

States, industry snub govt ports for private ones in coastal shipping

Between April and August, coastal cargo handled at state-owned ports increased by 1.3% Y-o-Y, while it rose 21% at private ports

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Since the government's announcement in the Union Budget to promote coastal shipping, cargo transportation along India's coastline has increased. However, data from the Ministry of Ports, Shipping and Waterways reveals that the pace of growth is significantly higher for private ports than for state-owned ports.

Experts attribute this disparity to a combination of factors, including weak demand at major ports, a shift in supply chains towards private ports, and increased production and capacity at companies with captive ports. Consequently, there is a widening gap between coastal cargo volumes at major and non-major ports.

Between April and August, coastal cargo handled at state-owned ports grew by a mere 1.3 per cent, with some of the largest coastal hubs reporting a year-on-year decline in coastal traffic.

In contrast, coastal cargo at private or state-government-owned ports surged by nearly 21 per cent during the same period. Major ports saw an increase of less than 1 million tonne (mt) in the last five months, while private ports managed to handle an additional 10 mt during the same period.

Despite the divergent growth patterns, major ports maintain a significant lead in terms of total cargo volumes. In 2023-24 (FY24), major ports have handled 75 mt of coastal cargo, compared to 55 mt at non-major ports.

According to Jagannarayan Padmanabhan, senior director and global head of consulting for transport, logistics, and mobility at CRISIL Market Intelligence & Analytics, the Visakhapatnam (Vizag) Port, owned by the Union government, has experienced a decline in cargo traffic. This is attributed to Tamil Nadu's electricity board shifting its thermal coal handling operations to Adani Ports and Special Economic Zone's Gangavaram Port.

Vizag Port's coastal cargo for this financial year has decreased by over 15 per cent, translating into a loss of well over a million tonnes. In contrast, coastal cargo handled by the Andhra Pradesh Maritime Board, which includes Gangavaram among others, has surged by a remarkable 55 per cent in FY24, totalling approximately 5 mt.



Coastal shipping: Major ports

Major ports	Coastal cargo FY24	Share in total coastal cargo	YoY chg (%)
Kolkata	1,907	2.5	-22.6
Paradip	23,520	31.2	-2.7
Visakhapatnam	7,277	9.7	-15.2
Kamarajar	6,962	9.2	-3.8
Chennai	1,992	2.6	-22.7
VO Chidambaranar	5,023	6.7	5.4
Cochin	5,060	6.7	14.2
New Mangalore	4,509	6.0	29.6
Mormugao	1,284	1.7	127.1
Mumbai	9,456	12.6	2.4
Jawaharlal Nehru Port	1,852	2.5	5.2
Deendayal	6,446	8.6	27.2
TOTAL	75,286		1.3

Non-major ports (By states)

State	Coastal cargo FY24	Share in total coastal cargo	YoY chg (%)
Gujarat	18,922	34.1	0.6
Maharashtra	20,302	36.6	29.4
Tamil Nadu	121	0.2	-57.7
Goa	6	0.2	233.9
Kerala	25	0.2	-8.3
Andhra Pradesh	13,466	1.3	55.2
Andaman & Nicobar	697	0.2	5.8
Karnataka	93	0.2	18.4
Odisha	1,782	3.2	4.9
TOTAL	55,414		20.7

All cargo units in '000 tonnes; Share in total coastal cargo for Goa & Kerala is zero
Note: Data is till Aug 31 of the financial year Source: Ministry of Ports, Shipping and Waterways

Similarly, the capacity expansion at JSW Steel Dolvi Works has led to increased traffic in coking coal, thermal coal, and iron ore at Dharamtar Port in Maharashtra, which serves as JSW's captive port. The coastal traffic managed by the Maharashtra Maritime Board has grown by 29 per cent in FY24.

Surprisingly, major ports have experienced muted growth despite the government's efforts to promote the rail-sea-rail (RSR) route

for the transport of thermal coal from mines to thermal power plants.

Coastal cargo at Paradip Port in Odisha, a crucial component of the Centre's thermal coal RSR strategy and accounting for 31 per cent of all coastal volumes, has declined by almost 3 per cent this financial year. Similarly, volumes at Kamarajar Port have dropped by 4 per cent.

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