Govt looks to cut red tape and unmoor port infra delays

New plan aims to expand financial powers, and level the playing field with private operators

DHRUVAKSH SAHA
New Delhi, 21 November

Building on its case to transform India's state-owned ports into self-reliant commercial entities, the Ministry of Ports, Shipping and Waterways is considering expanding the autonomy of major ports in making decisions regarding capital expenditure (capex), according to officials familiar with the developments.

"There is a proposal under consideration that would allow all 12 major ports to undertake capex at their discretion, but only using their internal resources. This would increase the level of corporatisation of these ports and reduce dependence on bureaucracy," said a senior government official.

The government plans to categorise India's 12 major ports into four groups based on the size of operations and other factors, which will determine the ceiling for capex that can be undertaken without the need for approval.

This is part of a broader initiative to bring major ports onto the same operating field as central public sector enterprises.

PORT SHOW

- Major ports may self-fund capital projects without ministry approval
- Ports grouped by size to set spending limits
- Spending over ₹500 crore needs inter-ministerial clearance
- Ports can approve up to ₹100 crore independently
- Boost competitiveness of major ports like Paradip, Vizag, and Kandla
- Private ports outpace major ports in growth

Under current deliberations, expenditure beyond ₹500 crore will still require approval, but it will be submitted to inter-ministerial bodies such as the GatiShakti Network Planning Group, the Public Investment Board, and the Union Cabinet, rather than the Ministry of Shipping.

"Following the legislative reforms in 2021, a considerable amount of financial decision-making power was delegated to major ports without central government approval. There is now a move to further expand the scope of these powers so that major ports, especially larger ones like Paradip, Vizag, and Kandla, can compete with mega private ports," said another official.

Currently, expenditures up to ₹100 crore can be permitted without central government approval. Beyond that, all major spending requires government sanction.

Experts and central government officials have long believed that major ports must operate as functional commercial entities to expand their businesses and compete with private ports.

In a 2015 circular, the government also delegated several expenditure and decision-making powers to the chairmen and senior executives of major ports, citing the need for faster decision-making.

"Reducing red tape will be a good move. We have been seeking greater powers so that crucial capex doesn't get stuck in bureaucratic approvals," said the deputy chairman of a major port.

Queries sent to the shipping ministry went unanswered until the time of going to press.

In the past decade, India's government-owned ports have gradually lost market share to private ports, which are now nearly on a par with major ports.

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. Over the past decade, non-major ports have recorded a higher growth rate than major ports.