Autonomy for Major Ports

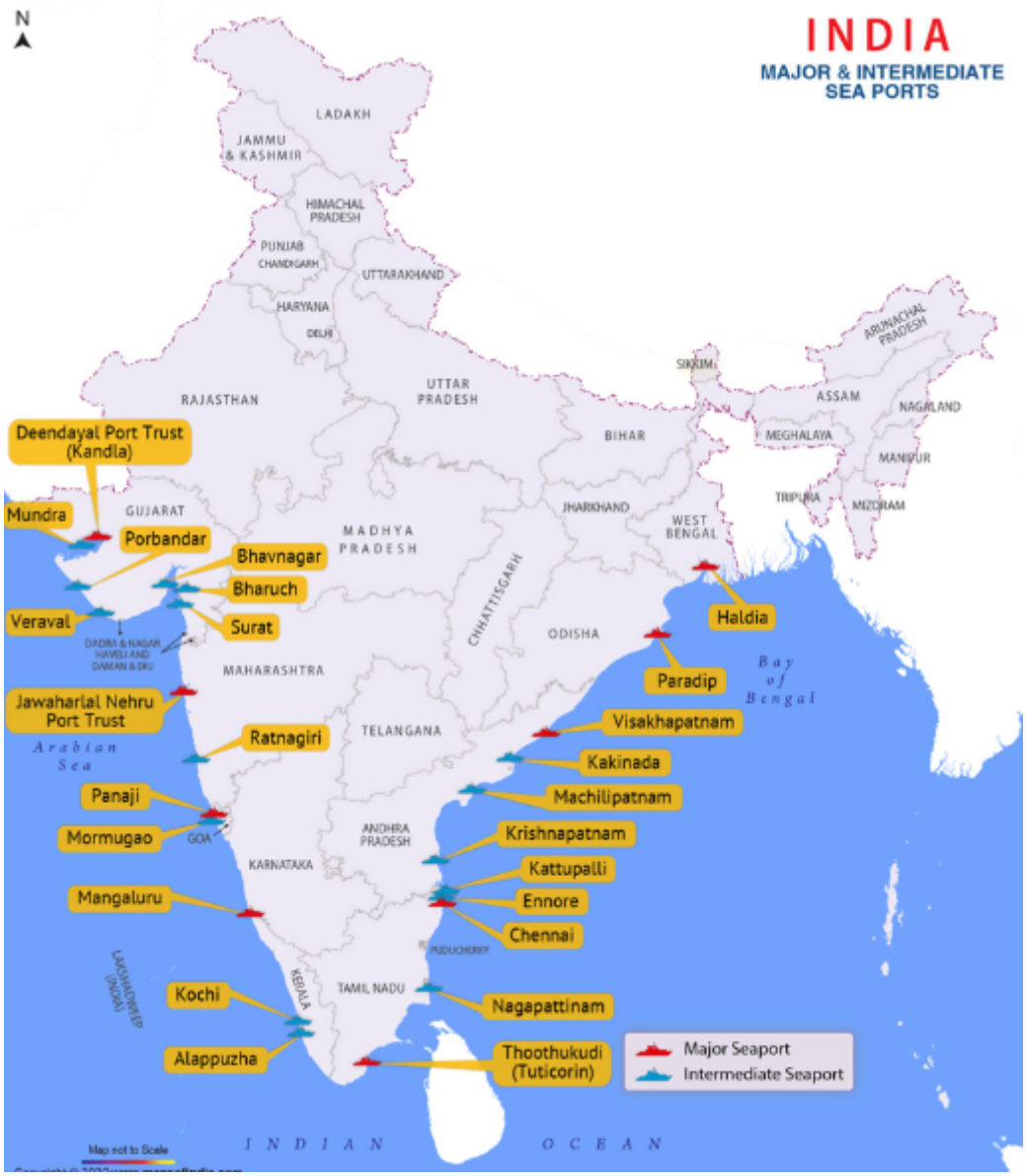
Why in news?

In a recent proposal Government looks to reduce red tape and reduce port infrastructure delays.

What are the ports reform proposal by Government of India?

- **Ports in India** – With a coastline of over 7,500 kilometers, India is home to 12 major ports and over 200 non-major ports.
- **Proposal** – The Ministry of Ports, Shipping and Waterways is considering expanding the autonomy of major ports in making decisions.
- **Expand financial powers** – India's 12 major ports to undertake capital expenditure (capex) at their discretion only on using their internal resources.
- **Categorize ports** – Government plans to categorize India's 12 major ports into four groups based on the ***size of operations*** and other factors.
    - It will determine the ceiling for capex that can be undertaken without the need for approval.
- **Elevating to enterprise model** – This is part of a broader initiative to bring major ports onto the same operating field as central public sector enterprises.

> *In 2023-24, major ports handled 721 million tonne (mt) of cargo, marking an 11.8 per cent growth year-on-year, while non-major ports handled 817 mt, growing by 4.4 per cent.*



Legislations governing ports in India

• **Port trust** - A port trust is a statutory authority in India that manages trade and shipping through a commercial seaport.
- The first Port Trust Board was established in 1870 for Calcutta Port.
• **The Major Port Trusts Act of 1963** – It established port authorities for some major ports in India for the administration, management, and control of those ports.
- The act brought the administration of Port Trust Boards under the national government.
• **The Major Port Authorities Act, 2021 –** The act aims to make major ports in India more competitive with private players, and to improve the governance of ports.
• **Significance** – The act gives major ports more autonomy, and vests their administration, control, and management with the Boards of Major Port Authorities.
- Ports can approve up to Rs 100 crore independently.
- Spending over Rs 500 crore needs clearance from inter-ministerial bodies such as the GatiShakti Network Planning Group, the Public Investment Board, and the Union Cabinet.

Other initiatives

• **Maritime India Vision 2030 (MIV 2030)** – A blueprint to accelerate and harmonize the growth of India's maritime sector over the next decade.
• **Sagar Mala project** – A program launched in 2017 to invest $123 billion in 415 projects related to port modernization and new port development.
• **Distriparks** – Areas where companies are established to perform trade and transport-related value-added services.

What are the significances of enhancing port autonomy?

- **Port development** – Major ports may self-fund capital projects without ministry approval.
- **Reduce bureaucratic hurdles –** It allows the ports to execute the critical projects in swift manner.
- **Boost competitiveness –** It increases the efficiency of cargo handling in major ports like Paradip, Vizag, and Kandla.
- **Economic growth** – Improved port infrastructure reduces logistics costs, enhancing trade volumes and bolstering India's position in global trade networks.
- **Boosting regional trade** – Improved port operations can position India as a hub for regional trade, enhancing connectivity with neighboring countries.
- **Reducing turnaround time** – Streamlining operations reduces cargo handling delays, improving efficiency and reliability in trade logistics.
- **Providing level playing field** – Autonomy enables state-owned ports to compete effectively with private ports, which often enjoy operational flexibility.

What lies ahead?

- Improve infrastructure and streamline operations to compete with leading global ports.
- Reduce logistics costs and boosting efficiency to attract higher trade volumes.
- Strengthening regional connectivity improve their capacity and efficiency.

Quick facts

Ports in India are categorized based on their administration, cargo handling capabilities, location, and functions.

• **On the basis of administration**
  - **Major ports** - Ports administered directly by central government.
  - **Non-major ports** - Ports that administered by state governments.

• **On the basis of Cargo handled**
  - **Industrial ports** - It handles large-scale industrial shipments specializes in bulk cargo like grain, ore, oil, and chemicals.
  - **Commercial ports -** Which handles a wide range of consumer goods and containerized cargo

• **On the basis of location**
  - **Inland ports -** Located away from the sea, but connected to it by a river, canal, or lake. Inland ports are often used for storing and dispatching cargo.
  - **Outports** – It is located in deep waters that serves the main port to handle large ships.

• **On the basis of specialized functions**
  - **Oil ports –** Also known as oil terminals that store, process, and ship oil products**.**
  - **Ports of call –** It is an intermediate stop for ships to transshipment of cargo or fuel refilling**.**
  - **Packet stations –** It is also known as ferry ports that is exclusive for transportation of passengers and mail.
  - **Entre port –** A collection center for goods from different countries that are then exported
  - **Naval ports –** Ports which have only strategic importance. These ports serve warships and have repair workshops for them.

Reference

Business Standard |Government Proposal to Increase Port Autonomy

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