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PORT UPDATE APRIL 2023

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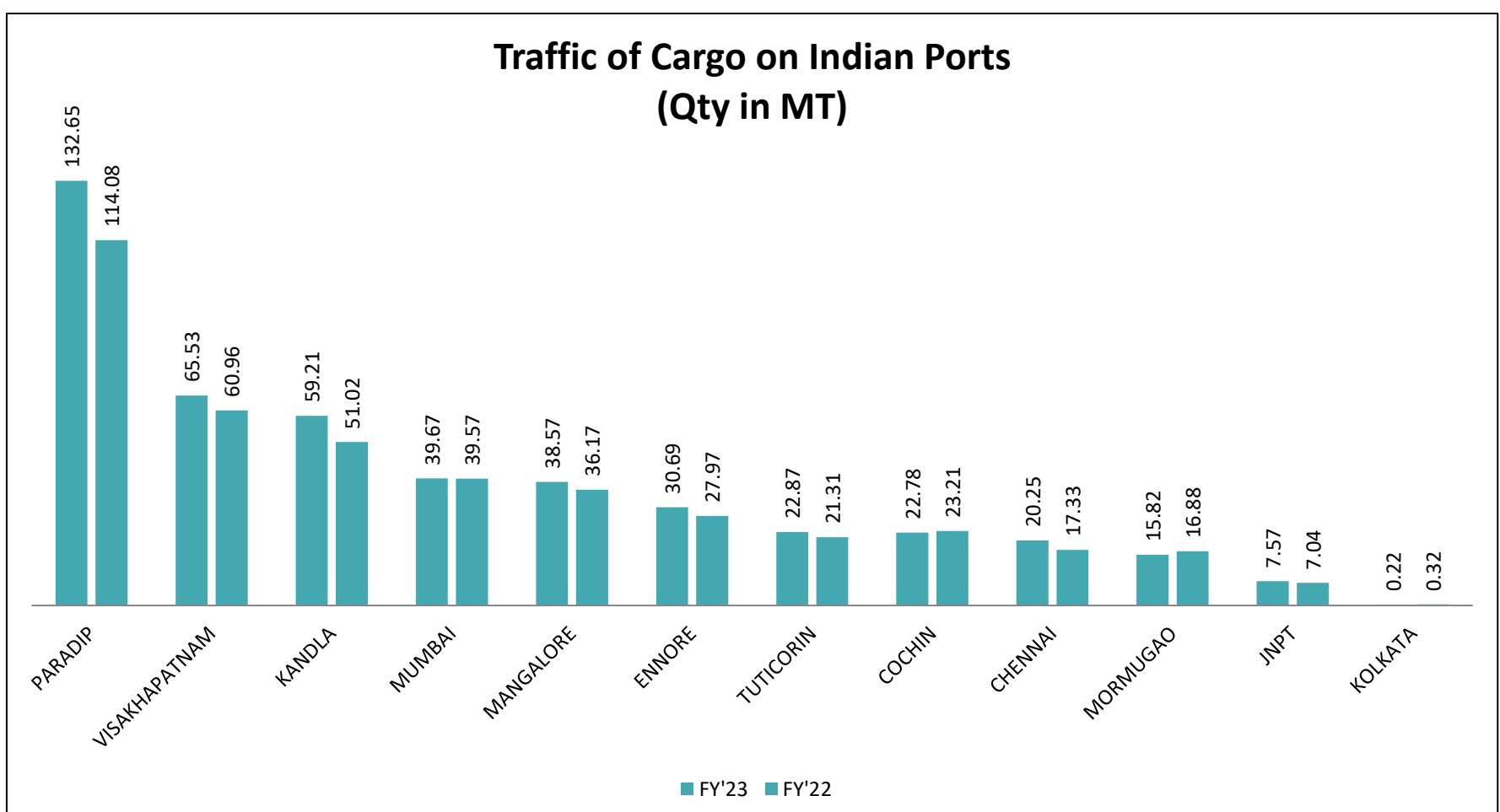
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KEY POINTS MAJOR PORTS

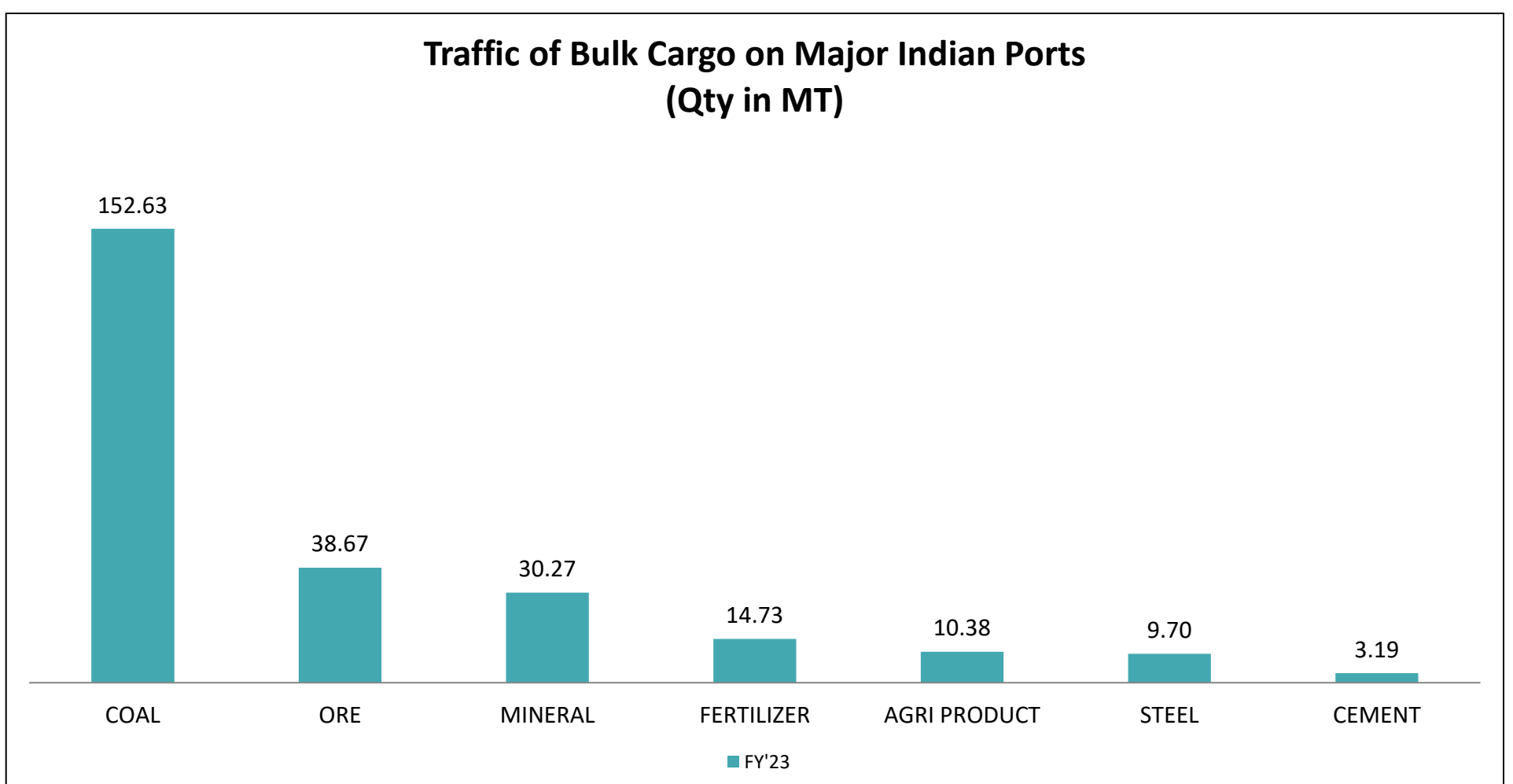
- Between major and non-major ports, 983.69 million tonnes (MT) of traffic saw movement in FY'23. Of this, major ports, which are owned by the central government, accounted for 455.82 MT.
- Major ports reported volume growth of 455.82 MT in FY'23, as compared to total volume of 415.88 MT during same period last year.
- Traffic wise Paradip, Visakhapatnam & Kandla showed the highest traffic. Paradip port showed volume growth of 13.99% and Vishakhapatnam port showed a growth of 6.97% with Kandla showing a growth of 13.82%
- Chennai Port outperformed with the growth rate of 14.45%, with traffic rise from 17.33 MT during FY'22 to 20.25 MT in FY'23.



CARGO PERFORMANCE MAJOR PORTS

- BULK CARGO**

- During the month of March, 2023 India's coal production increased to 107.84 MT from 96.26 MT as compared to Mar'22.
- The target of all India coal production has been fixed at 1,017 million tonnes for the financial year 2023-24. State-owned CIL has identified 15 projects having a total project rated capacity of 168.58 million tonnes per year for implementation through MDO mode.
- Coal traffic on Major Indian ports stood at 152.63 MT in FY'23.
- Shipments of ore, including pellets through the 12 major ports, increased 9.24% M-O-M to 5.06 MT in March climbing over a 20 month high.

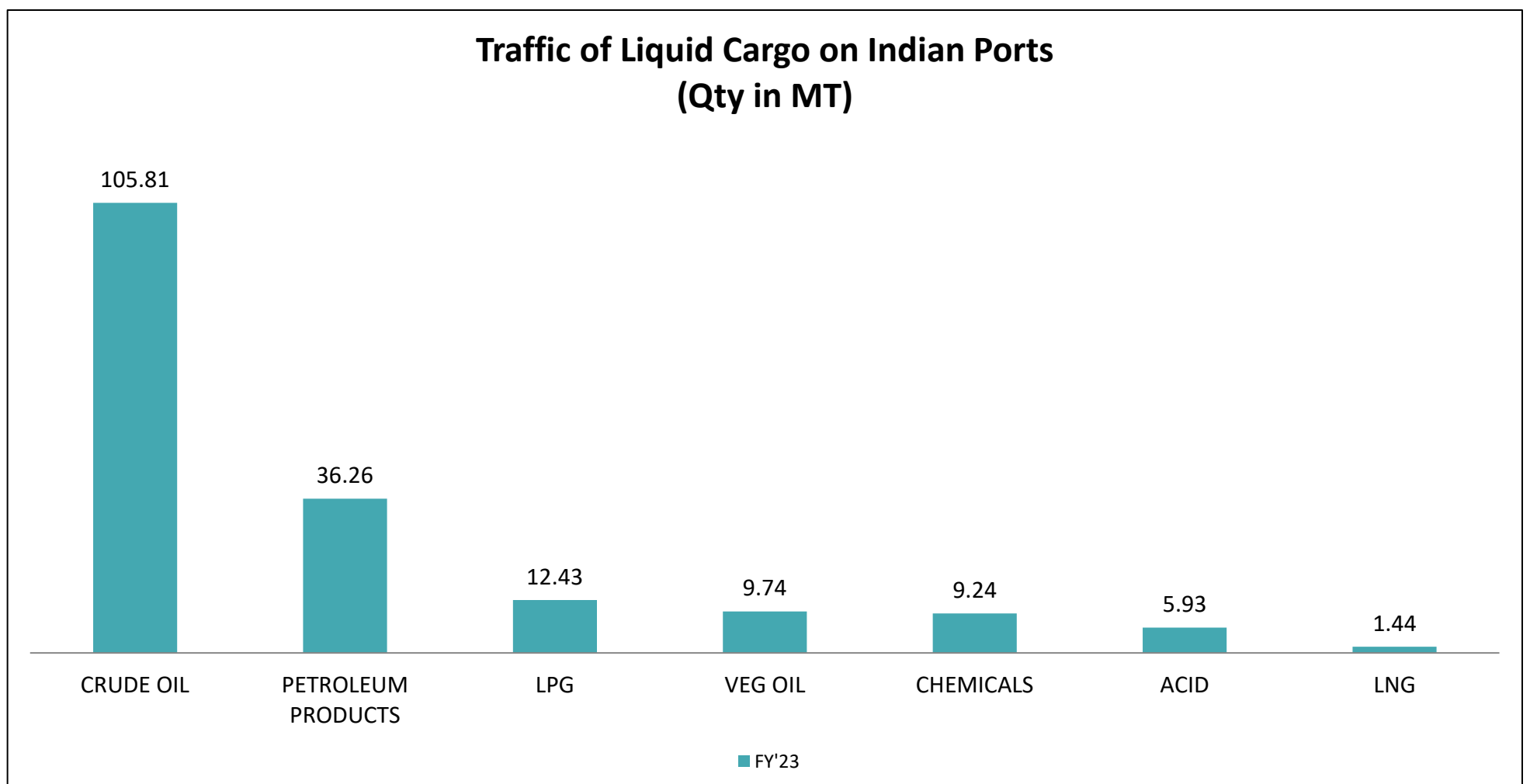


CARGO PERFORMANCE MAJOR PORTS

LIQUID CARGO

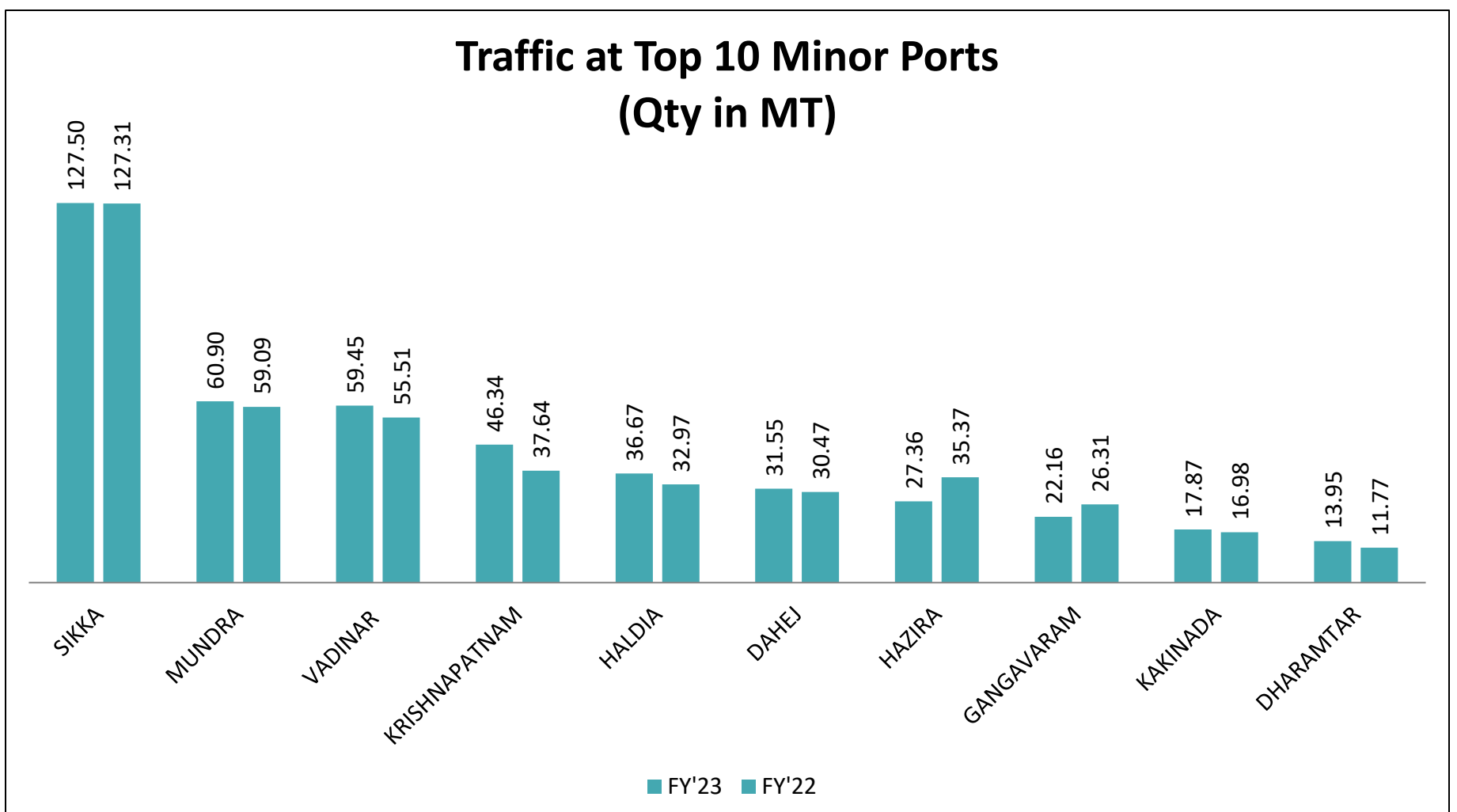
- P.O.L. Crude, Prod., LPG/LNG shipments rose to 155.93 mt, while Other Liquids traffic at major port rose – to 24.91 mt.

Traffic of Liquid Cargo on Indian Ports
(Qty in MT)



KEY POINTS MINOR PORTS

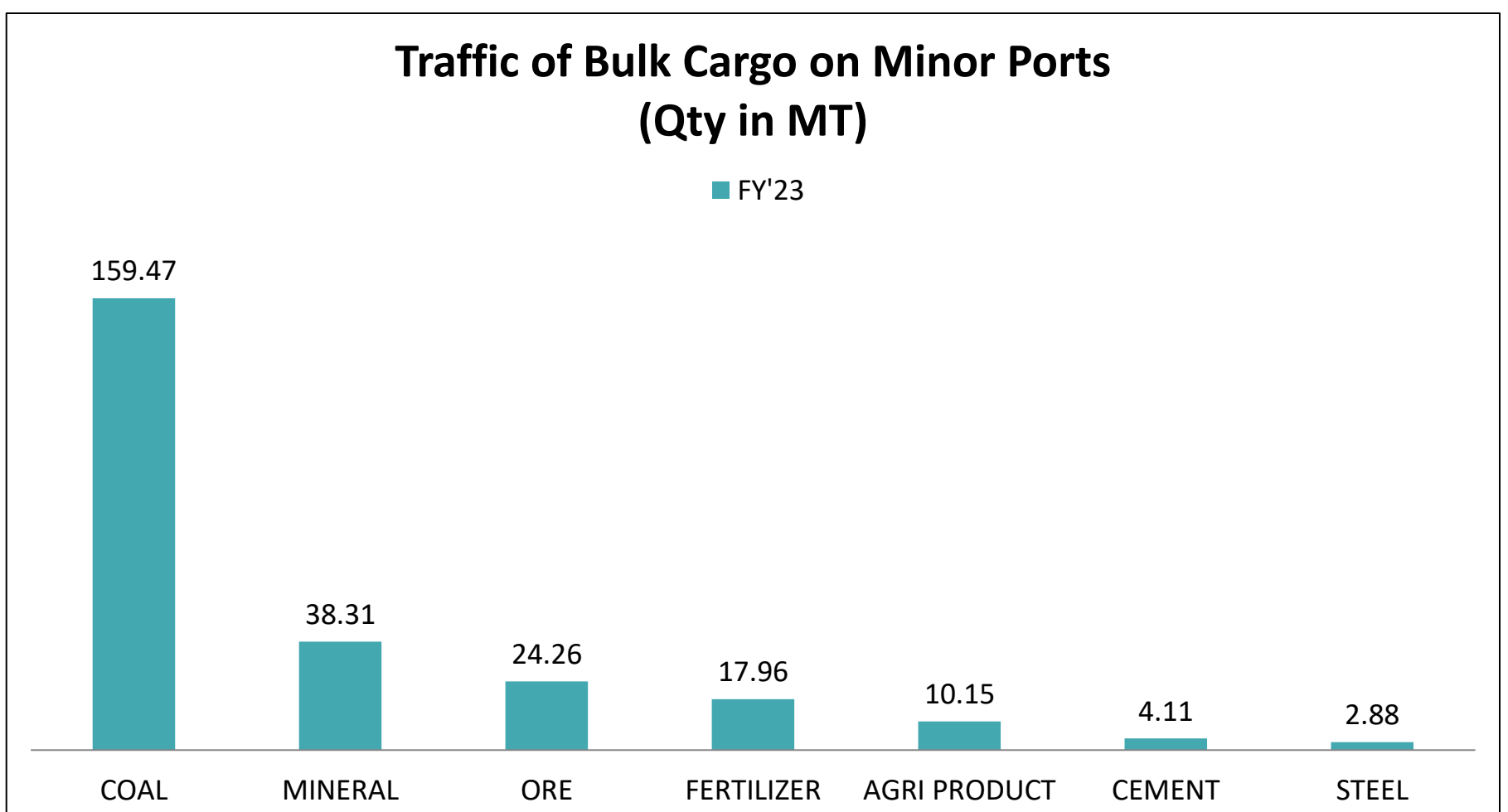
- Minor ports reported volume increase to 527.86 MT in FY'23, as compared to total volume of 475.71 MT during same period last year.
- Traffic wise top three ports Sikka, Mundra & Vadinar showed growth of 0.15%, 2.98% & 6.62% resp.



CARGO PERFORMANCE MINOR PORTS

BULK CARGO

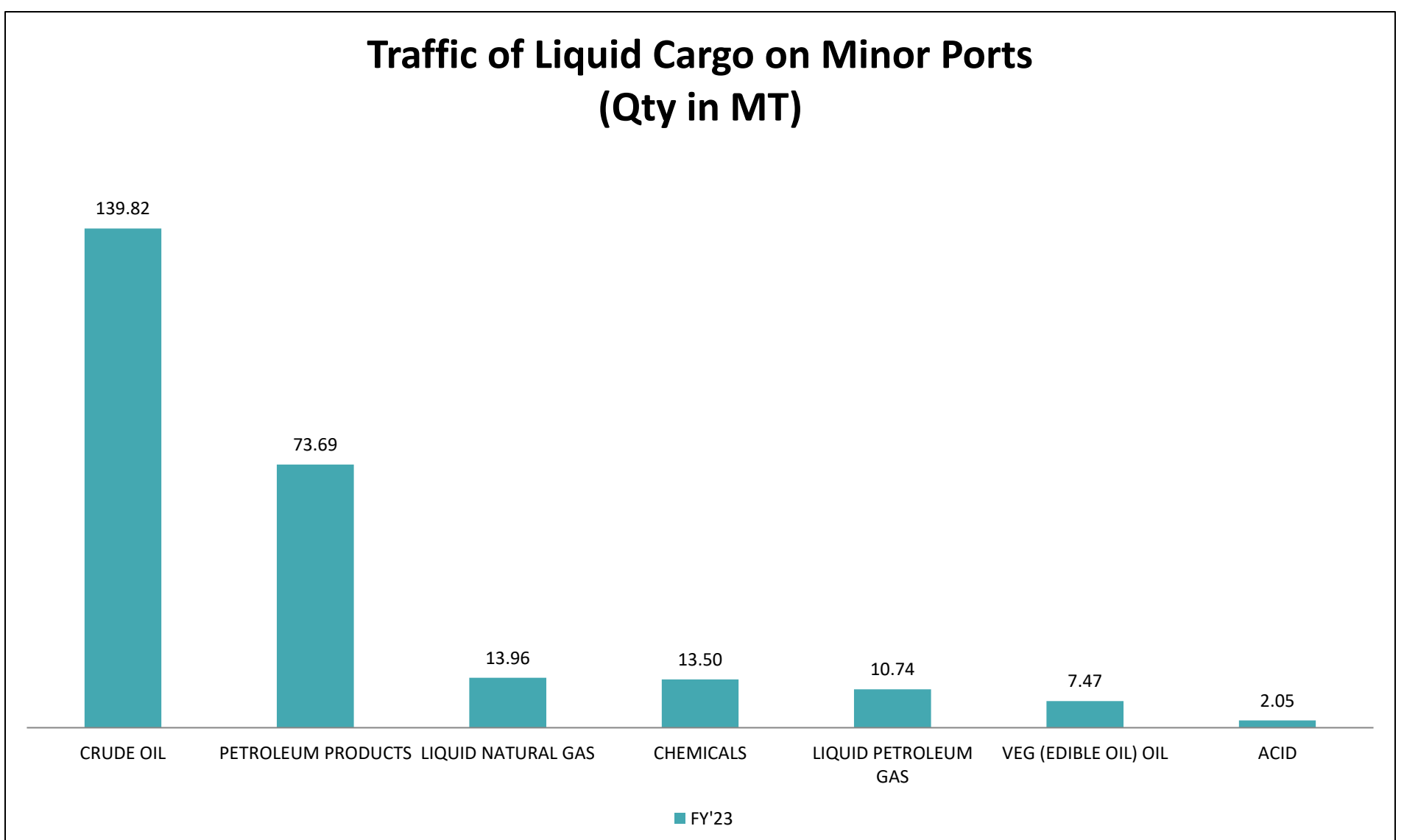
- Coal shipment at Indian minor ports increased nearly 7.96% to 159.47 MT from 146.77 MT for the same period last year.
- There was significant decline of 23.86% in the shipment of ore from 31.87 MT in (FY'22) to 24.26 mt in (FY'23)
- Total Bulk Cargo traffic at minor ports declined during FY'23 to 257.13 MT from 259.04 MT for the same period last year.



CARGO PERFORMANCE MINOR PORTS

LIQUID CARGO

- Crude oil shipment at Indian minor ports rose nearly 4.81% to 139.82 MT in FY'23 from 133.09 MT for the same period last year.
- During FY'23 LNG traffic from Indian minor ports declined to 13.96 MT whereas LPG traffic rose to 10.74 MT.
- Total Liquid Cargo traffic at minor ports decreased during FY'23 to 261.22 MT from 262.40 MT for the same period last year.



KEY HIGHLIGHTS

- Private enterprise & renaissance of ports sector
- Chennai And Kamarajar Ports To Handle 100 Mt Of Cargo In FY 24
- Shipping Ministry Of India Approves INR 123-Crore Oil Jetty Project At Kandla Port
- Cochin Port Authority puts in place new fresh water supply arrangements for ships
- Vizag port handles record cargo volume at 73.73 million tonnes
- Dip in container volumes at Vallarpadam terminal causes concern
- APMT Mumbai achieves top performing terminal ranking in India





MARKET UPDATES

Private enterprise & renaissance of ports sector

- The period 1999-2023 has been transformative for the Indian Ports Sector. Much of it has to do with the induction of private capital
- As late as the mid-1990s, India's ports were seen as having an inadequate capacity to cater to a rapidly burgeoning economy, as well as being considered frustrating choke points in the logistics chain. The 1996-97 Union Budget document stated, "A major problem with ports is the mismatch between existing capacity and the demand for traffic."
- As against the total capacity of 217.3 million tonnes on March 31, 1997, major ports (in those days, practically all owned by the government) handled 227.3 million tonnes, resulting in pre-berthing delays and unacceptable ship turnaround times. Moreover, shipping lines constantly complained about lethargic and inefficient operations, whilst importers and exporters chafed at unduly long clearing times.
- In 1999, the total traffic across all ports in India was 334 million metric tonnes per annum or MMTPA, of which the share of private ports was 7.4 per cent. By 2021, the traffic at all ports was 1,250 MMTPA (a growth of nearly four times) and, interestingly, the share of private ports and terminals (including captive facilities) rose dramatically to 73.2 per cent.
- In the 1990s, the average ship turn around (ASTA) was around 7.8 days. By 2021, that figure fell to 2.2 days. (In some specific ports, in cargo like containers, the figure is as low as 19 hours.) Many other operational efficiency indicators such as crane moves per hour, demurrage incurred et al have also shown huge improvements.
- Well, this amazing transformation of the Indian ports sector has clearly happened due to a single factor – its being opened up to private capital and private enterprise. The table shows the participation of the private sector (domestic and foreign) in the period 1999-2023 in port development and operations. It provides three fascinating insights.
- One, is the sheer number of locations where private capital has been deployed – 82. For this, the Government of India needs to be complimented along with the states that had forward-looking state maritime policies – notably Gujarat. (Port operating licences can be issued both by the Centre and states.)

PORT PROJECTS AWARDED TO PRIVATE SECTOR (1999 – 2023)*

Party	Total locations	Nature of facility	Nature of award			Locations
			B	N	S	
Adani Ports & SEZ	10	5P + 5T	7B	1N	2S	7B- Tuna, Goa, Vizhinjam, Ennore, Vizag, Tajpur, Haldia 1N- Mundra 2S- Dahej and Hazira
JM Baxi	9	9T	8B	1N		8B- Paradip, Haldia, Vizag (02), Kandla, JNPT (02), VOC (Tuticorin) 1N- Jamnagar
JSW Infra	4	1P + 3T	3B	1N		3B: Paradip (02), New Mangalore, 1N: Jaigarh
DP World	6	6T	5B		1S	5B: Chennai, Cochin, Tuna-Tekra, JNPT (02) 1S: Mundra
PSA	4	4T	4B			Kolkata Chennai, VOC (Tuticorin), JNPT
All others (44 Parties)	49	49P&T	38B	11N		Various
TOTAL	82	82 P&T	65B	14N	3S	All India

P: Port; T: Terminal or Berth; B: Bid; N: Negotiated; S: Sub-concession
 *Does not consider Mergers and Acquisitions that happened subsequent to original award.
 Also, does not consider captive ports and jetties

- Two, is the fact that 65 of the 82 projects have been transparently bid out, negating popular perceptions of widespread cronyism. The 14 negotiated projects have been permitted under publicly announced maritime sector policy frameworks.
- Three, is the sheer breadth and diversity of participating players. Whilst the top five players mentioned in the table are well known, the balance 44 parties represent a wide swathe of private industry ranging from L&T to the Tatas and other notable domestic and international investors.
- The extent of employment created is difficult to quantify, but is nevertheless visible. Port-based industries and associated transport and logistics jobs have led to vibrant hinterlands, with many export-based industries having found competitive locations.
- There is, indeed, gathering appreciation amongst shipping lines and logistics players that Indian ports have demonstrated one of the best turnaround strategies amongst developing economies, with some of the larger ports easily handling the enormous Panamax and Capesize vessels.
- This "renaissance" is clearly a symbol of what private capital and private enterprise can achieve if allowed fair play, as India's private ports have demonstrated.

Source: Hindu Business Line

MARKET UPDATES

Chennai And Kamarajar Ports To Handle 100 Mt Of Cargo In FY 24

- Chennai and Kamarajar Ports are looking to secure cargo handling of over 100 mt in FY24, per Sunil Paliwal, Chairman, Chennai Port Authority (or CPA) and CMD of Kamarajar Port Ltd (KPL). Paliwal mentioned that the Kamarajar Port could secure 48 mt and the Chennai Port 52 mt in 2023. From 2022 to 2023, the total cargo handling of the two ports was 92.45 mt, with Chennai and Kamarajar ports handling, respectively, about 48.94 mt and 43.51 mt of cargo. Paliwal mentioned that the Chennai Port secured an operating income of about ₹943 crores for the FY 2022 to 2023 and a surplus of ₹150 crores, the highest in 13 years.
- He stated further that Kamarajar Port crossed ₹1,000 crore mark for the first time in FY23. KPL recorded a surplus of ₹670 crores from 2022 to 2023, an increase of 24.39 % over the prior year. Besides, 2023-24 will also be the full year when Paliwal will be the chairman of these two ports. Reportedly, Chennai Port is the third-oldest major port in the nation after Mumbai and Kolkata. The port handles all kinds of clean cargo like containers, vehicles, liquid bulk, break bulk, and heavy machinery, with the share of containerized cargo accounting for 60% while liquid bulk accounts for approximately 30%.

Cruising high

- Paliwal said Chennai Port tackled 37 cruise vessels with 85,000 guests in 2022 and 2023. From June to September, we had Cordelia Cruise vessel and again. There are expectations of cruise services from June. He added that new lines, such as MSC Cruises, are showing interest too. Cruise itineraries are always fixed two years before. Some cruise majors are looking at Mumbai port as a zone on the western and a hub at Chennai port on the east coast.

Vehicle exports

- Both ports exported approximately 3.8 lakh vehicles from 2022 to 2023. Paliwal mentioned that Chennai Port's car exports went up by 35% while Kamarajar Port's export figures during the year were affected owing to the Ford plant's closure in Chennai. He, however, added that the Chennai Port had signed new contracts with Isuzu and Maruti while Toyota has returned in a big way. So, they have more than covered the loss of Ford and managed to remain in the positive territory. Further, Renault Nissan Alliance renewed its deal recently with Kamarajar Port for the next five years. Paliwal said that they are the largest exporters of cars in the nation.

Source: The Hindu Business Line

Shipping Ministry Of India Approves INR 123-Crore Oil Jetty Project At Kandla Port

- Union Minister for Ports, Shipping and Waterways, and AYUSH, Sarbananda Sonowal, has approved a Public-Private Partnership (PPP) proposal to construct Oil Jetty No.09 at Deendayal Port in Kandla – with a projected cost of Rs 123.40 crore and a 30-year concession period, accompanied by levying royalty fees per ton as well.
- He further detailed how this project will reduce turnaround times for water vessels and bolster Deendayal Port's financial capacity through Royalty collection from the Concessionaire – all of this ultimately aiding economic growth across India.
- Deendayal Port facilitated 137.56 MT in cargo during FY 2023 (with an 8.23 percent increase compared to 127.10 MT from last year); 70% of such traffic was delivered via road network while 10%, railway; and 20%, pipeline – it is projected to grow at a 10% annual rate until it reaches 267 MT by 2030.
- In line with Prime Minister Narendra Modi's Sagarmala program, Gujarat is actively pursuing 74 projects allocating Rs 57000 Crore for their realization, with 15 projects worth Rs 9000 Crore already completed, 33 projects worth Rs 25000 Crore currently being realized, and 26 additional projects valued at Rs 22700 Crore being constructed – each project implemented by central line ministries, major ports, the state maritime board and other state agencies.

Source: Marine Insights

MARKET UPDATES

Cochin Port Authority puts in place new fresh water supply arrangements for ships

- The Cochin Port Authority (CPA) has put in place arrangements for fresh water supply to ships with its contractor Amrut Dredging and Shipping Limited, Rajkot. According to the agreement, the contractor can supply water in a single parcel of 250 tonnes or in multiple sizes of 100 tonnes plus 350 tonnes.
- The new fresh water supply arrangements take the place of MV Jalaprabha, a vessel owned by the port earlier, which has completed its life cycle. According to the new contract, the port will not make any investments but receive 43% of the revenue from Amrut Dredging and Shipping, which will sell fresh water to ships through the port.
- The new water supply service was commissioned by deputy chairperson Vikas Narwal at the BTP Berth of the CPA, said a communication here. Water supply will begin on Tuesday.

Source: *The Hindu*

Vizag port handles record cargo volume at 73.73 million tonnes

- The Visakhapatnam Port Authority (VPA) created history in cargo handling in the financial year of 2022-23 by handling 73.73 million tonnes. This is the highest-ever cargo handling by the VPA since its inception surpassing the previous highest 72.72 MT in the financial year of 2019-20. It may be recalled that the Vizag port had handled 69.03 MT cargo in 2021-22 and now with a growth of above 7%, it has achieved 73.73 MT.
- Vizag Port is in the fourth spot in the major ports ranking and second on the east coast in terms of volume of cargo handling. Rama Mohana Rao said the decline in the handling of thermal coal (57%) had shown an impact on cargo handling. "The container cargo declined to 2% while iron ore and pellets (0.2%) also showed a slight decline. However, the increase in other cargo made it possible to create history," the port chairman said. "Non-renewal of MoU by the Tamil Nadu Generation and Distribution Corporation (TANGEDCO) caused the decline in thermal coal, while the decline in price at international market coupled with lack of demand from China showed impact on Iron Ore and Pellets.
- Container cargo declined due to an increase in container freight rates compared to the Pre-Covid period," Port Chairman Rama Mohana Rao elaborated. He said the increase in the volume of cargo such as Steam Coal (67% compared to the previous year) 117.10 lakh tonnes, POL and Crude Oil (13%) 161.25 lakh tonnes, cooking coal (11%) 49.01 lakh, and Fertilizers and raw (6%) 28.17 lakh tonnes. The Vizag Port would get Rs. 1700 crore through cargo handling. "Handling of bigger vessels made possible in the inner harbour from December 31 of 2022, Baby Cape Vessel (LOA 260 m, Beam 43 m) handling was started. As part of making the port as Land lord model, three PPP projects were awarded an investment of Rs. 655 crore, and another two projects are in advanced stages of award," the port chairman said. He added that the monetization of non-core assets-including Kalyana Mandapams, sports stadiums, and others) which are cost centers made as profit centers with good revenue earning to port. Modernisation of Fishing Harbour under PMMSY with an investment of Rs. 151 crore was also initiated by the Prime Minister and works are in progress.

Source: *Times of India*

MARKET UPDATES

Dip in container volumes at Vallarpadam terminal causes concern

- The container traffic at ICTT had been growing at the rate of 8-10% for the past few years and Kochi port had performed better compared to other South Indian ports during the pandemic.
- Though India has been expecting a gradual shift in container transshipment from Colombo port to the Vallarpadam International Container Transshipment Terminal (ICTT), in view of the economic crisis in Sri Lanka, the annual results of Cochin Port tell a different story. The volume of container handling at ICTT dropped from 7.35 lakh Twenty Equivalent Units (TEU) in 2021-22 to 6.95 lakh TEU in 2022-23 which has caused concern among the port authorities.
- The container traffic at ICTT had been growing at the rate of 8-10% for the past few years and Kochi port had performed better compared to other South Indian ports during the pandemic. However, sources at Cochin Port Authority claimed that the port registered an overall growth of 2.04% in the last financial year and handled 35.255 million tonnes of shipments during the period.
- “The ICTT has failed to utilise the infrastructure facilities provided through huge investment from the public exchequer. The Cochin Port is spending Rs 140 crore annually to maintain the required draft of 14.5 m. Besides Rs 60 crore is being granted as concessions on Vessel Related Charges (VRC) free of cost to shipping companies by the port for making the terminal competitive and attracting ships.
- Replying to Elamaram Karim MP, the Union shipping minister had informed the Rajya Sabha in February that Rs 577.23 crore loss was incurred by Cochin Port Authority on account of VRC during the last 10 years,” said Cochin Port Joint Trade Union Forum general convener C D Nandakumar.

Source: New Indian Express

APMT Mumbai achieves top performing terminal ranking in India

- APM Terminals (APMT) Mumbai (Gateway Terminals India – GTI) has resulted as the top-performing terminal in India for the 64th consecutive month. This was revealed in the January 2023 ranking published by NICDC Logistics Data Services. APMT Mumbai said it achieved the accolade due to its combination of high volumes and low vessel dwell times, despite having the highest volumes of any gateway terminal in India. “At GTI, our people are our most important asset. Their commitment towards adopting our Way of Working creates an environment of continuous improvement focused on delivering the best-in-class customer experience,” commented Sunay Mukherjee, Chief Operating Officer at GTI.
- APMT Mumbai is committed to reducing vessel dwell time and aims to reduce the time spent by vessels at port by more than 20 per cent compared to previous years. The terminal's approach to continuous improvement has already resulted in a reduction in dwell times by over 7 per cent between December 2022 and January 2023, according to APMT. “We have set the bar high, because we know that – especially in challenging times ahead – our customers need to unlock new opportunities to keep growing,” said APM Terminals CEO, Keith Svendsen. “And by reducing port stays across our terminals, we are unlocking new opportunities to save time, increase.” Last month, GTI temporarily closed down its Berth 1 to continue its Fit for Future project. According to APMT, the project includes massive infrastructure upgrades that will see the terminal increase its volume capacity by 10 per cent, to 2.8 million TEU.

Source: PortTechnology

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