



Rijksdienst voor Ondernemend
Nederland

Port sector in Gujarat State - India

NBSO Ahmedabad

*>> Duurzaam, Agrarisch, Innovatief
en Internationaal ondernemen*



Colofon

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This survey has been conducted by the Netherlands Business Support Office in Ahmedabad, Gujarat, India with the support of MBA (Maritime Management) SEM II students from B.K School of Business management, Gujarat University, Ahmedabad, Gujarat, India.

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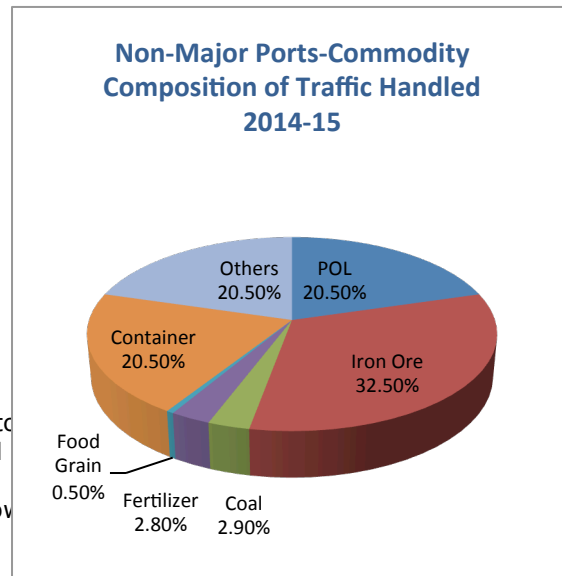
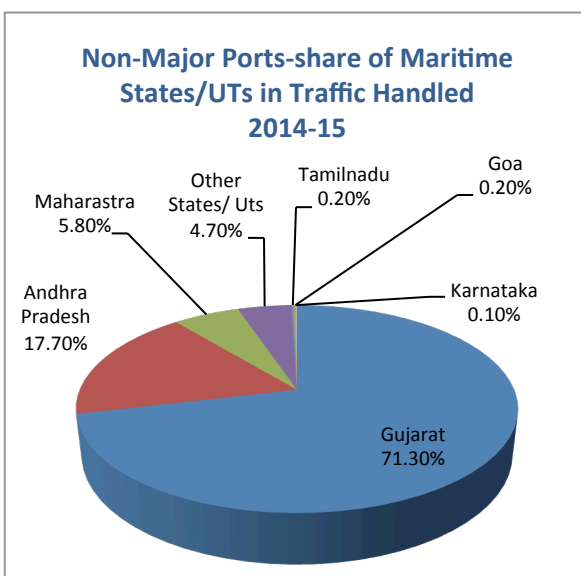
1. Definition and Scope of Port Sector in India

India's ports comprise of 13 major ports including Port Blair Port Trust which was declared as a Major Port on 1-06-2010 and around 176 non-major ports along the coast and islands.

The 13 major ports are administered by the Central Government under Ministry of Shipping.

The remaining ports which are referred to as Non-major ports are administered by the nine maritime States, and three Union territories within their respective coastlines.

Traffic Handled at Indian Ports (Million Tonnes)								
Year	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
Major Ports	519.31	530.80	561.09	570.09	560.19	545.8	555.49	581.33
Non Major Ports	206.38	213.22	288.94	315.36	353.74	387.92	416.97	471.19
All Ports	725.69	744.02	850.03	885.45	913.93	933.75	972.46	1052.52



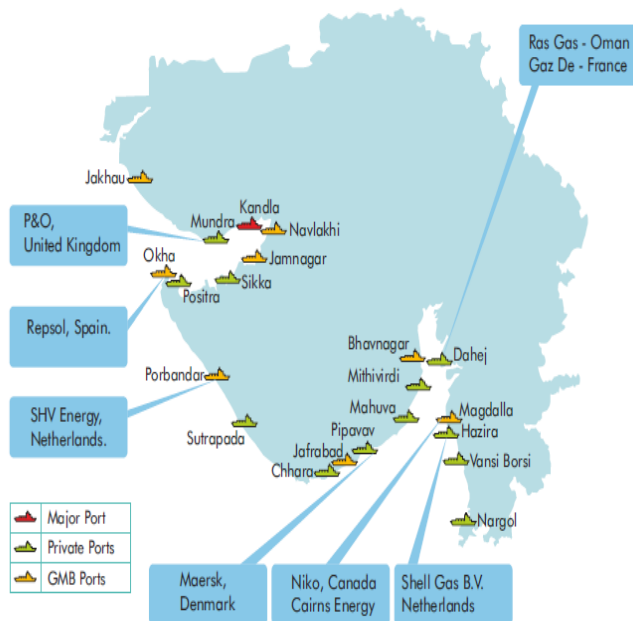
Indian agricultural and processed food exports during April-May 2014 stood at US\$ 3,813.63 million, according to data released by the Agricultural and Processed Food Products Export Development Authority (APEDA).

The Indian dairy industry has grown considerably post the white revolution and reports suggest that with current growth rate of approximately 3 per cent-4 per cent, it is thought to grow to 185 million tone and become a US\$ 24 billion organised industry by 2020 and US\$ 140 billion overall including the unorganised sector.

As per Maritime Agenda 2020, Ministry of Shipping Projected traffic for 2019-20 in Indian ports is 1280.13MMT out of which 565.00 MMT will be handled by ports of Gujarat.

This reports aims at providing sectorial overview of Ports Sector of Gujarat that can lead to business opportunities for Dutch companies.

2. Port Sector Overview in Gujarat



Gujarat is an Indian State Strategically located along the western coast of India having longest coastline of 1600 Kilometres among the Indian States, Gulf of Cambay and Gulf of Kutch provide natural navigational safety and logistical advantage.

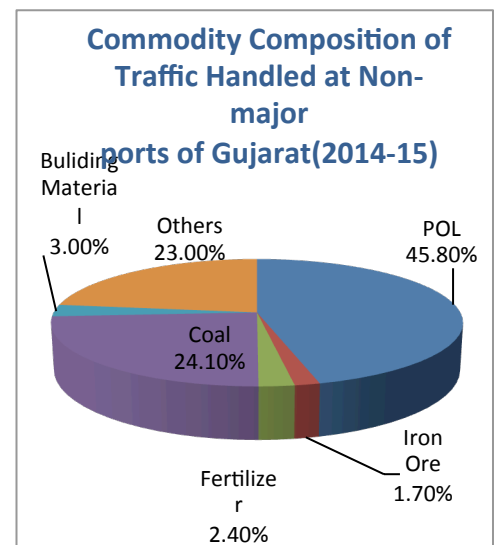
Talking about foreland, Gujarat is nearest maritime outlet to Middle East, Africa and Europe while it has Vast and fertile hinterland, constituting 40% of the total Indian Maritime trade. Hinterland covers Gujarat, Rajasthan, Haryana, Delhi-national capital region, Punjab and western Uttar Pradesh.

Out of 42 ports located along its Coastline, 41 are non-major ports while one port, viz. Kandla

is a major port. Out of 41 non-major ports, 17 non-major ports in the State are handling cargo. The remaining 24 non-major ports are used for fishing activities and have traffic only of small volume.

Trends in Cargo Handled at Major and Non-Major Ports of Gujarat in MMT			
Year	Major Ports	Non- Major Ports	All Ports
2012-13	93.62	287.82	381.437
2013-14	87.01	309.94	396.95
2014-15	92.48	336.09	428.57

Current Capacity & Utilization of Non-Major Ports of Gujarat in MMT			
Year	Capacity	Cargo Handled	% Utilization
2012-13	366	287.82	78.6
2013-14	387	309.94	80.1
2014-15	422	336.09	79.6



As per Maritime Agenda 2020, Ministry of Shipping Projected traffic for 2019-20 in Indian ports is 1280.13MMT out of which 565.00 MMT will be handled by ports of Gujarat. It also states that capacity at Gujarat's non-major ports would reach 864MMTPA by 2019-20 which is 52% of the total capacity enhancement at all non-major ports of India.

Key Growth drivers of the sector are positive regulatory environment, strategic location, industrial growth, and various initiatives like Special Economic Zones, Special investment Region, Dedicated Freight Corridor, and Industrial Corridor etc.

3. New Policy Initiatives in Port Sector in Gujarat

Development of four Green Field Ports initiated:

Four Green-Field Port projects i.e. Chaara Port (being developed by Shapoorji Pallonji & Co. Ltd.), Dahej Port (being developed by Sterling biotech Ltd.), Nargol Port (being developed by Cargo Motors Pvt. Ltd.), and Vansiborsi Port are under development.

LNG Terminal at Jafarabad

Government of Gujarat has initiated a project of Gujarat's fourth LNG floating storage and Regasification Unit (FSRU) with the capacity of 10MMTPA and cost of around INR 4150 crore at Jafrabad near Amreli district. The project is being developed by Swan Energy Ltd.

Ro-Pax Project

A project has been identified in Gulf of Cambay between Gogha & Dahej, which would greatly improve transport links between Saurashtra & South Gujarat. This will help in reducing transit cost, transit time, carbon emission and traffic in Road and rail while it will be useful in tourism and trade development. Proposed project between Gogha & Dahej would save travel distance (350 km by road to 31 km by sea).

Integrated Port Management system

In line with the anticipated expansion of port facilities and growth of port traffic, GMB has identified the key challenges in the near future, one of which is the use of information technology to improve organizational efficiency, enhance stakeholder satisfaction and lower organizational costs. To this effect, GMB has envisaged the implementation of an Integrated Port Management System as part of IPMS project that can act as a single solution to GMB's information needs emanating from within and without.

Port City Development

Gujarat has conceptualized development of Green field port cities at Mundra and Pipavav on the lines of Singapore and Rotterdam. Development is with a view to facilitate the port based industries not being limited to industrial development but also focusing on facilitation to people working in the port industry by creating the residential, commercial and recreational zones there by improving the living standards of region. This will also be helpful in tourism development in coastal cities.

Maritime Cluster

The goal is to integrate the soft as well as the hard infrastructure in the maritime industry under one umbrella. The basic philosophy behind cluster development is that the value of the whole exceeds the sum of its parts.

The project envisages bringing together all the stakeholders of sector like Shipping Lines, Shipping Agents, Ship Brokers, Ship Operators, Ship Breaking Companies, Ship Builders, Banks, Surveyors, Stevedores, Port Companies, Consultants, Maritime Law Firms, and Maritime Outsourcing Agencies etc. for integrated and holistic development of sector.

Gujarat Maritime University

India's Maritime Agenda 2020 envisages increasing the share of Indian officers in Global Maritime Sector to 9% in 2020 by increasing training capacity of India to 15000 per annum at rating of 9000. Port and logistics sector also seeks skilled professions from Engineering, Commerce, and Law and Management background.

Understanding the important roll to be played by Gujarat for the same Government of Gujarat has approved the project of Gujarat Maritime University, a world class university to fulfil the manpower needs.

4. Major Companies active in Gujarat

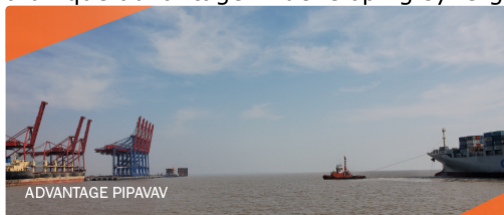
Adani Ports and SEZ Limited

Adani Ports and Special Economic Zone Limited (APSEZ) is India's largest private multi-port operator. APSEZ is a part of the Adani Group, an integrated infrastructure corporation. While earlier the company had one operational port at Mundra, it today operates across eight ports in India. In Gujarat, Adani having ports at location of Mundra, Hazira , Dahej and a bulk terminal at Kandla.

Website: <http://www.adaniports.com/>

Gujarat Pipavav Port Limited, APM terminals

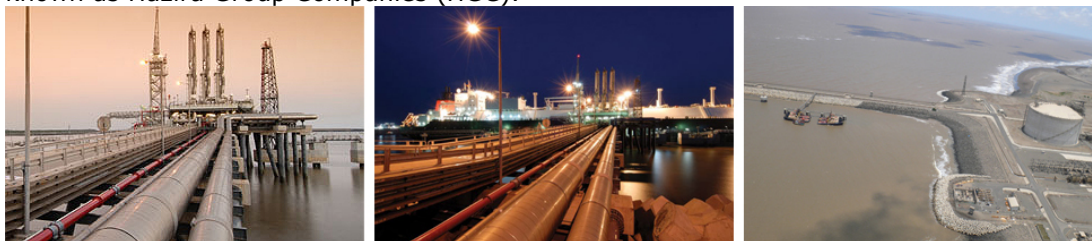
Port of Pipavav is operated by APM terminals, one of the most respected and professionally-run container terminal operators in the world. APM terminals Pipavav have a unique advantage in developing synergies across the network of ports and terminals.



Website: <http://www.pipavav.com/>

Hazira LNG & Port

Hazira is a partnership between Shell Gas B.V and Total Gaz Electricité Holdings France. Both the Shareholders represent two of the largest private LNG suppliers in the world. Shell and Total have a shareholding of 74% and 26% respectively in each of the companies that comprise the Hazira LNG Terminal and Port project and are collectively known as Hazira Group Companies (HGC).



Website: <http://www.haziralngandport.com/>

Essar Ports Limited

Essar Ports Limited (EPL) develops and operates ports and terminals. It is one of the largest private sector port companies in India by capacity and throughput. Essar Ports develops and operates ports and terminals for handling liquid, dry bulk, break bulk and general cargo.



It has an existing aggregate capacity of 104 MTPA across two facilities located at Vadinar and Hazira in the state of Gujarat on the west coast of India and one dry bulk export terminal at Paradip in the state of Orissa on the east coast of India.

Website: <http://www.essarports.com/>

5. Challenges of the sector as Opportunities for the Dutch Companies

Challenge 1: Low draught at ports

Low draught of the ports is one of the major concerns for Ports of the Gujarat and Government of India (GoI) as well. GoI envisions having minimum 14 meters draught at Major ports and 17 meters at Hub ports.

Except few private ports in Gujarat most of the ports have low and inadequate draught. Continuous siltation is one of the Major reasons. Hence need for dredging is never ending in ports of Gujarat.

Opportunities for Dutch Companies: Joint Venture with Port developers to tap potential of Greenfield and Brownfield projects, Dredging contracts for capital and maintenance dredging, consulting services for port planning to reduce maintenance dredging needs, dredging training.

Challenge 2: Need for robust hinterland connectivity

Ports of Gujarat have better hinterland connectivity compared to other states of India but still there is need for Robust Rail-Road Infrastructure to meet the upcoming demand. Quality of infrastructure is also of major concern to avoid washing out of Roads and Rail tracks.

Strategic planning in connectivity of ports that can provide alternate cargo evacuation modes when required in worst conditions has become necessity to tackle natural calamities and disasters.

Opportunities for Dutch Companies: Government and Corporate level collaboration for multi modal hinterland connectivity.

Challenge 3: Low quality design and engineering

The detailed project report (DPR) forms a much smaller percentage of project costs in India compared to global benchmarks. This is because engineering consultants are chosen for a project primarily based on price, with some small weightage for quality. Such consultants might cut corners, leading to inaccurate surveys and low quality DPRs. This can often result in surprises during construction and a change in project scope or plans, adding to delays and costs.

Opportunities for Dutch Companies: Port planning and development consulting services & preparing Detailed Project Reports for port projects.

Challenge 4: Skill gap in Human Resources

India's Maritime Agenda 2020 envisages increasing the share of Indian officers in Global Maritime Sector to 9% in 2020 by increasing training capacity of India to 15000 per annum at rating of 9000. Port and logistics sector also seeks skilled professions from Engineering, Commerce, and Law and Management background.

There is also strong need in existing professionals of the sector for skill updation, developing global perspective and visiting best performing ports to make Indian ports globally competitive.

Opportunities for Dutch Companies: Government and Corporate level coordination for various projects like Gujarat Maritime University and Corporate level skill development programmes.

6. Relevant trade fairs and Conferences

A few conferences and Fairs are organised very local level, which are not enlisted below.

10th Southern Asia Ports, Logistics and Shipping 2015

Southern Asia Ports, Logistics and Shipping 2015 continue to be the biggest annual Container Ports and Terminal Operations Exhibition and Conference in Southern Asia. It is a two days Conference Programme will feature 30 world-class conference speakers addressing issues and challenges on global transportation and logistics.

Date: 15th-16th September 2015.

Venue: The Leela, Mumbai, India.

Website:

<http://www.transportevents.com/ForthcomingEventsdetails.aspx?EventID=EVE122>

7th National Conference on Infrastructure & Ports: "Maritime Cluster Development: A Thrust Area for Gujarat to become a Maritime Hub".

Date: 30th October 2015

Venue: Ahmedabad Management Association, Ahmedabad

Website: <http://saketevents.com/>

Gujarat Junction 2016

The 7th Edition of Gujarat Junction 2016 International Conference on Ports, Shipping & Logistics, concurrent with Cargo and Logistics Awards is organized by EXIM INDIA a reputed all-India recognized premier publishing house.

Date: 8th January 2016

Venue: Radisson Hotel, Kandla

Website: <http://gujaratjunction.com/>

Indian Maritime 2017

With a view to provide a platform to network and knowledge sharing, India Maritime Conference was launched in 2012. The conference is jointly organised by Ministry of Shipping, Government of India and Federation of Indian Chambers of Commerce and Industry (FICCI). The upcoming conference will highlight and discuss emerging issues relating to the Maritime Sector-Indian Maritime Industry. Eminent speakers, policy makers will address the conference.

Date: 11th-13th January 2017

Venue: Bombay Exhibition Centre, Mumbai

Website: <http://www.indiamaritime.in/>

7. Relevant Authorities

Ministry of Shipping

The Department of Shipping encompasses within its fold shipping and ports sectors which include shipbuilding and ship-repair, major ports, national waterways, and inland water transport. Department of Shipping has been entrusted with the responsibility to formulate policies and programmes on these subjects and their implementation.

Website: <http://shipping.nic.in/>

Ministry of Environment, Forest and Climate Change (MoEFCC)

The Ministry of Environment, Forest and Climate Change is the nodal agency in the administrative structure of the Central Government for the planning, promotion, co-ordination and overseeing the implementation of India's environmental and forestry policies and programmes.

Website: <http://www.moef.nic.in/>

Gujarat Maritime Board (GMB)

Gujarat Maritime Board is the first maritime board of the country, which was created up in 1982 with a vision "To enhance and harness ports and international trade as vehicles for economic development".

Website: <http://www.gmbports.org/>

Gujarat Pollution Control Board (GPCB)

The Government of Gujarat constituted the **GPCB** (Gujarat Pollution Control Board) on 15.10.1974 with a view to protect the environment, prevent and control the pollution of water in the State of Gujarat, that occupies a prominent niche in progressive and industrial development of the country. The Board has been entrusted with the Central Acts and relevant Rules for pollution control as notified thereof from time to time.

Website: <http://gpcb.gov.in/>

Gujarat Infrastructure Development Board (GIDB)

Gujarat believes that development of infrastructure is pivotal to industrial and economic growth. To facilitate the development of infrastructure there is an elaborate legal and organisational framework. This arrangement is symbolised by the Gujarat Infrastructure Development Board, popularly known as GIDB. GIDB is a statutory organisation of the Gujarat Government.

Website: <http://www.gidb.org/>

Gujarat Industrial Development Corporation (GIDC)

GIDC has been created for securing the orderly establishment and organization of industries in industrial areas and industrial estates in the state. To fulfil the above mandate, the Corporation has established 186 industrial estates, ranging from mini to mega sizes, in 25 of the 33 districts of the state. It has also developed 6 Special Economic Zones. GIDC is now establishing Special Investment Regions, Industrial areas and large /sector-specific estates in tune with the changing economic and industrial scenario.

Website: <http://www.gidc.gov.in/>

8. Other Online Sources

Ministry of Shipping

Various publications of Ministry of Shipping like:

- Update on Indian Port Sector-31st March 2015
Link: <http://shipping.nic.in/showfile.php?lid=2020>
- Maritime Agenda 2010-20
Link: <http://shipping.nic.in/showfile.php?lid=261>
- Strategic Plan Document for Maritime Sector
Link: <http://shipping.nic.in/showfile.php?lid=1832>

Gujarat Maritime Board

Post sector outline-8th August 2014

Link: http://www.gmbports.org/assets/downloads/port_sector_outline_25122014.pdf

Appendix: Overview of Gujarat State

Geographical Overview of Gujarat

Gujarat is a state having 1600 KMs coastline located in west coast of India. The Arabian Sea borders the state both to the west and the southwest. Gujarat is also a Gateway to the rich land-locked Northern and Central Vicinity of the country. Gandhinagar, the capital city of Gujarat is located close to Ahmedabad, the commercial capital. The state currently has 33 districts (248 *talukas*, 18,618 villages, 242 towns).

One of the reasons for good Infrastructure facilities in Gujarat is its flat landscape that makes infrastructure development easy compared to other states of India.



Socio Economic Overview of Gujarat

Gujarat has population of approximately 60.3 million accounting for about 5% of the India's population. It accounts for 6% of land area of India and is India's most progressive States with a positive development quotient that has always capitalized on its strength to leverage strategic opportunities. Its continued progress is based on business friendly policies and proactive administration, which has led to the State being a preferred investment destination. Gujarat is a strong Economy with the SDP rising at an average growth rate of 10.1% since 2005 to 2013, more than the national average. Gujarat pays a 27% tax of India. Gujarat achieved an annual growth rate of 9.51% during 2007-2012.

Gujarat is located on the western coast of India and has the longest coastline of 1,600 km among all states in the country. The state shares its borders with Rajasthan, Madhya Pradesh, Maharashtra and the Union Territories of Daman & Diu and Dadra & Nagar Haveli. The Arabian Sea borders the state both to the west and the southwest.

Gujarat is one of the leading industrialized states in India, which attracted cumulative FDI worth US\$ 11 billion from April 2000-March 2015 and is the second highest recipient of FDI in India after Maharashtra. At current prices, Gujarat's gross state domestic product (GSDP) was about US\$ 142.38 billion over 2014-15. Average annual gross state domestic product (GSDP) growth rate from 2004-05 to 2014-15 was about 12.11 per cent.

Gujarat is considered the petroleum capital of India due to presence of large refining capacity set up by private and public sector companies. The state is the world's largest producer of processed diamonds, accounting for 72 per cent of the world's processed diamond share and 80 per cent of India's diamond exports. With a contribution of 65 to 70 per cent to India's denim production, Gujarat is the largest manufacturer of denim in the country and the third largest in the world. Gujarat contributes around 19.1 per cent to India's total exports of goods in 2014-15. The state has excellent infrastructure as compared to other states. There are 45 ports, 18 domestic airports and one international airport. There are 106 product clusters and 60 notified special economic zones (SEZs). Large-scale investment is expected in Gujarat as part of the US\$ 90 billion Delhi-Mumbai Industrial Corridor (DMIC).

Gujarat's Industrial Policy, 2015, offers attractive incentives and concessions for prospective investors.

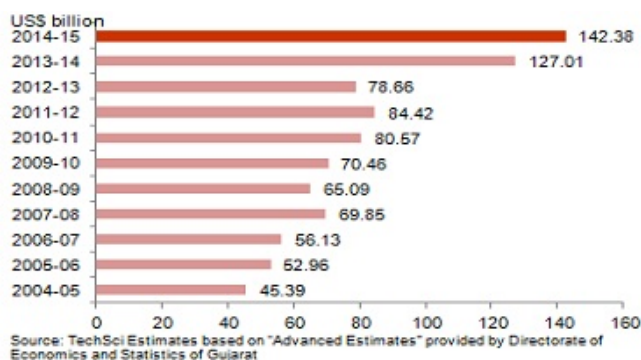
Gujarat is one of India's most industrialised states in India, with an enviable track record of attracting investments over the last decade to become the 'most favoured investment destination' of Indian Republic. Gujarat has a variety of industries including engineering and auto manufacturing, food and agri-business, textiles, gems and jewellery, mineral and mining and ports and shipbuilding. Some of the other important industries in the state include chemicals and petrochemicals, pharmaceuticals and tourism, with nearly 30 per cent of India's petrochemicals business being conducted in Gujarat, while those of chemicals and pharmaceuticals account for almost 50 per cent. Gujarat's share in manufacturing of soda ash, salt and caustic soda is around 90 per cent, 70 per cent and 20 per cent, respectively. Some of the Identified industrial projects in Gujarat are: Agro Based & Food Processing Industry; Chemical & Petrochemicals; Information Technology; Mineral-Based and Allied Industries; Plastic and Allied Industries; Port-Related Activities & Infrastructure; Textile & Apparels Industry; Gems and Jewelry.

About Gujarat: Industries, Economy, Ports, Exporters, Climate, Geography

Latest update: August 2015

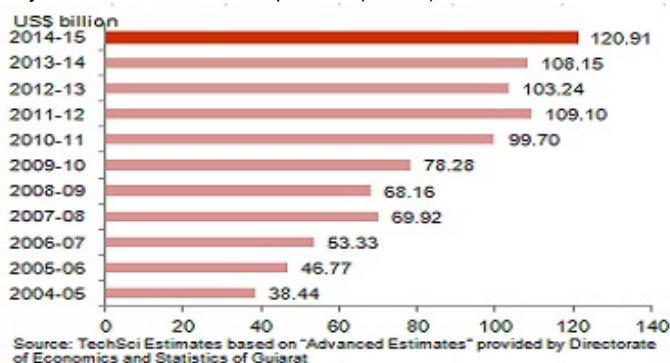
Economic Snapshot: GSDP of Gujarat

Gujarat's gross state domestic product (GSDP) was at US\$ 142.38 billion over 2014-15



Economic Snapshot: NSDP of Gujarat

Gujarat's net state domestic product (NSDP) was at US\$ 120.91 billion over 2014-15



Indian Economy is expected to grow at the rate of 7.5% surpassing china in financial year 2015. Indian economy is being investment destination for foreign player and FDI in India grew by 40% to reach 1760 Billion INR for the year 2014-2015.

India's biggest asset is huge size of its young and working population class. The proportion of population in the working age-group 15-59 years is expected to rise from 57.7 per cent in 2001 to 64.3 per cent in 2026.

As per the report by United Nations published in November 2014 India has 356 million people between ages of 10-24 years making it largest country in terms of young population.

India has been ranked world's No 1 investment destination by the World Bank, based on baseline profitability ranking methodology.

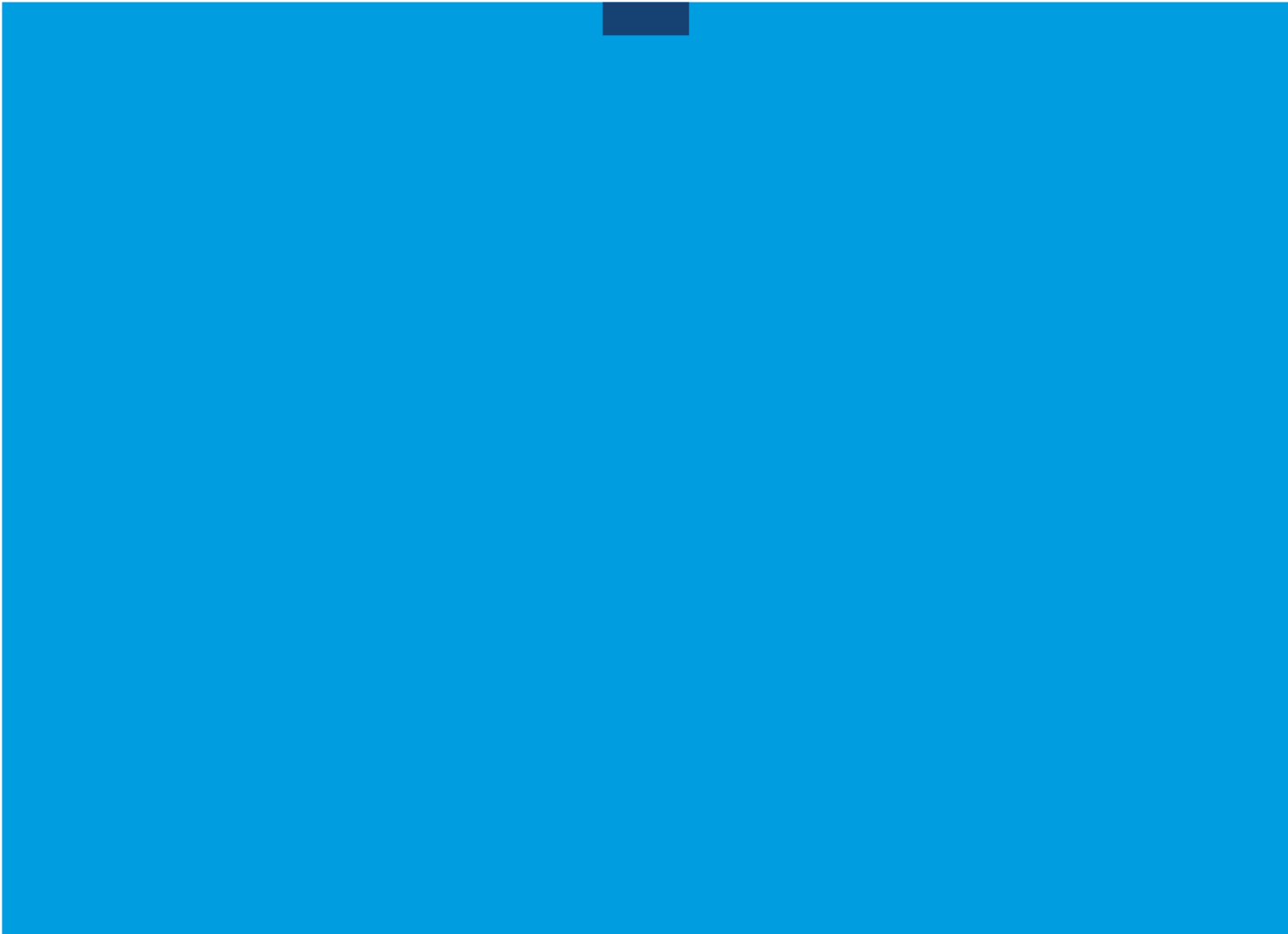
The Netherlands Business Support Office (NBSO) in Ahmedabad supports trade and investment of Dutch enterprises in Gujarat State in close cooperation with the Embassy of The Netherlands in New Delhi. Gujarat and the Netherlands have a close business relationship in Agriculture, Ports, Shipping & Logistics, Chemicals, Water & Life Sciences & Healthcare, Minerals, etc.

Gujarat is the best Indian State to do business in, shows the World Bank's 'ease of doing business' ranking of the Country's states. The State, which has topped the list with 71.14 per cent score.

Rank	State	Score	Rank	State	Score
1	Gujarat	71.14%	17	Himachal Pradesh	23.95%
2	Andhra Pradesh	70.12%	18	Kerala	22.87%
3	Jharkhand	63.09%	19	Goa	21.74%
4	Chhattisgarh	62.45%	20	Puducherry	17.72%
5	Madhya Pradesh	62.00%	21	Bihar	16.41%
6	Rajasthan	61.04%	22	Assam	14.84%
7	Odisha	52.12%	23	Uttarakhand	13.36%
8	Maharashtra	49.43%	24	Chandigarh	10.04%
9	Karnataka	48.50%	25	Andaman and Nicobar Islands	9.73%
10	Uttar Pradesh	47.37%	26	Tripura	9.29%
11	West Bengal	46.90%	27	Sikkim	7.23%
12	Tamil Nadu	44.58%	28	Mizoram	6.37%
13	Telangana	42.45%	29	Jammu and Kashmir	5.93%
14	Haryana	40.66%	30	Meghalaya	4.38%
15	Delhi	37.35%	31	Nagaland	3.41%
16	Punjab	36.73%	32	Arunachal Pradesh	1.23%

The World Bank report, 'Assessment of State Implementation of Business Reforms', was released in New Delhi on Monday 14th September, under the aegis of Confederation of Indian Industry.

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