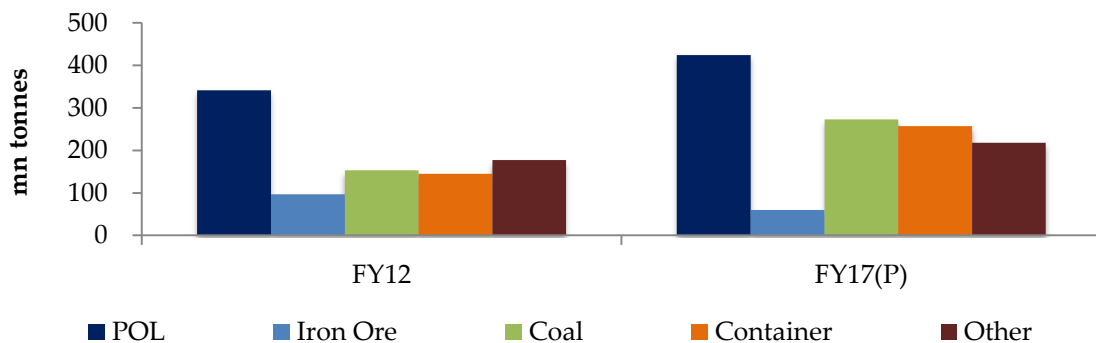


## The Indian Port Industry –“Total traffic at Indian ports to grow at a CAGR of 6.2 per cent up to FY17...”

*Traffic growth at Non-Major ports to outperform, share of coal and container traffic in overall traffic to rise*

India has a vast coastal line of over 7,500 km with 13 major and 187 non-major ports. During the period FY07-12, the traffic growth at non-major ports surpassed the growth at major ports but major ports continued to dominate in terms of total traffic handled. The lower growth in traffic handled at major ports can be attributed to lower capacity addition leading to higher congestion and diversion of cargo to non-major ports. Higher traffic growth at non-major ports was on account of the development of industries in the hinterland areas and faster pace of capacity addition. Among various commodities handled at Indian ports, POL (Petroleum Oil and Lubricants) continues to remain a dominant commodity. The share of coal and container traffic continues to show an upward trend. The Planning Commission has estimated that the traffic at Indian ports will grow at a CAGR of 14 per cent during the Twelfth Five Year Plan. Given the plethora of issues surrounding the projects in the power, steel and coal sectors coupled with the slowdown in overall economic growth, CARE Research expects the total annual traffic at Indian ports to grow at CAGR of 6.2 per cent during the period FY12-17.

### Commodity wise traffic projection at Indian ports



Source: Indian Port Association and CARE Research

CARE Research expects the share of POL in total traffic to decline by FY17, but it will continue to dominate the overall cargo movement. The share of iron ore traffic is expected to slip to 5 per

cent by FY17. The growth of coal and container traffic is expected to outperform the other commodities.

### **The share of traffic handled by Non-Major Ports to increase going ahead...**

The traffic handled by non-major ports grew at a CAGR of 13.7 per cent during the period FY12-17 surpassing the traffic growth at major ports which grew at a CAGR of mere 3.8 per cent during the same period. As a result, the share of traffic handled by non-major ports grew to 39 per cent in FY12. CARE Research expects the traffic at non-major ports to grow at incremental rate during the period FY12-17 vis-a-vis traffic growth at major ports during the same period. As a result, the share of non-major ports in total traffic handled is expected to increase to a level of 44 per cent in FY17.

### **Total port capacity to grow at CAGR of 6.7 per cent by the end of FY17 ...**

The capacity creation at major ports lagged that of non-major ports during the Eleventh Five Year Plan. The capacity of major ports increased from 505 mn tonnes in FY07 to 697 mn tonnes at the end of FY12 registering a CAGR of 6.7 per cent. The addition fell short of the targeted capacity of about 1,000 mn tonnes by the end of FY12, as envisaged by the Planning Commission. On the other hand, the capacity at non-major ports rose from 228 mn tonnes in FY07 to 545 mn tonnes by the end of FY12, registering a CAGR of 19 per cent.

In order to cater to the growing need of traffic at ports, the government along with private players has been making investment at both major as well as non-major ports. The port projects generally have a long gestation period primarily on account of delays associated with land acquisition and environmental clearances. CARE Research estimates that out of the total port projects under implementation, about 75 per cent of the capacities to get operational by the end of FY17.

### **Overall utilization level at ports to see a fall going ahead...**

#### ***Led by strong growth in traffic, utilization level of Non-Major ports to rise...***

The overall utilization level at ports declined from a level of 89 per cent in FY07 to 74 per cent in FY12. The decline in utilization rate can be attributed to the incremental growth in capacity as against the growth of traffic during the same period. The capacity at ports grew at a CAGR of 11.1 per cent during the same period while the traffic grew at a CAGR of 7 per cent.

CARE Research expects the overall capacity to grow at an incremental rate compared to growth in overall traffic till FY17. Consequently, the overall utilization level at ports is expected to decline. However, led by the strong growth in traffic, the utilization level at non-major ports is expected to witness a rising trend till FY17.



To subscribe to our report on ‘**Indian Port Industry, October 2013**’, please contact [careresearch@careratings.com](mailto:careresearch@careratings.com).

Click on the icon to see the **Table of Contents** and **Brochure** of the report.

Contact:

**Revati Kasture**  
**Head - CARE Research**

[revati.kasture@careratings.com](mailto:revati.kasture@careratings.com)

**Chaitanya Raut**  
**Sr. Manager**

[chaitanya.raut@careratings.com](mailto:chaitanya.raut@careratings.com)

**Manohar Annappanavar**  
**Manager**

[manohar.annappanavar@careratings.com](mailto:manohar.annappanavar@careratings.com)

**Disclaimer**

*This report is prepared by CARE Research, a division of Credit Analysis & REsearch Limited [CARE]. CARE Research has taken utmost care to ensure accuracy and objectivity while developing this report based on information available in public domain. However, neither the accuracy nor completeness of information contained in this report is guaranteed. CARE Research operates independently of ratings division and this report does not contain any confidential information obtained by ratings division, which they may have obtained in the regular course of operations. The opinion expressed in this report cannot be compared to the rating assigned to the company within this industry by the ratings division. The opinion expressed is also not a recommendation to buy, sell or hold an instrument.*

*CARE Research is not responsible for any errors or omissions in analysis/inferences/views or for results obtained from the use of information contained in this report and especially states that CARE (including all divisions) has no financial liability whatsoever to the user of this report. This report is for the information of the intended recipients only and no part of this report may be published or reproduced in any form without prior written permission of CARE Research.*