

Home > Insights > News > Sailing towards recovery: an interview with Dr Abhijit Singh

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## Sailing towards recovery: an interview with Dr Abhijit Singh

Dr Abhijit Singh, Executive Director of Indian Ports Association (IPA), recently spoke with Steer about the challenges the ports sector faced during the COVID-19 lockdown and how the government's mitigating measures and reforms will help to revive the industry going forward.



Dr Singh is well-versed in the maritime sector with over 15 years' experience under his belt and a collection of accolades for his visionary leadership and contribution to the sector. He took charge of IPA, an organisation hailed as the think-tank to the Ministry of Shipping, in 2017.

Ports play an integral role in facilitating exports and imports of goods in India, handling around 95% of international trade volume of the country. However, the growth of the sector has been constrained due to the overall economic slowdown, resulting in slower traffic growth at the major ports with COVID-19 further dampening the situation.

Dr Singh reasons that “the growth in traffic during the last couple of years has been 2-3% against the previous years due to global recession. The decline in growth was exacerbated to negative 18% from April to July 2020 due to COVID-19 worsening the overall port performance.” Although the performance of ports will become clearer as the year progresses, Dr Singh already sees signs of recovery: “Further to the easing of lockdown, industries across the world have slowly started recovering, and demand levels have also started getting back to normal.”

To understand more about how COVID-19 has directly affected overall operations at major ports, we asked Dr Singh what challenges ports face and whether these operational hurdles have now eased with the opening up of the economy.

“Lockdown ceased movement instantaneously; however, certain services were declared as essential, including transport service for carriage of goods by water.” Nevertheless, ports and dependent stakeholders faced challenges in carrying out these operations. The major issue Dr Singh highlighted was restrictions on the movement of non-essential cargo leading to congestion at the port area. Also, the

lack of workforce at terminals and warehouses along with fear-stricken truck drivers reluctant to return to work, made the evacuation and delivery of cargo to and from the ports immensely difficult. Dr Singh further pointed out that there was a lack of coordination between various agencies, which “meant that the local authorities only issued a limited number of passes for movement of vehicles, drivers and port staff. As a result of workers not being able to reach port locations, carrying out the operations became extremely distressing.” Lack of standard of procedures (SOP) for coping with such situations also affected the overall operations at the ports.

Dr Singh points out that in dealing with these new challenges, the Ministry of Shipping was quick to gather information on the situation through stakeholder interactions. With this knowledge it was able to develop mitigating measures such as ensuring that ports do not levy users with penalty, demurrage or rental fees for a delay in berthing, loading/unloading operations or evacuation of cargo; extending the validity of ship certificates, and ensuring sanitisation and PPE equipment for ship and port staff.

The Ministry’s relief measures enabled port operations to run smoothly so that the overall supply chain was not affected. “The success of these measures is also evident from the results it produced. From April to July 2020, around 5,814 vessels and ~239 million tonnes of cargo were handled alone at major ports. During this period, major ports were operating at an average of more than 74% staff attendance with few ports like JNPT and Chennai port working at more than 90% attendance. Despite almost no production happening at industrial facilities and the slump in import demand from April to June, major ports handled an average of around 78% of the baseline daily cargo pre-COVID conditions. This has now further improved to around 85% by the end of July 2020.” Recent data shows that from March through July ports have seen a slump in container and petroleum segment, with a boost in iron-ore movement owing to increased demand from China.

## Towards recovery and development

It would be remiss not to ask Dr Singh about what the government has provided as compensation for the loss of revenue to private terminal operators due to the lockdown. Dr Singh shares that private operators were given relief in the form of government issuing directives to qualify the outbreak of COVID-19 as ground for **force majeure**. As a result, he adds, “operators were exempted from any performance-related penalties, including minimum performance guarantee during the lockdown period.” Additionally, even those port terminals that are under construction can seek an extension on the completion period.

Earlier this year, in its efforts to increase private participation in the ports sector in India, the government announced that it would re-draft the Model Concession Agreement (MCA) to make port projects more attractive to private investors and promote public-private partnership (PPP) based development. Dr

Singh points out that “the government intends to review the existing concession agreement not only to make port projects more investor-friendly but also to make the overall investor climate in the ports sector highly attractive.” He adds that this review is likely to be completed in the next five to six months through various stakeholder consultations involving investors, PPP concessionaires and individuals, among others.

While the details of changes to the existing MCA will be evident once it has been finalized, Dr Singh shared the broad objectives of this exercise with us:

- To incorporate remedial safeguards/provisions to ensure effective implementation of PPP projects;
- To provide flexibility to integrate dynamic changes/scenario shifts due to changes in market demand and supply, etc; and
- To align the provisions of MCA with best practices to attract more PPP investors in the port sector.

Dr Singh further highlighted that the MCA revision is not the only aspect the government is looking at to boost port sector development in the country. The Ministry is envisioning an overhaul, through a sector strategy roadmap for the next decade, called the **2030 Maritime Blueprint**. Dr Singh adds that “with nearly half of 2020 expected to be utilised in managing a tough and united stand against COVID-19, the Indian shipping industry is already looking beyond Sagarmala and has initiated the preparation of the Maritime India Vision 2030.” The vision document is being prepared by an international consultant under the aegis of the Ministry of Shipping by various working groups consisting of senior port and shipping officials, other maritime stakeholders and professionals. With the aim of building a strong maritime ecosystem, the vision document will focus on 14 high-level themes including implementation of paperless trade, a focus on minor/state ports, boosting coastal and trans-shipment traffic, cruise shipping industry, shipbuilding and repair and maritime insurance and finance.

Dr Singh believes that even though the coronavirus crisis has slowed India’s dreams of imminent progress and development, the same has not dampened the spirit of the country’s maritime sector, which has managed to continue its operations, albeit at a slower pace. He is confident that the government’s objective to set Indian maritime on an ambitious course of becoming one of the best in the world can be achieved with collaboration and cooperation between the government and the private sector.

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