



# Major Port Authorities Bill, 2020

## Why in News

Recently, the Parliament has passed the **Major Port Authorities Bill, 2020**. The Bill seeks to **provide greater autonomy in decision-making to 12 major ports** in the country and **professionalise their governance** by setting up boards.

- It also seeks to **replace the Major Port Trusts Act, 1963**.
- India has **12 major ports** - Deendayal (erstwhile Kandla), Mumbai, JNPT, Marmugao, New Mangalore, Cochin, Chennai, Kamarajar (earlier Ennore), V O Chidambarnar, Visakhapatnam, Paradip and Kolkata (including Haldia).

## Key Points

### ▪ Salient Features:

#### ◦ Board of Major Port Authority:

- **About:** The Bill provides for the creation of a Board of Major Port Authority for each major port. These Boards will **replace the existing Port Trusts**.
  - Under the 1963 Act, all major ports are managed by the respective Board of Port Trusts that have members appointed by the central government.
- **Composition:**
  - Provision has been made for **inclusion of representatives of State Government** in which the Major Port is situated, Ministry of Railways, Ministry of Defence and Customs, Department of Revenue as Members in the Board.
  - It will also include **a Government Nominee Member** and **a Member representing the employees** of the Major Port Authority.
- **Powers:**
  - The Bill allows the Board to **use its property, assets and funds** as deemed fit for the development of the major port.
  - It will also have the **powers to fix reference tariffs** for various port services.

- Further, **PPP (Public Private Partnership)** operators will be free to fix tariff- based on market conditions.

- Provisions of **Corporate Social Responsibility (CSR)** & development of infrastructure by the Port Authority have been introduced.

#### ◦ Adjudicatory Board:

- An Adjudicatory Board will be created to **carry out the residual function of the erstwhile TAMP (Tariff Authority for Major Ports)**, to look into disputes between ports and PPP concessionaires.

- TAMP has been a multi-member statutory body with a mandate to fix tariffs levied by major port trusts under the control of the Centre and private terminals, therein.

- **Penalties:**

- Any person contravening any provision of the Bill or any rules or regulations will be **punished with a fine of up to one lakh rupees.**

- **Aims:**

- **Decentralization:** Decentralizing decision making and to infuse professionalism in governance of major ports.
- **Trade and Commerce:** To promote the expansion of port infrastructure and facilitate trade and commerce.
- **Decision Making:** It imparts faster and transparent decision making benefiting the stakeholders and better project execution capability.
- **Reorienting Models:** Reorienting the governance model in central ports to **landlord port model** in line with the successful global practice.

- **Significance:**

- **Level-Playing Field:**

- This Bill is going to create a level-playing field not just **between major and private ports** but also **between major port terminals and PPP terminals.**
- Within major ports, PPP terminal players, too, have had to take tariff approvals from the TAMP. The Bill, however, eliminates taking approval from the body.
- Due to this, investment in PPP is expected to go up at major ports in the coming years.

- **In Line with Aatmanirbhar Bharat Abhiyan:**

- The move will certainly pave the way for driving the country's vision towards **Aatmanirbhar Bharat** and making India a global manufacturing hub.
- In terms of volume, 70% of cargo movement is through ports while 90% in value terms.

- **Criticism:**

- It has been alleged that the Bill is **aimed at privatising the ports and diluting the powers of the states on land use.**

## Way Forward

- Though the new Bill addresses big hurdles that major ports have been facing, service quality and marketing are lacking at these ports as compared to private ones.
- Creation of a mechanism is not enough. Under the proposed landlord port model, the board that is created must use the autonomy granted to it. The board has to operate with freedom and take decisions to improve service quality, efficiency, land usage, asset-monetisation, tariff setting and dispute resolution, among other issues.

**Source: PIB**