

Smart Ports for Sagarmala

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India has 180 ports (small and big), of which, 12 are termed as Major Ports and are Government owned ports under the Major

Ports Trust Act, 1963. These Ports operate as Trusts, except the Port of Ennore, which is a Company under the Companies Act. This model of operating a port as a trust is widely believed to be anachronistic and cannot be sustained. And such a model is also the cause for most of the ailments in the Major Ports. The other format of Ports (those that have not been set up under the Major Ports Trust Act) are non-Major Ports (e.g. Mundra, Gangavaram, Krishnapatnam) and some others are purely state Government Ports (e.g. Kakinada, Veraval). Most others, are small ports, more in the nature of fishing harbors and specific product handling. These have been set up under the Indian Ports Act, 1928.

These ports and some others (under planning and implementation), will form the beads of the Sagarmala Project. An ambitious project with the preamble of “port-led-development”.

The main thrust of this article is to stress that port-led-development as

envisaged under Sagarmala (Garland Along the Ocean) Project is only possible if we convert our ports to “Smart Ports”. And this applies most importantly to major ports (government owned) as they are the ‘big beads’ of this ‘mala’.

I believe the word “smart” is a function of time. A “dumb” port of today, was probably a “smart” port during the times it was set up. Such a definition also provides a clue on how to define a “smart” port. The only advantage in defining a “smart” port today is that a longer futuristic vision is possible. This will enable a more durable definition of “smart” port, than was possible ten years back.

The above set up is important to understand the hiatus between the existing and the desired outcomes. At the outset what we need to understand is that the major ports (all of them Government owned) are still driven by legacy issues. They have not kept pace either with the requirements of emerging technology, on-shore or off-shore or with the requirements of international trade, and most importantly the emerging trends in containerisation, size of ships and flexible rules needed in a modern global world.

The author is Chairman, National Shipping Board. He has held various posts in the government like Secretary, Ministry of Shipping, Chairman of Inland Waterways Authority of India, Secretary, Ministry of Mines and Special Secretary/Additional Secretary in Ministry of Home Affairs. He was also the Chairman and Managing Director of Indian Airlines till it was merged with Air India. After that he was Joint Chairman of Air India. He worked in the International Monetary Fund, Washington DC from 1994 to 1998. He has written many discussion papers at London School of Economics as a student of Prof. Amartya Sen, Noble Laureate and renowned journalist in economics.

Sagarmala

Sagarmala is a project that the Government of India has formulated for setting up a vibrant port sector in India. The main plank of the Sagarmala scheme is that it has to be an engine of growth for the Indian economy through a process of "port led development".

According to this project, the entire country has been divided into nine maritime zones, coinciding with the nine maritime states in India. Each maritime zone would plan in details the projects that are considered to integrate with the various activities such as industries, urban development, tourism, environment etc. Such a coordination would need to dovetail all the schemes into a port led development model. In other words, these schemes would use the ports in the state as an anchor and build development models around the ports. It is expected to lead and fulfil the objective of "port led" development.

In the scheme, there is a National Authority which oversees the inter-ministry, inter-state and centre-state coordination. And then, there are state level bodies which coordinate the activities within the various departments of the state.

The Ministry of Shipping has already created a company which will do all the implementation through various kinds of projects under the EPC mode or the Private Public Participation mechanism.

It is also true that these legacies need to be demolished as they have lost their relevance now.

The globalised world today needs a dynamic, flexible, nimble and highly efficient port. Unlike the days of the Greeks, Romans, Cholas, Mauryas, Sui and Ming Dynasties, there are no naval armadas to capture the territory and promote international trade. All current trade is governed by maritime conventions of the International Maritime Organisation, mutually respected and agreed treaties etc. All that matters today is competitiveness.

Economists have been saying from the turn of the century that the 'wave of globalisation' will allow only the most flexible and efficient countries (such as Korea and Singapore) to make the most of it. Those which go into over-drive (Japan and Greece) will be likely to suffer deflationary economies, and the staid and stodgy economies will be facing, 'limits to growth'. We fell in the last category.

Under a firm and progressive Government today, we need to re-invent ports, and completely overhaul and rewrite the maritime sector. Reform of the port sector is a necessary condition, but not sufficient. Here, we confine ourselves to the concept of "port-led-development".

The first and foremost is to be clear that it is imperative to convert our ports

into war horses of competitiveness. My concept of a "smart port" is driven by this philosophy, along with the capacity of a port to pull the regional hinterland along, the underlying basis of the 'Sagarmala' project.

While individual ports will have their idiosyncrasies, I suggest the following framework for a 'smart' port.

The foremost condition is to change the governance structure. The ports should be on a "landlord port model". They should be registered under the Companies Act. The port administration should only look after the provision of infrastructure and safety. They should not be part of the day to day running of the port.

The excess current human resource should be retrained and redeployed. The pensionary liability of the ports, which runs into almost one thousand crores per year, should either be extinguished in one shot, or transferred to New Pension Scheme. The resources for such a step can be raised by unlocking the value of land. Mumbai, Kolkata and Kandla Ports have large tracts of extremely valuable land not being put to any direct use in these Ports.

Broadly, since we are on a correcting course for the major ports, there should be a conscious effort to see that any disadvantage in a special situation

is compensated by special efforts. Continuance of Kolkata port, which is the only riverine port in India, can only be supported if dredging subsidy is extended. Mumbai and Chennai Ports may have to specialise only in specific types of cargo, else, their historical disadvantage of a city growing around them will have to be compensated by super corridors for evacuation.

The aggressive home market must force the ports to innovate and be efficient. Luckily, the competition from the non-major ports is goading the government ports towards efficiency. There is a crying need to bring accountability in the running of ports. My experience is that while the ultimate responsibility lies with the Chief Executive, he is not sufficiently empowered to hold heads of divisions responsible.

The next level of issues are a result of the lack of flexibility and delegation of authority. The final level of inflexibility is the result of Section 13 (d) of the Prevention of Corruption Act, under which any decision can be challenged if a fine comb is run through it, leading to a fear and freeze. If you rush to a decision, it can be challenged, and if you slow down a decision it could be classified as malafied. The competing private sector ports are relatively differently governed. A perfect solution to this issue is impossible, but there are solutions which will optimise decision making. They are known to the body of fine decision makers.

To be competitive, the major ports need the related partners to provide efficient solutions. Government departments such as the railways, customs, health, and environment should be equally responsible for the implementation.

The others are companies/industries providing services and inputs. Ports have cargo freight stations, logistic providers, agents, transporters and freight forwarders who provide services. They are, internationally, highly regulated to prevent exploitation of the exporters and importers. In India, there is a dire need to introduce transparency and ex-ante declaration of rates for

services. There is still no regulation to control the 'trade practices'. Any "smart port" cannot afford to have an opaque mechanism such as this. The process of rewriting the dynamics of Indian ports under the Sagarmala Project must not procrastinate on this long pending issue.

The role of private sector is also a very important component of smart ports. Introduction of private initiatives,

through build, own and transfer type projects in Major Ports (Government Ports) has been very successful. Port based industries is the crying need. Several ports at Nhava Sheva Mumbai, Adani Port at Mundra and Kandla Port have set up SEZ's to back their industrial demand mechanism and for internationalisation. The Government policy on captive berths has been very helpful. A number of captive berths dealing with specialised items mostly

PET coke oils, chemicals, iron ore have come up on a revenue sharing basis with the concerned ports.

These are structures of a framework of a 'smart port, which will have to be diligently created, accomodating the special needs of the individual ports, to effectively deliver the final product, a model of port-led development, Sagarmala. □

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First of all a heartiest congratulation to you and all your team for such a great work of information and knowledge dissemination that too at such a fordable cost that anyone could avail it. I had been regular reader of Yojana and Kurukehetra for last 10 years. I have always found both these magazines very informative and full of quality work. As a national magazine (or anything which is of national character) it must be the duty of the magazine to inspire the nation ,specially the youth, for national duty and social services. I would like to suggest to include in every issue any story which inspires the youth to work for the society. This will help us making a better society. Inspiration could be like for social unity (Hindu - Muslim unity), women upliftment, stories which are inculcating patriotism (like energy saving, water saving) and anything which will nudge the people to get inspired and start something similar. However, most of the time we are having "Success Stories" coloumn in the magazine but there should be one coloumn like "Inspiration" or "Unsung Heros" or " National Duty" or anything like that which you think prudent.

Sandeep Mishras

Yojana's content is always appreciable but this month's issue on Skill India has catched our attention too much..there is a request from my side...as yojana magazine always contain various govt. schemes and initiatives and also various articles by highly educated personality, it would be highly beneficial for rural people if this magazine will be available to them in their regional languages, means in Hindi, Kannada, Telugu, Bengali etc. and this magazine should be distributed to them either free of costs or at cheapest price. By this magazine many rural and poor people will get many information about various schemes and initiatives of govt.

Saurabh Kumar

I am a regular reader of yojana magazine and it give us a wide based knowledge on each and every sector of life like public health sector, skill development sector etc.. It is a humble request to you please publish a issue on environment and ecology and create some awareness on save the environment to your readers through the above said issue.

Reader

I am a regular reader of yojana monthly journal since june 2013.I find this journal very informative, making us aware about all latest polices of govt. I appreciate Yojana division and all authors who write for this valuable journal.

Rizwan Ul Zaman, J&K

I am grateful to you for the quality of work which you put for yojana, but I have one small suggestion. Sometimes, the topics are repetitive and too narrow. So my kind suggestion is if possible, you can put up diverse topics like environmental changes and India's approach to it, border and security issues in India, maoist and insurgency problems and topics on India's cultures.

Shyamali Jash

Response from Yojana Team

We thank our readers for taking time out to appreciate our work and offer constructive suggestions.

Yojana is being published in 13 regional languages from the State capitals. These can be procured through subscription.

Your suggestions are valuable to us and are being kept in mind while planning future issues. Our forthcoming issue will be on "Climate change and sustainability".

We do carry success stories, space permitting.

Thanks once again!!

For our Readers

No publication is perfect and complete without the suggestions and feedback from its readers. Now you can mail us your valuable suggestions and feedback at yojanafeedback@gmail.com.