DRY PORTS IN INDIA – NEED AND CHALLENGES

Presentation by
ANANT KISHORE SARAN
Deputy Secretary (Ports)
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Government of India
Ministry of Shipping
Indian Port Sector- An Overview

- Over 7500 KM long coast line
- Ports in India handle 90% by volume and 70% by value of EXIM trade.
- 12 Major Ports – 6 Ports on East and 6 Ports on West Coast
- Major Ports handle about 60% of total seaborne traffic
- 176 Non Major Ports – handles 40% of total traffic

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DRY PORTS IN INDIA- An Overview

- 247 Dry Ports [170 functional and rest under implementation]
- Nearly 40% owned by CONCOR & CWC, and remaining by the private sector.
- Containization level is just above 50%
- Container traffic at major ports almost doubled in the past 5-6 years
- Average growth of container traffic 13.27% per year
Container Traffic at Major Ports (in MT)

<table>
<thead>
<tr>
<th>Year</th>
<th>Container Traffic (in MT)</th>
<th>Growth in Container Traffic (in %)</th>
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<tbody>
<tr>
<td>2005-06</td>
<td>61.98</td>
<td>20.10%</td>
</tr>
<tr>
<td>2006-07</td>
<td>74.44</td>
<td>23.95%</td>
</tr>
<tr>
<td>2007-08</td>
<td>92.27</td>
<td>0.94</td>
</tr>
<tr>
<td>2008-09</td>
<td>93.14</td>
<td>8.70%</td>
</tr>
<tr>
<td>2009-10</td>
<td>101.24</td>
<td>12.65</td>
</tr>
<tr>
<td>2010-11</td>
<td>114.05</td>
<td>6%</td>
</tr>
<tr>
<td>2011-12</td>
<td>120.09</td>
<td>-0.2%</td>
</tr>
<tr>
<td>2012-13</td>
<td>119.82</td>
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Drivers & Challenges for the Development of Dry Port

Drivers

- Growth in Port Traffic
- Custom clearance activities in ICDs / CFSs
- Higher margins in comparison with other logistics activities
- Construction of Dedicated Freight Corridor

Challenges

- High costs for development of facility
- Archaic procedures for the movement of cargo
OTHER CHALLENGES FOR DEVELOPMENT OF DRY PORTS IN INDIA

- Availability of land for Railways & Highways.
- Environment & Forest clearance
- Huge rehabilitation cost
- Land acquisition – Inordinate delay due to court cases etc.
- Clearances of Railways for Rail Over Bridges [ROBs] and Rail under Bridges [RUBs]
- Poor performance by some contractors due to cash flow problem
ICD Tughlakhabad
Largest ICD In india
Situated on ~44 Hectares of Land in NCR Region of India
450,000 Containers handled in 2012
Constraints with the Current System

- Transportation delays due to city traffic congestion.
- Trailer idle time due to wait at city entry points for roads to open.
- Severe space shortage in ICDs leading to delays and inconvenience to CHAs
- Severe warehousing space shortage

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Future Plans for Dry Ports

Future terminals will not only have ICD / CFS but will also accommodate Agri Parks, Cold chains, Bulk Handling Facilities, Collateral Warehousing, Liquid Logistic Facilities (Liquid Silos)
DEVELOPMENT OF RAJIV GANDHI DRY PORT CUM MULTI-MODAL LOGISTICS HUB THROUGH PPP MODE AT SRIPERUMBUDUR

Mappedu, Sriperumbudur

A view of Container Yard

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Map showing Road connecting Ennore Port, ChPT, Rajiv Gandhi Dry Port & L&T Port

- Ennore Port to Dry Port 75-80 Kms
- ChPT to Dry Port 50 Kms
- L&T Kattupalli Shipyards
- Ennore Port
- Chennai Port

*Information from Government of India*
SIPCOT Industrial Parks
(Irungattukottai & Sriperumbudur)

The Proposed site for the Dry Port is about 50 km from the Chennai Port located inside the SIPCOT SEZ, Sriperumbudur.

Location map indicating the Dry Port at Mappedu and other industrial Parks in Kancheepuram district
DEVELOPMENT OF RAJIV GANDHI DRY PORT AND MULTI-MODAL LOGISTICS HUB AT SRIPERUMBUDUR

Scope of the Work:

- 106.78 acres of land has to be developed as custom bounded area
  (Revenue share with land lease charges to be collected)
- 14.96 acres of land has to be developed as logistic hub.
  (Upfront premium with land lease charges to be collected)
- **Capacity of Terminal:** 1,655,673 TEUs. (1.66 MTEUs.)

- **Chennai Port’s responsibility** – Land Acquisition, Facilitating Rail link for the Dry Port
- **BOT Operator’s responsibility** – Development of project facilities and services in 106.78 acres area and complementing facilities in 14.96 acres under Design, Build, Finance, Operate and Transfer (DBFOT) basis.
Project Capacity: 1.66 MTEUs per Annum
Estimated Project Cost: Rs. 418.66 Crs.
Developer – Rs. 276.66 Crs.
ChPT - Rs. 142 Crs.

NPV: 686.78 Crs.
IRR: 20.14%
Equity: 656.46 Crs.
IRR: 25.27%

Location Map of Dry Port
## Risk Parameters & Mitigation Measures

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<th>Risk Parameters</th>
<th>Mitigation Measures</th>
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<td>1.</td>
<td>Availability of Land</td>
<td>• The entire land is brought by Chennai Port Trust [ChPT] from SIPCOT on a lease basis for 99 years. ChPT is in possession of the land which avoids time lag in identifying and tedious process of land acquisition.</td>
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| 2.   | Road and rail connectivity is essential for the smooth operations of the Project. | • Recent initiatives by state government for widening of the road stretches will provide the necessary boost to the project.  
  • ChPT has initiated the development of last mile rail connectivity. |
THANK YOU