

Major Port Authority Bill, 2020

Why in News?

The Union Cabinet has cleared the Major Port Authority Bill, 2020 and it is expected to breathe new life into government-owned major ports.

What is the government trying to do?

- The Union government's Sagarmala project (2015) was aimed at modernising major port infrastructure.
- Having invested in port infrastructure, the Cabinet has taken the next critical step to enable ports to control that new infrastructure - **operating policy reform**.
- So, it approved the Major Ports Authority Bill, 2020 to comprehensively overhaul the governance structure of major ports.
- This Bill seeks to replace a 1963 Act and it will be sunset time for the **Tariff Authority for Major Ports (TAMP)**.

Why such regulation is needed?

- Indian state-owned ports or major ports (12 in number) account for around 55% of maritime cargo traffic in the country.
- But, they still have to adhere to a tariff and policy regime that has its roots in the 1960s.
- The TAMP is the central authority that sets tariffs for the ports.
- It also holds the master key for many other operational and commercial matters. This is just a lot for it to deal.
- As a consequence, a substantial chunk of trade has shifted to the "non-major" or "private" ports.

What are the benefits of shifting to private ports?

- These ports operate under a much more **liberal regime** and are under the control of state governments.
- They are **operationally more efficient** and are crucially developed better linkages to the hinterland to enable smooth traffic flows.
- Currently, the private sector is involved in major ports in areas like cargo handling.

- Much more is needed by way of investment in areas such as dredging and adding new terminals.
- [Dredging - Done to increase the depth of the port to accommodate larger ships.]

What is the 2016 version?

- The latest Bill approved by the Cabinet is expected to be along the lines similar to the 2016 version of the Bill.
- The 2016 Bill granted major ports greater autonomy, including the ability to set tariffs on their own.
- It also enabled the board of an individual **port to raise funds** from banks and financial institutions without taking the permission of the central government.
- It provided for the setting up of a **centralised adjudication board** to resolve disputes in PPP projects between the port and private sector concessionaires.

What is the importance of the Bill?

- These measures could lead to major ports becoming more attractive to the private sector, both in terms of investment and as service providers.
- These reforms are critical if the investments made in the last few years are to pay off.
- The recent measures like the Sagarmala project, developing port-based SEZs, etc., gave a boost to the shipping sector.
- With the approval of the Port Authority Bill by the Parliament, a critical missing link will finally be in place.

Source: Business Standard