



PORT

IMPORTANCE IN INTERNATIONAL
TRADE & LOGISTICS



Capital
— SPROUT —

NEWSLETTER – JAN 24

The Chairman's Message



Greetings from Capital Sprout!

It gives me pleasure to share with you the Jan-24 issue of Capital Sprout's Wealth Bulletin. Where this month's bulletin is about the Port Sector in India and how it will affect the economy & capital markets

Since the start of maritime trade, ports have played a central role in the economic and social development of countries. More than 80 percent of global merchandise trade (by volume) is transported via sea routes. Sea Ports boost International trade, generate huge Employment, and contribute to the Government's Ex-chequer. Seaport transportation is the cheapest amongst all modes of transportation which turns equations in its favour.

India has just shifted gears in Port infrastructure development. Indian Government understands the importance of the Port sector in the overall economic development of the country. The Government is already increasing budgetary allocation to the sector. Cargo traffic handled by India's Total port is 1,433 Million MT & cargo traffic handled by India's major ports reached 784 Million MT in FY23. These numbers are still way behind some of the developed ports of other countries; with growing government support, a plethora of opportunities unfold for the port sector in India.

India's extensive 7500 km coastline provides both strategic and geographic advantages. With a supportive government policy and the interest of private sector companies, India has the opportunity to secure a position among the top 10 cargo handling countries.

I hope that readers will find this bulletin valuable.

CA DR Rajesh Khandol



Importance of port in international trade & logistics

Ports are pivotal in facilitating global trade and logistics by serving as key nodes connecting countries and continents. Maritime transport is considered the backbone of international trade and the global economy. They are vital components of the international supply chain, serving as gateways for the movement of goods and facilitating seamless connectivity between various modes of transportation.

Ports are integral to the functioning of international trade and logistics, serving as crucial nodes in the global supply chain. Their role as gateways for trade, efficient cargo handling, and value-added services make them vital components of the global economy. As trade volumes rise and supply chains become increasingly complex, ports must adapt to meet evolving demands and overcome challenges.

It is estimated that 90% of world trade is facilitated by maritime shipping. Over 50 % of the value and 80 % of the volume of international trade is carried by sea as per November 2023 “Transportation Research Interdisciplinary Perspectives “a leading Bulletin.

As of January 2023, the world fleets consisted of 105,493 vessels of 100 gross Metric Tons each and above.



List of busiest container ports

Container traffic (in million TEUs, based on World Shipping Council)

Rank	Port	Country	Region	2022	2021
1	Shanghai	China	East Asia	47.303	47.03
2	Singapore	Singapore	Southeast Asia	37.289	37.47
3	Ningbo-Zhoushan	China	East Asia	33.351	31.07
4	Shenzhen	China	East Asia	30.036	28.768
5	Qingdao	China	East Asia	25.67	23.71
6	Guangzhou	China	East Asia	24.857	24.18
7	Busan	South Korea	East Asia	22.078	22.706
8	Tianjin	China	East Asia	21.021	20.269
9	Los Angeles/ Longeach	United States	North America	19.044	20.061
10	Hong Kong	Hong Kong	East Asia	16.685	17.798
11	Rotterdam	Netherlands	Europe	14.455	15.3
12	Jebel Ali	UAE	West Asia	13.97	13.742
26	Mundra	India	South Asia	6.503	6.66
27	NhavaSheva /Mumbai	India	South Asia	5.959	5.63

Shanghai port is the largest and deepest sea and river port with an area of almost 4 sq. km. The port has 125 berths and 19 terminals. The corresponding layout of the port allows for receiving the largest container ships in the world. The port's cargo turnover is over 47 million TEU.



Port sector growth in India

India's extensive coastline spans over 7,500 km & interspersed with more than 200 ports making it the 16th largest marine industry in the world. Ports serve as the linchpin of India's trade ecosystem, handling approximately 90% of the country's External trade volume. Whether it's the export of textiles, automotive parts, or the import of crude oil and electronics, ports are the arteries through which goods flow in and out of the nation, linking Indian businesses to markets worldwide.

- Most cargo ships that sail between East Asia and America, Europe, and Africa pass through Indian territorial waters.
- Sea transportation is the cheapest transportation among all modes of transportation.

Ports create numerous economic opportunities, generating employment and attracting investments. The Government of India has allowed Foreign Direct Investment (FDI) of up to 100% under the automatic route for projects related to the construction and maintenance of ports and harbors.

It is a significant source of Revenue for governments through tariffs, customs duties, and other fees levied on cargo handling and related services. The Port sector also helps in generating employment.

- There are 13 major ports in the country - 7 on the eastern coast and 6 on the western coast which can connect the entire country easily.

Cargo traffic handled by India's total port is 1,433 Million MT & cargo traffic handled by India's major ports reached 784 Million MT in FY23. Indian ports sector has a huge opportunity to increase cargo traffic by many folds in the coming years.

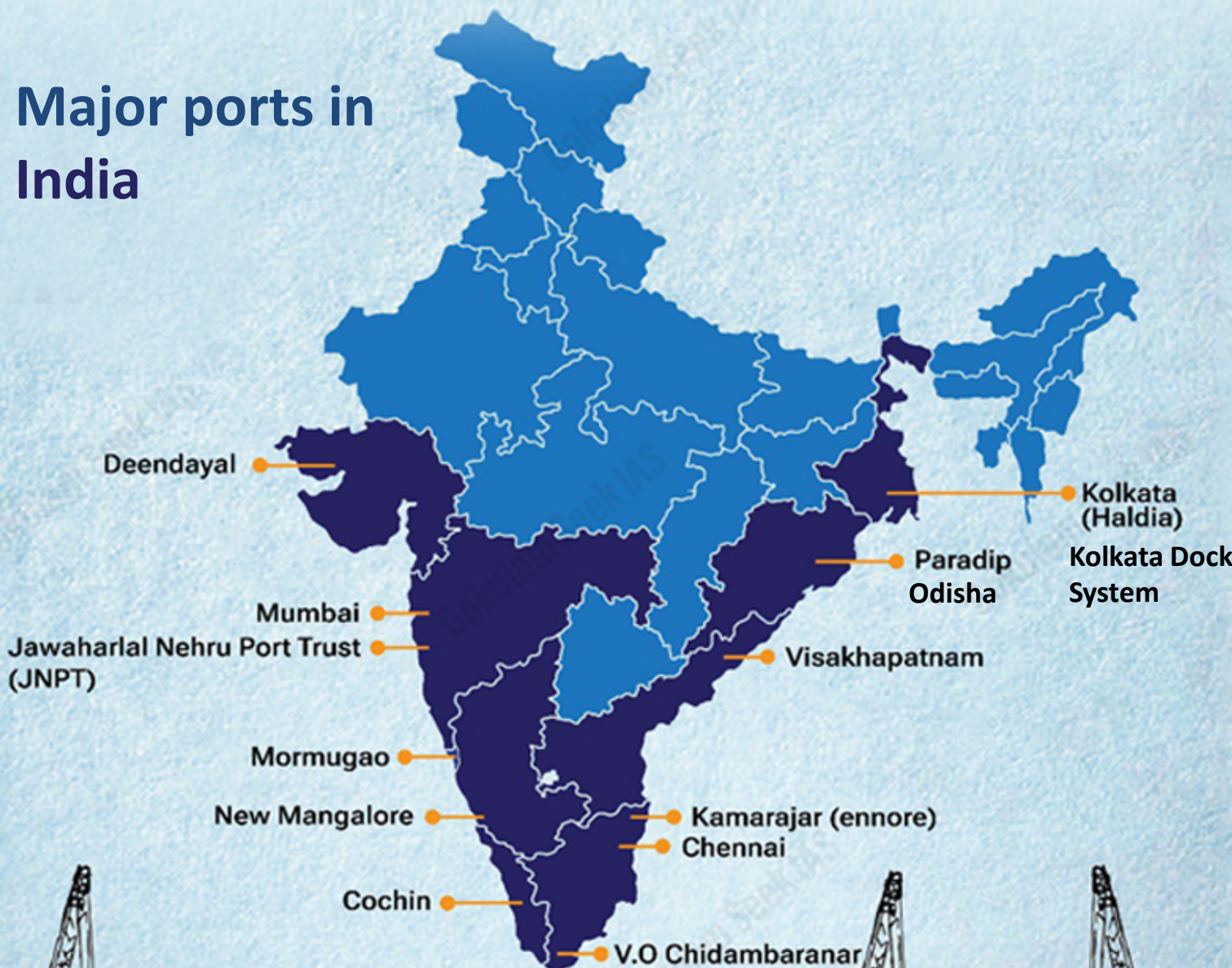


Key port statistics of India

Trends in Cargo Handled at Major & Non-Major Ports of India (In Million Metric Tonnes (MMT))

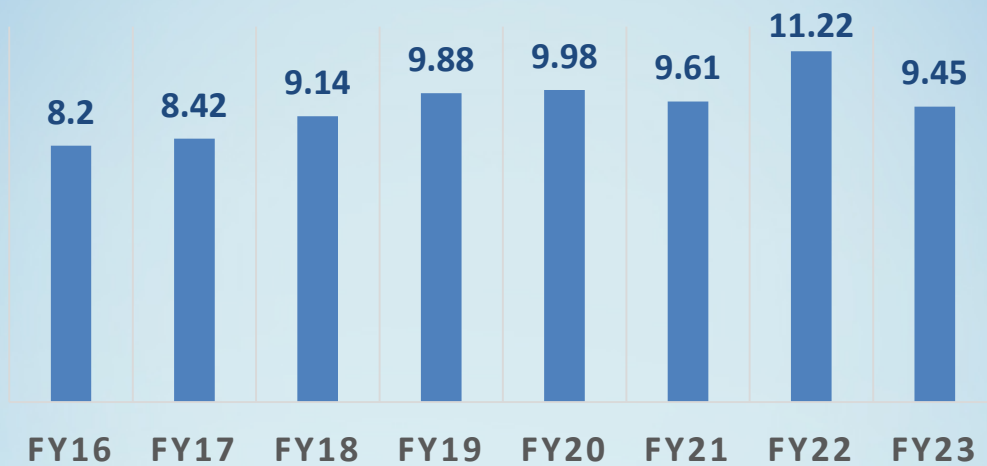
Type of ports	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
Major port	679.47	699.17	704.93	672.68	720.05	784.27
Non-major port	529.09	582.61	615.05	577.19	603.56	648.73
Total	1,208.56	1,281.78	1,319.97	1,249.87	1,323.62	1,433.00

Major ports in India



Key port statistics of India

Container traffic at major ports (thousand TEU – Twenty Feet Equivalents Unit)



Cargo traffic at major ports (million tones)



FY 2023 data is from April 22 to Jan-23. The above table statistics clearly show India's Port sector growth story. Statistics of Cargo & Container handling show steady growth since COVID-19



Key port statistics of India



Number of Ports	13 Major Ports 200 Minor Ports
Cargo Handling	1,433 Million MT in FY 2022-23 54% of Total Cargo Handled by 13 Major Ports
Largest Govt Sector Port in India	JNPT Port, Navi Mumbai
Cargo Handled in FY 2022-23 (Govt Port)	83.86 Million MT
Containers Handled FY 2022-23 (Govt Port)	5.271 Million TEUS (Estimated)
Largest Private Sector Port in India	Adani Port & SEZ Limited
Cargo Handled in FY 2022-23 (Private port)	339 Million MT
Containers Handled FY 2022-23 (Private port)	8.60 Million TEUS (Estimated)
Container Traffic in India FY 2023 Approx	20 Million TEU's (Twenty FT Equivalent Units)
Container traffic is Handled only by the Largest Private Port in India Mundra Port	6.64 Million TEU's (Twenty FT Equivalent Units) 33 % of Container Traffic handled only by Mundra Port

Strength

India's extensive **coastline** spanning over **7,500 km** which provides strategic & geographical advantage to India.

This huge coastal line can be used to turn around Port sectors in India.

State-of-the-art infrastructure is the backbone for the robust development of Ports. Government policy plays a key role in the Infrastructure development of any country. Present Government authority strongly believes in developing world-class infrastructure across all sectors on a Public-Private model which is an added advantage to India.



Under favorable government policies for port infrastructure, major ports are now linked to railway tracks, facilitating the transfer of port benefits to land-locked manufacturing areas.

The average turnaround time (ATT) for vessels at major ports has reduced significantly. The reduction in ATT time has improved the overall efficiency of ports and reduced logistics costs for shippers

Opportunities

The government has allowed FDI of up to 100% under the automatic route for projects related to the construction and maintenance of ports and harbors

India's economy is moving more & more towards a consumption-based economy which will enhance import. With the Make-in India initiative, the manufacturing sector is also on the growth path which boosts Export of the country. An increase in Import & Export will enhance Container & Cargo traffic at ports.

According to a study by the National Council of Applied Economic Research (NCAER), the port sector has the potential to create around 40 million direct and indirect jobs in India by 2025.

DP World, a Middle East port giant, entering India will introduce healthy and much-needed competition in the country's port sector.



Challenges

Due to less enforcement of environmental laws and standards, spills or leaks from the loading and unloading of cargo as well as oil pollution are frequent during port operations.

ATT being reduced to 62 hours in FY 2020-21, is still high if compared to global standards, with Singapore port at less than 12 hours.

Statement Of Listed Companies

Top Listed Marine Port & Services Sector Companies

Data as on 16-11-2023

Name of company	Turn over FY 22-23	Net profit FY 22-23	Current price	Market Cap (Rs. In Cror)	P/E Ratio
Adani Ports	20,852	5,393	1267.85	2,73,538	31.07
JSW Infracore	3,195	750	217.4	45,622	61.54
Guj Pipavav port	917	292	173.95	8,414	22.6



Performances



Equity Market

Indices	01 st Jan, 2024	31 st Jan, 2024	High	Low
BSE S&P SENSEX	72,218.39	71,752.11	73,427.59	70,001.06
NIFTY 50	21,727.75	21,725.70	22,124.15	21,137.20

Mutual Fund

AUM Data of Mutual Fund for the Month of January 2024

(INR. In Lakh Crore)

Particulars	AUM As On 31-12-2023	Fresh Fund Mobilize During Jan- 24	Redemption During Jan-24	AUM As On 31-01-2024
Total AUM of all mutual funds scheme	51.21	10.26	9.03	52.44
AUM of equity oriented (growth) schemes	22.28	0.51	0.29	22.50

Source: Association of Mutual Fund of India (AMFI)

Performances

SIP Contribution

(INR. In Crore)

Year	SIP Contribution	SIP AUM
Jan-2024	18,838	10,26,996

FII & DII Inflow/Outflow Position

FII's selling in the month of Jan-24 is 0.36 Lakh.

DII's buying in the month of Jan-24 is 0.27 Lakh.

Inflow/Outflow position in the month of January 2024

FII /DII	Gross Purchase	Gross Sale	Net
FII	3.24 Lakh	3.60 Lakh	(0.36) Lakh
DII	2.58 Lakh	2.32Lakh	0.27 Lakh

