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TOPIC

**INDIA'S PORT PERFORMANCE AND
THE SAGARMALA PROJECT**

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In Context

- India's strategic geographical location, coupled with its burgeoning economy, has made its ports crucial gateways for global trade.
- The **Sagarmala Project**, a flagship initiative of the Government of India, has played a pivotal role in **transforming India's maritime landscape**.
- Post-Sagarmala there is a growing divergence between the **performing and lagging ports**. This gap **needs to be bridged**.

India's Port Sector

- Ports are the **lifeline of the Indian economy**, with more than **80 per cent of India's merchandise trade (by volume)** transported via ocean routes.
- India, with its vast coastline stretching over 7,500 km, is strategically positioned to play a significant role in global maritime trade.
- At the time of independence, India was left with **five major ports, and today India has 13 major and over 200 notified non-major ports**, which are the key nodes in global supply chains and also crucial to the growth of the economy.
- Major ports in India are managed by the **Union Government**. They fall under the Union **List of the Indian Constitution**, meaning the Union Government has the primary responsibility for regulating and managing them.
- **Minor ports are managed by the State Governments** through their respective State Maritime Boards. States like Gujarat, Maharashtra, and Tamil Nadu have their own boards to govern the non-major ports. These ports fall under the Concurrent List.

Current State of Port Performance

- The nine ports of India have made it to the **global top 100 rankings** in the latest edition of Container Port Performance Index (CPPI), developed by the **World Bank and S&P Global Market Intelligence, for 2023**.
- These **nine ports are**: Visakhapatnam (19), Mundra (27), Pipavav (41), Kamarajar (47), Cochin (63), Hazira (68), Krishnapatnam (71), Chennai (80) and Jawaharlal Nehru (96).
 - ♦ The ranks in CPPI tell us that there has been a **significant improvement** via operational efficiency and service delivery in the efficient handling of ships and cargo.
- Indian ports, as reflected in the CPPI, have witnessed **notable improvements in operational efficiency, cargo handling, and service delivery**. However, despite these achievements, a **growing gap remains between the best-performing ports and those that lag behind**.
- Ports such as Mundra, Pipavav, and Jawaharlal Nehru Port have also made it into the global top 100 rankings, but there are several ports, particularly in the East and some in the South, that have not seen similar improvements in efficiency.

Sagarmala Project

- The Sagarmala Project, **launched in 2014**, aims to modernize India's ports, improve connectivity, and enhance logistics efficiency. Key components of this ambitious initiative include:
 - ♦ **Port Modernization**: Upgrading port infrastructure, including berths, terminals, and cargo handling equipment.
 - ♦ **Coastal Shipping**: Promoting coastal shipping to reduce road and rail congestion.
 - ♦ **Inland Waterways**: Developing inland waterways to transport goods efficiently.
 - ♦ **Logistics Efficiency**: Implementing measures to streamline logistics processes and reduce costs.

Key Achievements of Sagarmala

- **Port Capacity:** India's key ports had a combined capacity of 1,598 million tonnes per annum (MTPA) in FY22. This capacity is expected to grow significantly in the coming years.
- **Turnaround Time Reduction:** Turnaround time has improved from 82.32 hours in FY17 to 62.16 hours in FY21, showcasing better cargo handling and operational efficiency.
- **Non-Major Ports Growth:** The role of non-major ports has increased, with these ports accounting for 45% of the total cargo traffic in FY22.

Impact from Sagarmala – 2025

INR 4 lakh cr	Infrastructure investment mobilisation Port modernization: ~65,000 INR crores Connectivity: ~220,000 INR crores	Double	Share of waterways – inland and coastal – in modal mix from 6%
INR 35,000-40,000 cr¹	Logistics cost saving per annum Optimise modal mix for existing capacities: ~21,000-27,000 INR crores Reduce time to export by 5 days: 5,000-6,000 INR crores	USD 110 bn	Boost to exports
40 lakh	New direct jobs, and 60 lakh indirect jobs		

Key Challenges and Areas of Improvement

- Despite the significant progress made through the Sagarmala project, several challenges persist in India's port infrastructure:
 - ♦ **High Turnaround Time:** While India has reduced the turnaround time (the time taken between a ship's arrival and departure) to 62.16 hours in FY21, it is still far behind global standards, with countries like Japan (8.16 hours), Taiwan (10.56 hours), and Hong Kong (12.48 hours) having much shorter turnaround times.
 - ♦ **Productivity Gaps:** Although ports like Deendayal, Paradip, and Jawaharlal Nehru have shown substantial growth in productivity, ports in the Eastern and Southern regions have lagged.
 - ♦ **Complex Customs Procedures:** Unlike modern ports like Singapore, where 95% of containers are cleared without physical examination, Indian ports still require 10% of containers to be physically examined, leading to delays and higher transportation costs.
 - ♦ **Underutilized Capacity:** Some ports still operate below their full capacity due to lack of efficient cargo handling systems and outdated equipment.
 - ♦ **Environmental Challenges:** Port activities such as oil spills, ballast water discharge, and dredging operations for port development are harmful to the marine environment.
 - ♦ **Regulatory Barriers:** The governance of Indian ports is fragmented, with major ports governed by the Central Government and minor ports overseen by state governments. The World Bank has highlighted the lack of a unified regulatory body.
 - ♦ **Social Impacts of Port Development:** Port development often leads to the displacement of indigenous coastal populations. Ports like Gangavaram Port in Andhra Pradesh and Mundra Port in Gujarat have faced social resistance due to the displacement of local communities.

Strategic and Economic Impact

- The improvement in port performance has wide-reaching implications for India's economy:
 - ♦ **Boost to Trade:** In FY24, all key ports in India handled 817.97 million tonnes (MT) of cargo traffic, a 4.45% increase from 784.305 million tonnes in FY23.

- ♦ **Job Creation:** Port development and modernization generate millions of direct and indirect jobs in the transportation, logistics, and manufacturing sectors.
- ♦ **Foreign Investment:** Improved port facilities attract foreign investments and promote global trade linkages.
- ♦ **Economic Growth:** Efficient ports support the growth of other sectors, such as manufacturing, agriculture, and energy, which rely on smooth logistics for exports and imports.
- ♦ **Boost to Blue Economy:** India is one of the world's top five producers of fish, and developed port infrastructure can help boost the export of marine products. Ports play a central role in the blue economy.
- ♦ **Strengthening National Security:** Well-developed ports are crucial for the security of strategic installations near ports, including naval bases, nuclear power plants, and satellite and missile launching ranges.
- ♦ **India as a Net Security Provider in the Indian Ocean Region:** With the development of Indian ports, India can serve as a maritime hub for the South Asian region, offering its ports as part of a hub and spoke model for coastal development.

Future Prospects and Expansion Plans

- India's maritime vision for 2030 and beyond is defined by two key initiatives:
 - ♦ **Maritime India Vision (MIV) 2030:** This vision aims to increase India's port capacity to 3,000 million tonnes per annum, reduce logistics costs, and improve the overall efficiency of the sector.
 - ♦ **Maritime Amrit Kaal Vision (MAKV) 2047:** Envisions India becoming a global maritime hub with enhanced digitalization, automation, and green practices.
- India has plans to invest **US\$ 82 billion in port projects by 2035.**
- The **Draft Indian Ports Bill 2021**, which was circulated in July 2021, aims to centralize the administration of minor ports that are currently managed by state governments.
- In July 2021, the **Marine Aids to Navigation Bill 2021** was passed by the Parliament, incorporating global best practices, technological developments, and India's international obligations in this field.

Conclusion

- By 2030, India's annual port capacity is likely to exceed 3,000 million tonnes. In order to achieve this target, **involvement of the private sector is important**, besides government's active guidance and engagement.
- **Greater Centre-State coordination** in the maritime sector will pave the way for a comprehensive and inclusive development.
- **Strengthening the Maritime State Development Council (MSDC)** and launching the Maritime Development Fund (MDF) are some low-hanging fruits that can be implemented immediately.

Source: BL

Mains Practice Question

Analyze the factors contributing to the varying levels of performance among Indian ports. What strategies can be adopted to bridge the gap between top-performing and lagging ports?

