



including roads, ports, urban transport, etc. In most cases, the government ends up handling only 30–40% of the land and the responsibility of acquiring the remaining portion of the land is left to the developers.

This was one of the biggest reasons why a port connectivity project in the southern region suffered delays on account of land acquisition leading to losses in the form of liquidity damages. It also sought assistance from the Shipping Ministry to expedite the process and the Public Investment Board had to approve project cost escalations from ₹3.95 billion to ₹5.57 billion.

There are many other projects that will meet the same fate. The

## Framing goals & guidelines are not enough

**Though the 13 major and 60 other operational non-major ports handle 95% of the country's external trade by volume and 70% by value, many of the other figures are not as significant. Also, the targets could not materialise as planned. The insignificant inland water transport, level of containerisation, Custom procedures and insufficient connectivity to their hinterlands all point out either to the lack of right policy initiatives or their execution.**

AFTER the successful implementation of many Public Private Partnership (PPP) projects at ports, the government has shown the green signal to a number of similar projects to give the port a face lift and enhance its efficiency while ensuring that the culture of delivery leads from the top. However, the support of government authorities and executive management is a critical requirement to ensure its successful implementation.

The recent maritime agenda proposes investments of \$25 billion in 424 projects in major ports and \$33.5 billion in non-major projects by 2020. More than 80% of the investments is likely to come from the private sector in the case of major ports, while, in the case of non-major ports, the figure is likely to rise to 96%. The target seems to be ambitious and needs thorough key considerations and guidelines considering that the

initiative has developed from the initial policy concept to avoid any delay. These include risk management, governance implementation, planning procurement and contract management stakeholder management, resources communication and monitoring & review.

### EXECUTION DELAYS

While many PPP projects are being delayed owing to environmental clearances, the slow bureaucratic procedures at most major ports in pre-tendering and the post-award stages such as delays in dredging, the lengthy tariff-fixing process and poor connectivity to the hinterland, tariff setting is swelling as another big hurdle limiting private sector investments. The Ports Regulatory Authority Bill is yet to address the private sector concerns. Land acquisition is another issue affecting all the infrastructure sectors

Comptroller and Auditor General (CAG) has pulled up the Odisha Government over the loss of nearly ₹160 crore because of loopholes in resources and revenue sharing arrangement of port projects in the PPP route. In the 11<sup>th</sup> Five Year Plan, we failed to achieve the target investment by 54% of the target. However, those sitting at the helm are yet to learn from the mistakes. Union Shipping Minister GK Vasan announced, "The government has formulated a perspective plan for the development of the maritime sector, namely, 'The Maritime Agenda 2010–2020'. This plan has estimated the traffic projections and capacity additions at the Ports up to 2020. The Ministry has decided to take steps for setting up a new major port each in Andhra Pradesh and West Bengal. Steps have been initiated to get the government approval for both

these ports. Development of minor ports comes under the purview of Maritime State Governments. Most of the capacity augmentation at all the major ports is taken up with private participation under the PPP mode.”

“To expedite the investment approval of PPP projects in the port sector, the government has recently enhanced the delegation of power to the Shipping Ministry in line with the National Highways Development Projects of the road sector. Steps have also been taken to streamline security clearance procedures to expedite project approvals,” he added. However, the figures suggest something else on ground.

### INLAND WATER TRANSPORT POLICY

According to the Inland Water Authority of India (IWAI), the existing availability of vessels for Inland Water Transport (IWT) in the public and private sectors put together is less than 400 vessels including tankers, bulk carriers, dumb barges and other vessels of average capacity of 600 tonne. To bring life into the transport system, the Government of India announced the Inland Water Transport Policy under which it addressed some of the major issues such as:

- Actively promoting the IWT sector for it to take a reasonable share in the intermodal mix of inland transport
- Increasing the coverage of national waterways and provision of necessary infrastructure for shipping and navigation and in augmenting the IWT fleet
- Large-scale private sector participation for the creation of infrastructure and for fleet operations to supplement the government efforts
- To develop waterways for navigation with the necessary infrastructure such as fairway,

terminals, navigational aids and fleet so that the IWT mode becomes competitive and attracts cargo dictated by market forces

- The government should act as a provider, facilitator and regulator and, at the same time, offer various concessions to the private sector for its effective participation by way of investment for creation of enhanced IWT infrastructure and fleet operations.

However, the major loopholes such as land issues, rapid environmental clearance, etc., were yet to be sorted. Umesh Soni, VP & Head – Inland Water Transport Group, IL&FS Infrastructure Development Corporation Ltd, comments, “In view of the nature of IWT projects and the lack of private sector confidence in the sector, there is a need to adopt a comprehensive project development approach. To ensure that the legal/legislative frameworks are in place, the project is thoroughly prepared/evaluated, the technology options are evaluated, appropriate PSP options are selected and the consultation process, involving various stakeholders and institutions and so on, is carried out.”

Category	Major Ports	Non-Major Ports
Deepening of channels and berths	102	115
Construction/Reconstruction of berths/jetties	659	1,248
Procurement of equipment	62	103
Rail/Road connectivity works	79	93
Other works	379	121
<b>Total</b>	<b>1,279</b>	<b>1,679</b>

### NMDP INITIATIVES

Due to National Maritime Development Program (NMDP, launched in 2005), the actual target surpassed the original target by 63%; however, the 11<sup>th</sup> Plan failed to achieve by almost 50% and the same is likely to happen in the 12<sup>th</sup> Plan on ground. The reasons behind the failure are that the programme did not meet the investors’ expectations. It

failed to address the major concerns such as timely approval of documents from government authorities, simplification in contract procedures and so on.

As a result, of the 276 projects envisaged for the major ports, only 50, i.e., less than 20% of what was planned, were completed and only 74 were under progress by the end of FY10. After NMDP’s failure, the ‘Maritime Agenda’ was introduced. Under the Maritime Agenda, the government plans to invest ₹1,280 billion in major ports in 424 projects against 276 under the NMDP and develop non-major ports with an estimated investment of ₹1,680 billion. This is a 10-year plan; hence, it is difficult to predict the exact figures, but the last two years’ figures again failed to achieve the yearend target.

### A GENUINE ENGAGEMENT FOR IMPLEMENTATION NEEDED

PPP projects comprise of local as well as foreign investors. Private firms are least willing to tackle the land acquisition, security and other infra concerns. Guidelines are not enough. According to M Gunasekaran, Public Information Officer, Ennore Port, “Indian investors show better investment figures when compared to foreign counterparts. If we talk about the policy initiatives based on materials EXIM stats, then, except coal, nothing else gains significance on ground.”

Thus, the ground stats lead to the conclusion that it is easy to make certain guidelines, but the hardest thing to get right with implementation is to see whether rubber hits the ground with rolling out. Sooner or later, the authorities will have to engage with the management to ensure genuine implementation. ■

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