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# Public Private Partnership in Ports

**By**  
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**Government of India**

**Conference of Chief Secretaries on PPP in Infrastructure**

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# Port Sector in India

## ■ Major Ports –

**(under Government of India)**

- 12 Major Ports

- 259 berths

- account for about 75% of total traffic

**Cargo handled – 423 MT (2005-06)**

## ■ Non-Major Ports

**(under State Governments)**

- 187 non major ports (61 cargo handling);

- 97 berths

- account for about 25% of total traffic

**■ Total Cargo handled-568 MT (2005-06)**



# Capacity Required

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- Present Capacity - 600 Million Tonnes (approx.)
- Total Capacity required by 2011-12 would be -  
**1100 MT**

**Assuming 7.7% CAGR**

- Total Capacity required by 2016-17 would be -  
**2000 MT**

**Assuming 8% CAGR upto 11<sup>th</sup> plan and 12% for 12<sup>th</sup> plan**



# Why PPP ?

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- Induct Additional Resources
- Bring in private sector efficiency
- Client-Port Symbiosis for Port development and diversification
- Strong Global networking
- New business opportunities



# PPP Framework

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- Private sector participation and Joint Ventures permitted under Major Port Trusts Act 1963
- Comprehensive guidelines 1996
- Joint Venture Guidelines 1998
- Model Bidding Documents 2000



# Scope

## AREAS FOR PRIVATE SECTOR PARTICIPATION

- Construction and Operation of :
  - Container Terminals
  - Bulk, Break-Bulk, Multipurpose and specialised cargo berths
  - Warehousing, Container Freight Stations, Storage Facilities and Tank Farms, Dry Docking Facilities
  - Ship Repair Facilities
- Leasing of equipment for port handling and floating crafts from private sector
- Auxiliary Port Services (like Pilotage, Tugging and Mooring)
- Captive facilities for port based industries



# Principles

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- 100% FDI
- Open Competitive bidding
- Lease Period of BOT upto 30 years
- No Government guarantees on ROI
- Discourage private monopoly
- Independent Tariff Regulatory Authority
- Protection of labour interest



# Procedure

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- For Terminals and Berths
  - Request for Qualification (RFQ)
  - Request for Proposal (RFP)
  - Draft Concession Agreement finalised in pre-bid meeting
  - Approval of PPPAC
- Selection Criterion - Highest Revenue Share to Port



# Present Status of Private Investment

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## Already Operational

- 14 projects with investment of Rs.3,516 crores
  - Container terminals
  - Liquid cargo berths
  - General cargo berths
  - Container Freight Station(CFS)

## Under Implementation

- 4 projects with investment of Rs. 2,898 crores
  - Container terminals
  - Single Point Mooring (SPM)



# Berth Construction Plan

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## 2006-07

- 15 Berths to be awarded during 2006-07
- Total Capacity Addition – 94 MT
- Total Investment – Rs.6497 crores

## 2007-08

- 13 Berths to be awarded during 2007-08
- Total Capacity Addition - 107.65 MT
- Total Investment - Rs. 7664 crores



# Berth Construction Plan – 2006-07

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- Construction of two off-shore container berths - Mumbai
- LNG Re-Gassification Terminal - Cochin
- International Bunkering Terminal - Cochin
- Construction of 4 cargo berths - Kandla
- Creation of Berthing & Allied facilities off Tekra - Kandla
- Construction of cruise-cum-container berth - Mormugao
- Construction of Deep Draft berth for handling iron-ore and coal - Paradip
- Construction of Bulk Coal Terminal - New Mangalore
- Development of existing 8<sup>th</sup> berth as Container Terminal - Tuticorin
- Marine Liquid Terminal - Ennore
- Coal Terminal - Ennore
- Iron-Ore-Terminal - Ennore
- Second Container Terminal - Chennai
- Construction of WQ-8 Berth - Vizag
- Construction of EQ-10 Jetty at Inner Harbour - Vizag



# Berth Construction Plan – 2007-08

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- Construction of 2<sup>nd</sup> berth for handling chemicals / specialised grade of POL – Mumbai
- Extension of container berth by 330 m - JNPT
- International Container Transshipment Terminal – Cochin
- International Cruise Terminal – Cochin
- Development of one berth in East Docks – Vizag
- Construction of berths at Vasco Bay - Mormugao
- Construction of berth for clean cargo - Paradip
- POL Berth in Oil Dock Arm - New Mangalore
- Construction of six berths - Tuticorin
- Construction of three Shallow Draught Berths – Tuticorin
- Construction of Coal Berth - Tuticorin
- LNG Terminal - Ennore
- Container Terminal - Ennore



# Dredging Plan

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## 2006-07

- 7 Capital Dredging Projects to be awarded during 2006-07
- Paradip, JNPT, Mumbai, Tuticorin, Ennore & Vizag
- Total Investment - Rs. 2040 crores

## 2007-08

- 6 Capital Dredging Projects to be awarded during 2006-07
- Kolkata, Mumbai, Chennai, Cochin, Vizag & Mormugao
- Total Investment - Rs. 1105 crores

Target draft - 14 meters (in phases)



# Port Connectivity Projects -under implementation

## ■ Road

- 9 connectivity projects (completion in 1 to 3 years)
- 286.12 kms
- Total cost of Rs.1661 crores

## ■ Rail

- 8 connectivity projects (completion within 2 years)
- 961.56 kms
- Total cost of Rs.1780.68 crores

- Dedicated High Axle Load Freight Corridor on Western and Eastern routes at an estimated cost of Rs.22,000 crore



# ISSUES

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- Faster decision making
- Criterion for selection- Revenue share/MGT
- Mergers and Acquisitions
- Tariff Regulation
- Post selection alteration in scope of business
- Captive facilities
- Dispute Resolution Mechanism



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Thank You