector (contd..)

## Significance of Indian Maritime Sector



CMIL, COLOMBO



India has **12 major ports** and about 200 non-major ports

**~95%** of India's trade by volume and 70% by value takes place through maritime transport

Cargo traffic expected to grow from 1550 MMT in 2016 to **2,500 MMT** by 2025

# Objectives of Sagarmala Programme



**Reduction of logistics cost for EXIM and domestic trade with minimal infrastructure investment**



Reducing the cost of transporting domestic cargo through optimizing modal mix



Optimizing time/cost of EXIM container movement

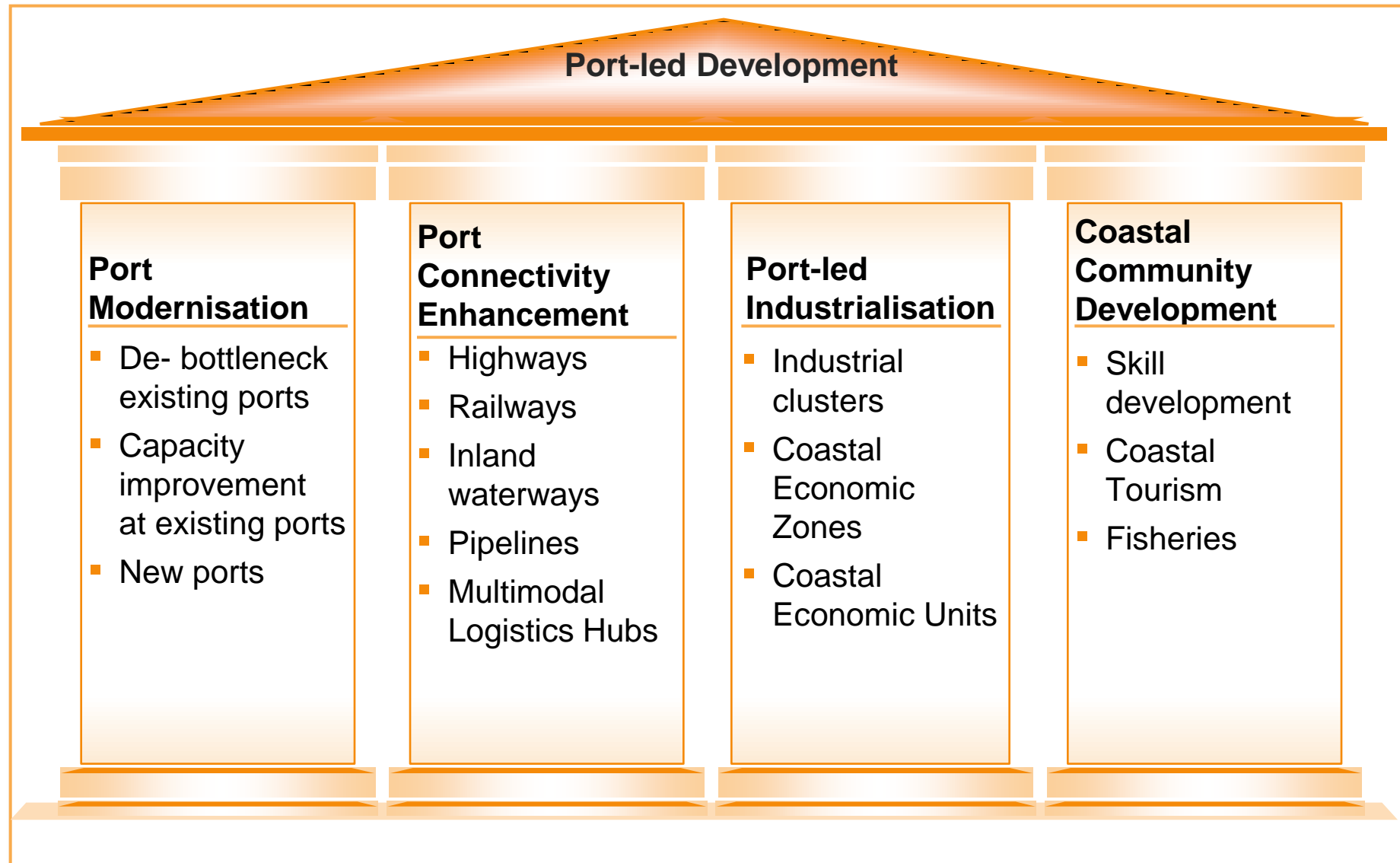
Lowering logistics cost of bulk commodities by locating future industrial capacities near the coast



Improving export competitiveness by developing port proximate discrete manufacturing clusters

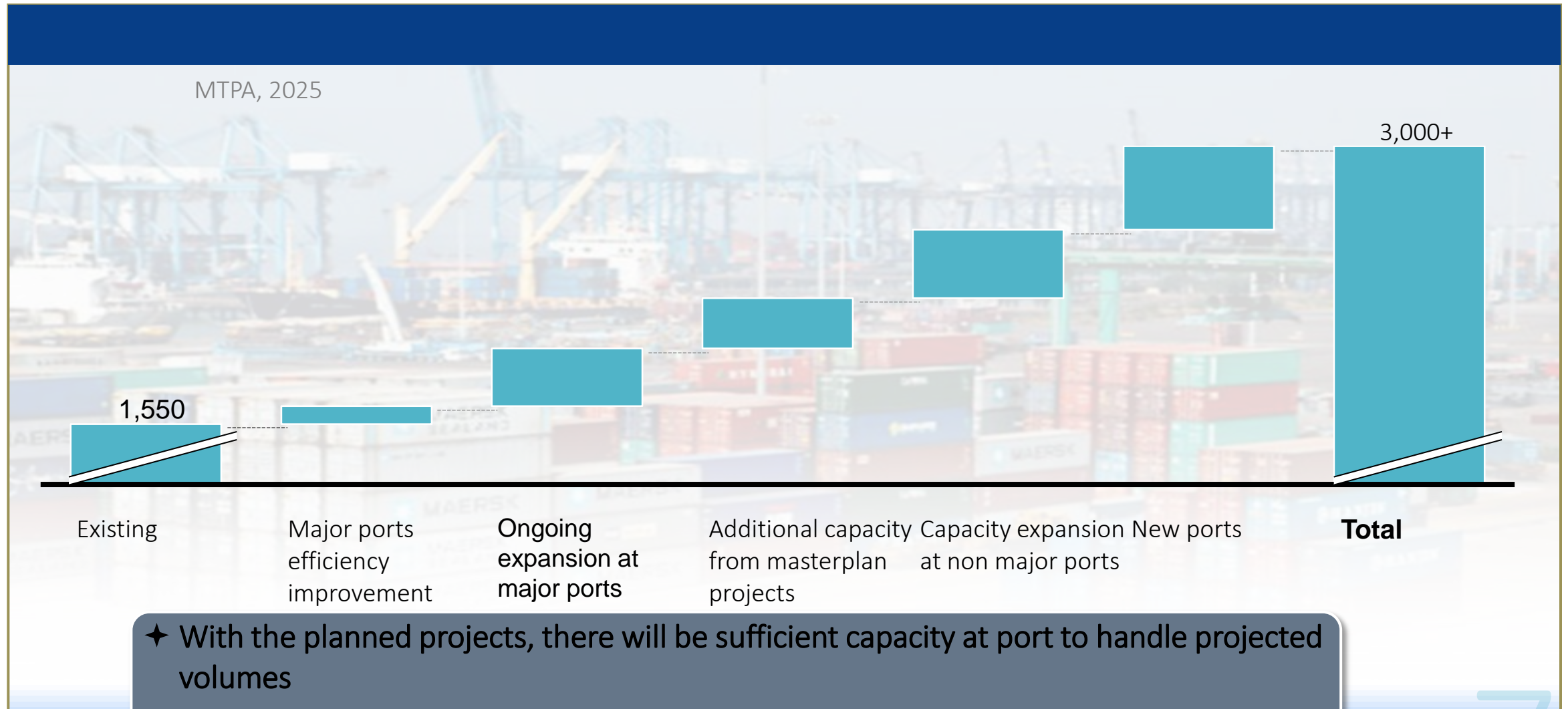


# Pillars of Sagarmala Project





# Handling Capacity Augmentation



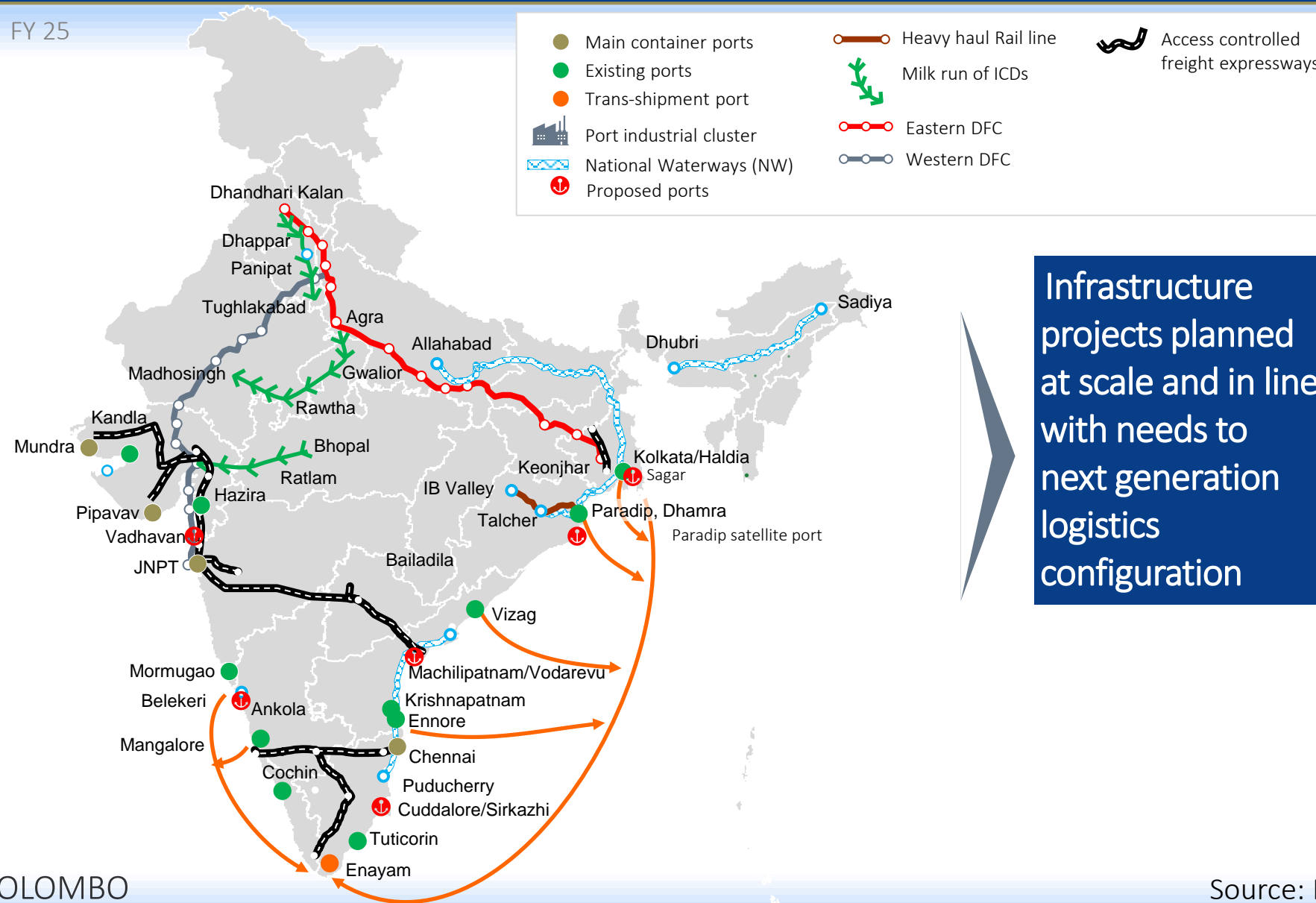
# Port Modernization & New Port Development

S.No.	Activity	Status
1	Major Port Operational Efficiency Improvement (Project Unnati)	<ul style="list-style-type: none"><li>• Benchmarking exercise conducted for the 12 major ports</li><li>• 116 port efficiency improvement initiatives identified</li><li>• Unlocking of &gt;100 MMTPA of existing major port capacity over next 3 years</li><li>• 69 initiatives have been implemented and remaining are under implementation<ul style="list-style-type: none"><li>– 80 MMTPA of port capacity has been unlocked so far</li></ul></li></ul>
2	Major Port Master Planning under Sagarmala	<ul style="list-style-type: none"><li>• Master plans finalized for all the 12 major ports</li><li>• 142 projects (total cost of Rs. 91,434 Crore) identified for implementation over next 20 years and will add ~880 MMTPA<ul style="list-style-type: none"><li>– 42 projects (total project cost of Rs. 23,263 Crore) are already under implementation.</li></ul></li></ul>

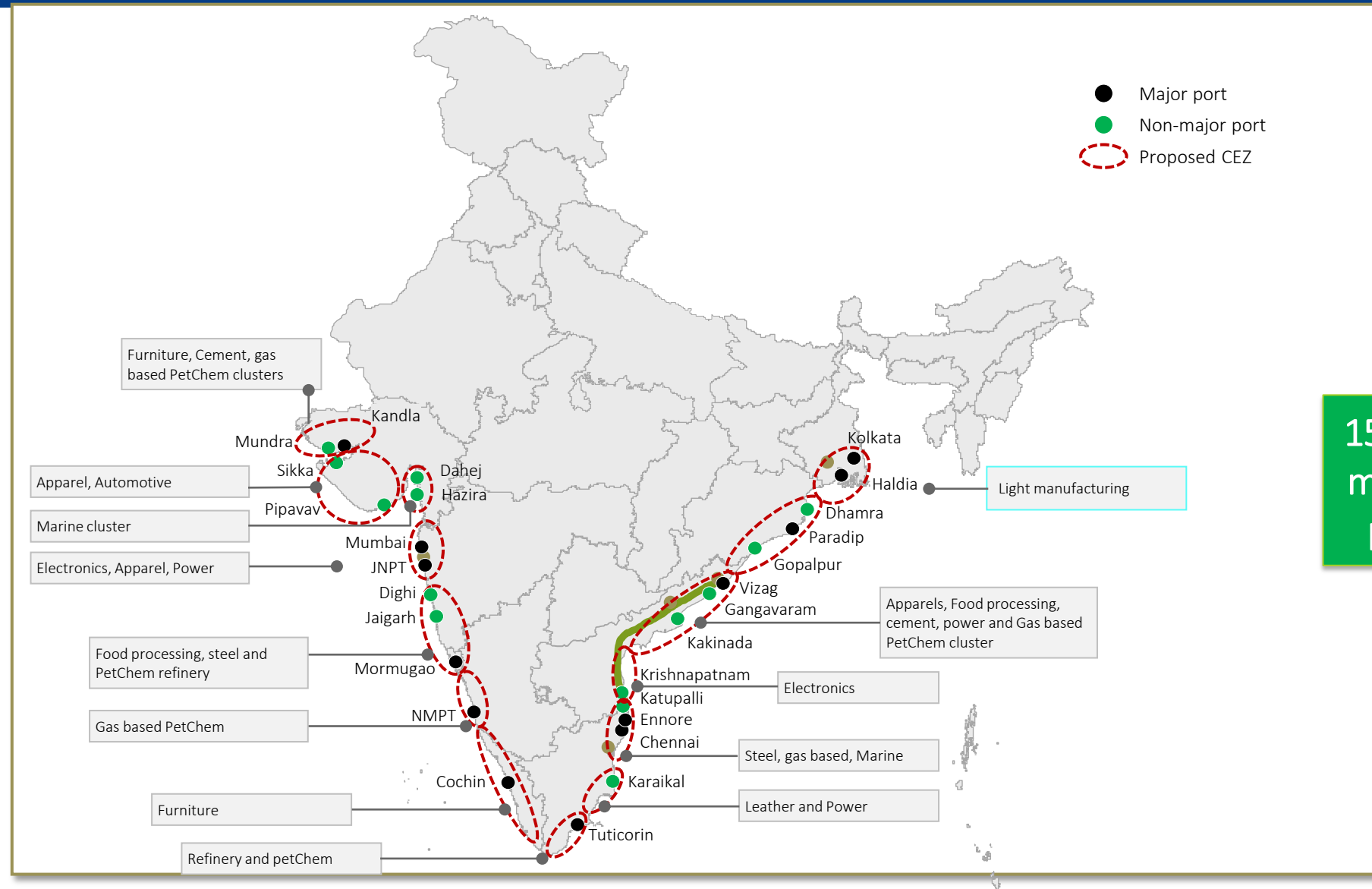


# Connectivity Infrastructure

FY 25



# Coastal Economic Zones & Port-linked Industrial Clusters



15 Bulk and 14 discrete manufacturing clusters proposed in 14 CEZs

# Sustainable development of coastal areas



## India's Economic Gateway

- 95% of India's EXIM trade by volume and 70% by value takes place through ports
- Non-uniform economic development, in terms of per capita income, poverty levels among Maritime States
- 29 coastal districts with lower GDP growth rates than National GDP growth rate, during 2001-13

CMIL, COLOMBO



## Diverse Coastal Communities

- 18% of India's population lives in the 72 coastal districts
- 3.9 million marine fisherfolk live in 3,288 fishing villages
- Burgeoning working age population
- Non-uniform Human Development Index among Maritime States



## Unique Natural Ecosystem

- Coastal regions endowed with a wide range of natural ecosystems and unique flora and fauna
- Conservation of coastal ecosystem and sustainable usage of its resources is important as they impact the livelihood & well-being of coastal communities

Source: Ministry of Shipping, GoI



# Policy initiatives

Progressive policy interventions are helping major ports keep improving their performance in terms of capacity addition and improvement of efficiency parameters.

1. *Ease of Doing Business- 23 spot jump to take 77<sup>th</sup> position*
2. *Amendment of Model Concession Agreement-to obviate the problems being faced in execution of PPP Projects, in order to enhance confidence of investors and make the investments attractive.*
3. *Revision of tariff guidelines-flexibility to port operators to align the tariff closer to market tariff subject to achievement of certain performance standards.*
4. *100% FDI in PPP Projects.*
5. *A new Major Ports Authorities Bill to replace existing Major Port Trusts Act 1963 to provide greater autonomy and modernization of the institution.*

# Ease of Doing Business

Towards facilitating 'Ease of Doing Business (EoDB)', Ministry of Shipping has identified various parameters to reduce dwell time and transaction costs.

1. Elimination of manual forms
2. Direct Port Delivery- Import General Manifest has been integrated with Terminal Operating Systems (TOS) of Major Ports & Customs Software i.e. ICEGATE
3. Installation of Container Scanners
4. E-delivery orders (27 out of 33 lines)
5. RFID based Gate-automation System, etc.

A centralized web-based **Port Community System** (PCS) has been operationalized across all Major Ports which enables seamless data flow between the various stakeholders viz. Customs, CFSs, Shipping Lines & ICDs, Lines/Agents, Surveyors, Stevedores, Banks, Container Freight Stations, Government regulatory agencies, Customs House agents, Importers, Exporters, CONCOR/Railways, etc. through common interface.

Use of e-invoice, e-payment and e-delivery order mandatory for all stakeholders across all Major Ports, all terminals within the Major Ports, private ports, private terminals and CFSs/ICDs

# Key Changes in 2008 MCA

- New exit clause for bidder.
- Revenue Share shall be payable on the quantity of cargo handled.
- Provision for additional land.
- Concessionaire is free to deploy higher capacity equipment/facilities for higher productivity.
- Constitute a Review Board to look into disputes between Port and PPP Operators and also to review the Concession Agreement.
- Providing for refinancing options.



# Salient features of MPA Bill, 2016

- A new legal framework to facilitate transition of the Ports to the global norm of Landlord Port Model with reduced number of Sections.
- Modified governance structure- Board with 9-10 members against 17-19 members
  - a) Reduce control of Government over Ports in day to day operations: No Government approval needed for operational decisions.
  - b) No Government approval needed for raising loans including Forex loans, provided the loans do not exceed 50% of the Capital Reserve.
  - c) Grievance redressal of Port users
  - d) Master Plan to be approved by Port Authority
- Setting up of Adjudicatory Board
- Residual functions of erstwhile TAMP
- Dispute resolution between PPP Operators & Ports
- To review stressed PPP projects & suggest remedial measures

# Cabotage Relaxation

For fertilizers, agricultural products, fisheries, horticultural and animal produce commodities, and containers.

Coastal movement of EXIM Transshipment Containers and Empty Containers is permitted by both Indian entities who charter foreign flagships and allow foreign flagged ships by shipping lines is permitted without the hassle of getting a license with conditionalities.

The relaxation for EXIM transshipment containers and empty containers will (i) promote shifting of transshipment of cargo from foreign ports to Indian ports leading to employment generation, (ii) increase in competition amongst shipping lines leading to reduced freight rates, competitiveness of Indian EXIM trade, (iii) promote coastal transportation of containers, (iv) upon establishment of ecosystem in India, Indian ports can explore potential cargo consolidation at Indian ports.



# Inland Water Transport

Jal Marg Vikas Project (JMVP) with technical and financial assistance of the World Bank. The objective of JMVP is to improve navigability of National Waterway-I (NW-1) for plying of vessels of up to 2000 Dead Weight Tonnage (DWT). It is scheduled to be completed by March, 2023.

**Fairway Development-** river information system, channel marking, river training and conservancy works

**Multi-modal Terminals at Varanasi, Sahibganj, Haldia**

**New Navigational Lock, Farakka**

**Successful attempts:**

- The first movement of container cargo on NWs for transportation of 16 containers of PepsiCo products from Kolkata to Varanasi (1280km) completed over a period of 12 days in November 2018. Return journey from Varanasi to Kolkata carried fertilizer of IFFCO Phulpur, Dabur products and PepsiCo products.
- Completion of the trial run of the longest haul of IWT cargo over a distance of 2085 kms from Kahalgaon (Bihar) on NW-1 to Dhubri (Assam) on NW-2 via the Indo-Bangladesh Protocol Route in October 2018. The cargo comprising of 1235 MT of fly ash was transported in tug with dumb barges.
- Transportation of 925 MT of imported coal from Haldia dock complex on NW-1 to Dhubri on NW-2 using Indo – Bangladesh protocol route covering a distance of 1205 km.





# Neighbouring Country Initiatives

## Bangladesh

To bring about significant reduction in logistics cost and faster delivery of Bangladesh export cargo, 'Third country' EXIM Trade under Coastal Shipping Agreement permitted.

Agreement/Standard Operating Procedure (SOP) signed;

- a) *To facilitate connectivity to North Eastern States through Kolkata and Haldia ports, movement of EXIM cargo and reduce logistic costs, an Agreement on the use of Chattogram and Mongla Port for movement of goods to and from India between the people's Republic of Bangladesh and the Republic of India.*
- b) *To open up connectivity for passengers and tourists from the two countries through Indo-Bangladesh Protocol route, a Standard Operating Procedure (SOP) of MoU on Passenger and Cruise Services on the Coastal and Protocol route between India and Bangladesh.*
- c) *To add Pangaon from Bangladesh and Dhubri in Assam as new Ports of Call, an Addendum to the Protocol on Inland Water Transit and Trade (PIWTT).*

## Nepal

The development and training requirements of Nepal IWT sector, reduction of logistic cost, transshipment options through Sahibganj (Jharkhand) & Kalughat (Patna) to Nepal from Kolkata are proposed.

# Neighbouring Country Initiatives



## Bhutan

In a first, Bhutan transported about 50 trucks worth of crushed stone aggregates to Bangladesh through a barge from Dhubri Port in Assam saving about 30% transportation cost and eight-ten days time. Bangladesh will send jute and rice to Bhutan in return journey in the same vessel.

Earlier, trucks of Bhutan used to ply to Bangladesh with this cargo. At the border, cargo from Bhutan's trucks were unloaded and reloaded into trucks of Bangladesh. This also involved a customs clearance time of and long queues of truck taking a time of up to 20 days.

India will provide ₹300 crore to Bangladesh for maintaining the depth of water on this route for five years.

The move will facilitate Bhutan and Bangladesh trade through Brahmaputra as a part of Indo-Bangladesh protocol route will also help India access the North-East States from Kolkata, Haldia through the inland waterways via Bangladesh.

Thank you!

Atul Kulkarni

Handphone: 9820261542

Email: [katul67@gmail.com](mailto:katul67@gmail.com)