Major Port Authorities Bill, 2016

Why in news?

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- The Standing Committee on Transport, Tourism and Culture has submitted its report on the Major Port Authorities Bill, 2016.
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- The Bill repeals the Major Port Trusts Act, 1963 and seeks to provide greater autonomy and flexibility to major ports.
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What are the major recommendations?

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- **Port governance structure** - The Bill provides for the creation of a Board of Major Port Authority for each major port.
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- Under the 1963 Act, all major ports are managed by the respective Board of Trustees.
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- It noted that the Bill provides the government more flexibility and power to allow private players in the port sector.
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- It recommended that the Ministry should address stakeholder concerns regarding the possible full **privatisation** of ports in future.
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- It advised the Ministry to ensure that the administrative, managerial and financial control of the port remains with the Board of Major Port Authority.
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- **Board Composition** - Other than the Chairperson and deputy Chairperson, the committee recommended having other members in the Board of Port Authority.
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- These include members from the respective state governments, the Defence Ministry, the Customs Department, few independent members who are

experts in port activities.
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- It emphasized the need for a better representation of employees of the port on the Board.
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- It thus recommended appointing a minimum of two labour representatives, one of whom should be a serving employee.
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- **Voting Powers** - The bill provides that all questions will be decided by a majority of votes of the members present and voting.
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- The Chairperson or the person presiding will have a second or casting vote in case of equal votes.
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- The Committee recommended deleting this provision because it would impact the functional and strategic independence of the Board.
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- **Land Contracts** - The 1963 Act prescribes certain maximum value and a maximum period of 30 years for contracts dealing with port land.
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- It deals with acquisition, sale or lease of immovable property.
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- Any contract extending that value needs prior approval of the government.
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- However, the recent Bill allows the Board to use its property, assets and funds as deemed fit for the development of the major port.
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- Also under this, the contracts on sale or lease of immovable property can be for a maximum term of 40 years exceeding which would require a prior approval of the government.
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- The Committee noted that this provision does not provide clarity on the extent of land ownership of the Port Authorities.
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- It thus recommended retaining the provisions of the earlier Act itself.
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- **Raising loans** - The Bill provides for the ports to raise loans even from institutions outside India that is compliant with all the laws.
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- However, the Committee has noted that raising loans from private or foreign financial entities may give such entities control over the port management.
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- It recommended that the provision should be amended to ensure that the administrative control of the Port Authority always remains with the

government.
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- It also recommended that any loans obtained from entities other than the government must be approved by the central government and RBI, and be notified.
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- **Others** - The committee recommended that while handing over port related activities to private operators, national security and safety should not be compromised.
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- This is particularly in reference with ports handling defence cargo.
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- It recommended that no new ports must be established in the 100 km vicinity of an existing major port, without the authority's permission.
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- This is because new ports that come up in the vicinity of major ports affect their business and profitability.
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Source: PRS India

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