Govt ports outpace private peers

Coastal cargo, commodity anomalies tip scales for major ports

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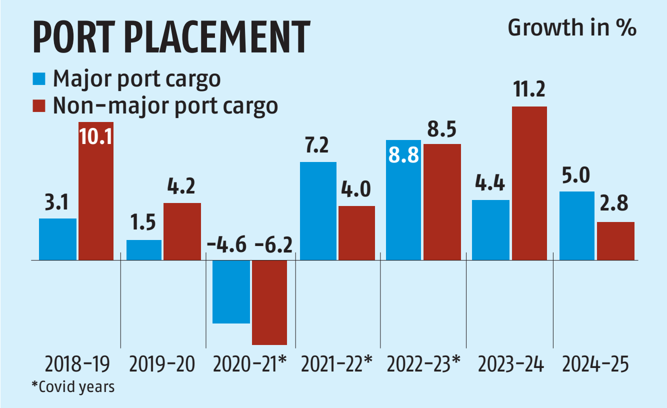
In a reversal of usual trends, central government-owned ports, also called major ports, have outpaced their private and state-government counterparts in cargo traffic growth to date this financial year, the data from the ministry of ports, shipping, and waterways shows.

During 2024-25, cargo handled at major ports increased by almost 5 per cent to 348.06 million tonnes (MT), driven by a 4.9 per cent increase in overseas cargo and 5.2 per cent increase in coastal cargo. This is a major uptick for the major ports after Covid.

On the other hand, private and state-government ports, also called non-major ports, saw a 2.8 per cent increase in their cargo over the same period. While growth in overseas cargo, at 4.29 per cent, has been competitive against major ports, a major decline in coastal cargo has left non-major ports lagging. "Major ports have been aggressively trying to capture cargo, with tariffs much lower than some of the prominent ports in their vicinity. Coastal cargo too is improving for major ports this year after no improvement this time last year," a senior government official said. This time last year, major ports had seen almost no growth in coastal cargo, while private and state-government ports had seen their traffic increase by 21 per cent over 2021-22, with key industries switching to private ports for their coastal shipping needs.



The shift in coastal cargo movement is tilting faster in favour of major ports this financial year.

Coastal cargo traffic for major ports in August increased 10 per cent to 15.7 MT, while that for non-major ports fell to 1.3 MT.

Crude oil, fertilisers dampen the growth of private ports

According to experts, the import of crude oil, which is among the most shipped commodities at Indian ports, through private and state-government ports has moderated as several refineries like Bharat Petroleum Corporation, Indian Oil and Nayara Energy took a planned shutdown in FY25 year-to-date, which impacted exports in petroleum products.

However, container volumes remain the bright spot, growing sharply 23.5 per cent year-on-year at non-major ports.

Varun Gogia, assistant vice-president and sector head (corporate ratings), ICRA, said the current trajectory was an anomaly.

"Growth in major ports is supported primarily by exports of petroleum products and healthy container volumes while the declines in the other segment remain largely in line with non-major ports. We do not expect this to play out on a sustainable basis as normalisation of volumes, particularly of crude oil and petroleum products handled at non-major ports, should recover in subsequent months."

Draft on deregulating PPP port tariffs released

Amid long-standing calls by private port players to bring parity between recent winners of public-private-partnership (PPP) projects at major ports and players with older contracts, the Centre has brought out draft guidelines for tariff migration, which will allow concessionaires to switch tariff regimes to a market-based one.

"In the past, tariffs were regulated due to limited competitive landscape but the evolving market and competitive landscape necessitates deregulation. The original objective of introducing the tariff regulations in 2005 inter alia included safeguarding interest of users, while ensuring fair returns to the port and encouraging competition & efficiency. The long term objective outlined in the Tariff Guideline 2005 was competitive pricing. The market and the competitive landscape in the Indian Port sector has since witnessed a significant shift," the shipping ministry said in the draft guidelines.

Currently, tariffs for private operators at central government ports are regulated under three separate regimes, Tariff Guideline 2005 superseded by Tariff Guideline 2019, Tariff Guideline 2008 and that of 2013.

The draft guidelines will allow PPP players to fix their own scale of rates (SOR), and will have to sign a supplementary agreement

Previously, the major port authorities were also the service providers to end users as well as concessioning authority. Thus, the tariff regulations played an important role in safeguarding the interest of both Port users and PPP operators.

According to the Centre, with the transition to land-lord port model and increased private sector participation, the utility of tariff regulations in this context has diminished. **DHRUVAKSH SAHA**