



KAMARAJ IAS ACADEMY
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Reforming India's Maritime Sector: Corporatisation of Major Ports

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India is transitioning its major ports from traditional trust-based governance to a corporatised, autonomous authority model to improve efficiency and global competitiveness.

What is Corporatisation of Ports?

Corporatisation refers to converting a statutory port trust into a corporate entity or autonomous authority.

These entities operate on commercial principles while remaining under government ownership.

It shifts governance from bureaucratic control to professional management.

Legal & Institutional Framework:

Governed under the Major Port Authorities Act, 2021.

Replaced the older Major Port Trusts Act, 1963.

Provides:

Greater financial and operational autonomy

Formation of independent boards

Flexibility in tariff setting and decision-making

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What are Major Ports in India?:

Major ports are those administered by the Central Government.

India has:

12 major ports + 1 corporatised port (Kamarajar/Ennore)

Handle:

~95% of India's trade (by volume via maritime transport)

Need for Corporatisation:

Enhancing Efficiency: Reduces bureaucratic delays in decision-making

Global Competitiveness: Compete with private and global ports

Financial Flexibility: Ability to raise funds via bonds/loans

Private Participation: Encourages PPP and investment

Adoption of Technology: Enables digitalisation and smart port systems

Landlord Model of Port Development:

Ports act as landlords:

Own infrastructure and lease it

Private players handle operations

Promotes:

Efficiency and specialisation

Better asset utilisation

Globally followed model in modern ports

Challenges in Port Sector:

Shallow draft depth limiting large vessels

High logistics cost (~13–14% of GDP)

Connectivity issues (last-mile infrastructure)

Dependence on foreign transshipment hubs

Environmental concerns (dredging, marine ecology)

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Government Initiatives Supporting Reform:

Sagarmala Programme

Maritime India Vision 2030

National Logistics Portal (Marine)

Development of transshipment hubs (e.g., Great Nicobar, Vizhinjam)

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