

India to Seek Funds for New Ports That Cost \$7.6 Billion

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Aug. 23 (Bloomberg) -- India will seek private funds for seven new ports costing 350 billion rupees (\$7.6 billion) as the government tackles transport bottlenecks that are hindering plans to triple exports of agricultural and manufactured goods.

About two-thirds of the funds for the new ports will be raised from private sector, Rakesh Srivastava, joint secretary at the Ministry of Shipping, said yesterday in a telephone interview in New Delhi. The government has sent the proposal for the harbors to seven Indian states, Srivastava said without specifying a timeframe for starting the projects.

The new ports are part of Prime Minister Manmohan Singh's plan to spend as much as \$1 trillion to upgrade the country's infrastructure by 2017. APM Terminals, the container-terminal arm of A.P. Moeller-Maersk A/S, and Dubai-based DP World Ltd. are among the companies that have invested in India's harbors amid the government's push for private participation.

"More ports will definitely help remove trade bottlenecks," said Rahul R. Pathak, principal consultant at Mumbai-based Mantrana Maritime Advisory Pvt., which provides consulting to shipping lines and port operators. "But the government has to ensure that they all don't end up competing for the same basket of goods."

Shares of Gujarat Pipavav Port Ltd., part-owned by APM Terminals, rose 3 percent, the most since Aug. 1, to 68 rupees at the 3:30 p.m. close in Mumbai. Mundra Port and SEZ Ltd., controlled by billionaire Gautam Adani, increased 1.8 percent to 138.45 rupees. The Bombay Stock Exchange benchmark Sensitive Index gained 1 percent.

4.4 Days

The average turnaround time for ships at Indian ports was about 4.4 days in the year ended in March 2010, compared with about six hours in Singapore and Hong Kong, according to the trade ministry.

India currently has 13 so-called major ports that are administered by the federal government. They together handled 561 million tons of cargo in the year ended in March 2010, according to official data.

The government plans to boost the major ports' annual capacity to 1.46 billion tons by March 2020 from 616.7 million tons as of March 2010, according to the shipping ministry. About 90 percent of India's international trade by volume is carried through the sea.

Asia's third-largest economy aims to triple its exports of gems and jewelry, textiles, auto parts and other goods to \$750 billion by March 2017 from \$225 billion last year, according to the trade ministry.

Srivastava said the seven states need to set aside about 2,500 acres (1,011 hectares) of land for each new port.

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