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TRAFFIC GROWTH AT MAJOR PORTS FLAT

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The article speaks about traffic growth in major ports of India. According to the data available, traffic growth at 13 major ports remained flat in the nine months from April to December, 2011 compared to the year 2010. It has brought slowdown in the shipments of Iron ore, petroleum oil and lubricants. The article contains a quote by Mr. Kirti Shah, Director, Corporate finance Advisory Services, BDO.

Traffic growth at major ports flat

Nikita Upadhyay
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TRAFFIC growth at India's 13 major ports remained flat in the nine months between April and December 2011 compared to the same period last year, signaling a slowdown in the shipments of iron ore, petroleum, oil and lubricants.

These ports, which include Mumbai, Kandla, JNPT and Visakhapatnam, handled 418.15 million tonne (mt) of cargo between April and December, a 0.3% rise, compared to 416.6 mt a year ago, data compiled by the Indian Ports Association (IPA) show. In December, volumes fell 6.3% from last year. The flat traffic growth

value goods like diamonds and gold, and perishable goods that are not shipped."

The dip in iron ore exports after the Supreme Court banned iron-ore mining in Karnataka in July 24 cut down traffic volume at ports.

"With the ban, iron ore exports, which used to contribute anywhere between 38-40 mt a year, have frozen," said Anil Devli, chief executive officer, Indian National Shipowners Association (INSA), which has most Indian shipping companies as its members.

"In December 2011, cargo traffic at major ports was 47.5 mt, down 6.3% from the same month previous year," wrote analysts Nalin Bhatt, Satyam

will be very challenging for port operators." He added: "It will take another 12-18 months for trade to bounce back."

Non-major ports in India, which come under the purview of the state government, have weaned away traf-

fic from major ports under the Central government, as 187 such ports offer competitive tariff and lesser turnaround time to load and unload cargo. "The share of major ports in India's trade basket fell to 65% from 80% in 2000 as non-major

ports eat into their share," says Abhishek Tandon, consultant, ports & containers at Drewry Shipping Consultants. For fiscal 2010-11, non-major ports handled 315 million tonne of cargo as compared to 570 million tonne handled by major

ports. "More and more minor ports and facilities have come up," said Rajeev Babu, CEO, ABG Ports, that operates container terminals at Kandla and

Kolkata. "So while the average traffic has not gone down, there is greater redistribution of traffic between major and non-major ports." Private

ports in Gujarat accounted for 80% of the total cargo handled by all the non-major ports of India, the Gujarat Maritime Board claimed on its website.



The dip in iron ore exports after the Supreme Court banned iron-ore mining in Karnataka also cut down traffic volume at ports

does not reflect the buoyancy in Indian trade during the nine-month period. India's exports grew 25.8% to \$217.6 billion and imports by 30.4% to \$350.9 billion, data released by the Commerce ministry on January 16 show.

Experts say the government figures look inflated as they reflect the value of goods and not the volumes. "Imports and exports need to be seen from the tonnage point of view, and not value as the government data shows," says Kiril Shah, a director with tax advisory firm BDO. "The government data also comprise high-

Agarwal and Pooja Kachhawa of Motilal Oswal Securities, a domestic broker: "Volume decline for the month can be attributed to the ban on iron ore exports (down 39.3% y-o-y) and petroleum and other lubricants cargo (down 16.2% y-o-y)."

The decline in commodities traffic will continue. "The entire fiscal 2011-12 is likely to remain a bad year for cargo, led by slowdown in the global economy," said Shah of BDO. "Domestic demand will keep us afloat. However, if we don't see a turnaround in global economy, even fiscal 2012-13