



Tariff Guidelines for the PPP Projects in Major Ports

For Prelims: Major Ports in India, Major Ports vs Minor Ports.

For Mains: Major Port Authority Act, 2021, Deregulation of tariffs, PPP Projects at Major Ports.

Why in News

The **Ministry for Ports, Shipping & Waterways** has announced the **new Tariff Guidelines, 2021** for the **Public-Private Partnership (PPP) projects** in Major Ports.

- The new guidelines have been released in consonance of **Major Port Authority Act, 2021**.

Key Points

▪ **New Guidelines:**

- **Existing Scenario:** The PPP concessionaires at Major Ports were **constrained to operate under the stipulations of guidelines (by Tariff Authority for Major Ports (TAMP))**.
 - On the other hand, **private operators/PPP concessionaires at non-major ports were free** to charge tariffs as per market conditions.
 - Concessionaire can be a person or company that has the right to sell a product or to run a business in PPP projects.
 - **TAMP stands abolished** according to the Major Port Authority Act, 2021.
- **Transition to Market-linked Tariffs:** Currently, major port's PPP concessionaires handle around 50% of the total traffic handled by all the major ports in India.
 - The new guidelines **allow the concessionaires at major ports to set tariffs as per market dynamics**.

▪ **Significance of these Guidelines:**

- The **biggest benefit of transition to market linked tariff** is that a **level playing field** will be provided to the PPP concessionaires at Major Ports to compete with private ports.
- This is a major reform initiative as the Government moves towards **deregulation of tariffs for PPP Projects at Major Ports**.
- The guidelines will usher in a **new era of market economy** and make Major Ports more competitive.

▪ **Major Port Authority Act, 2021:**

- In February 2021, Parliament passed the **Major Port Authorities Bill, 2020**, which seeks to provide **greater autonomy and flexibility** to major ports in the country and professionalise their governance.
- **Objectives:**
 - **Decentralization:** It has granted port authority the power to fix tariffs, which will serve as a reference tariff for purposes of bidding for PPP projects.
 - **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.
 - In the Landlord Port Model, ports own the land and basic infrastructure, with operations and management being leased out to private players.

Public-Private Partnership (PPP) Projects

- Public-private partnerships involve **collaboration between a government agency and a private-sector company** that can be used to finance, build, and operate projects, such as public transportation networks, parks, and convention centers.
 - Financing a project through a public-private partnership can allow a project to be completed sooner or make it a possibility in the first place.
- **Different Models of PPP:** Commonly adopted model of PPPs include **Build-Operate-Transfer (BOT), Build-Own-Operate (BOO), Build-Operate-Lease-Transfer (BOLT), Design-Build-Operate-Transfer (DBFOT), Lease-Develop-Operate (LDO), Operate-Maintain-Transfer (OMT), etc.**
 - These models are different on level of investment, ownership control, risk sharing, technical collaboration, duration, financing etc.

Major Ports in India

- **Legal Provisions:** Major Ports are under the **Union list of the Indian Constitution** and are administered under the **Indian Ports Act 1908** and the **Major Port Trust Act, 1963.**
- **Number of Major Ports:** There are **12 major ports** and **200 non-major ports** (minor ports) in the country.
 - Major ports includes Deendayal (erstwhile Kandla), Mumbai, JNPT, Marmugao, New Mangalore, Cochin, Chennai, Kamarajar (earlier Ennore), V O Chidambaranar, Visakhapatnam, Paradip and Kolkata (including Haldia).
- **Major Ports vs Minor Ports:** Ports in India are classified as Major and Minor Ports according to the jurisdiction of the Central and State government as defined under the Indian Ports Act, 1908.
 - The **Major Ports** are owned and managed by the **Central Government.**
 - The **Minor ports** are owned and managed by the **State Governments.**
- **Administration of Major Ports:** Each major port is governed by a **Board of Trustees** appointed by the Government of India.
 - The Trusts operate on the basis of policy directives and orders from the **Government of India.**
- **PPP Projects in Ports:** PPPs in the ports sector in India have been witnessed in the operations and management of ports, and construction of deep water ports, container terminals, shipping yards and bulk ports.

MAJOR PORTS



■ Mumbai ■ J.N.P.T

- Kolkata
- Paradip
- Visakhapatnam
- Kamarajar(Ennore)
- Chennai
- V.O.
Chidambaranar
- Cochin
- New Mangalore
- Mormugao
- Deendayal

Source: PIB

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