Performance Evaluation of Kandla Port

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Abstract:
Performance of port and port economics are closely related with macroeconomic development of any country. Therefore any changes in port traffic or operation and port / port organization has an impact on national economy. According to UNCTAD, global economic growth falter in 2013 as economic activity in developing regions suffered setbacks and as the situation in the advanced economies improved only slightly. India has a coastline of 7517 km with 12 Major Ports and 200 notified Non-major Ports along the coastline and Islands. Kandla port is one of the major ports of India. Port of Kandla is India's hub for exporting grains and importing oil. This self-sufficient port is one of the highest-earning ports in the country. Major imports entering the Port of Kandla are petroleum, chemicals, and iron and steel machinery, but it also handles salt, textiles, and grain. Present paper is an attempt to evaluate the performance of Kandla port over a period of time. Various parameters of performance viz. exports, imports, income, expenditure, profit, employment etc. are used for the analysis purpose.

Keywords: *Ports, Imports, Exports, Income & Expenditure*

1. Introduction

A port is a location on a coast or shore containing one or more harbors where ships can dock and transfer people or cargo to or from land. Port locations are selected to optimize access to land and navigable water, for commercial demand, and for shelter from wind and waves. Ports with deeper water are rarer, but can handle larger, more economical ships. Since ports throughout history handled every kind of traffic, support and storage facilities vary widely, may extend for miles, and dominate the local economy. Some ports have an important military role. Ports constitute an important economic activity in coastal areas. The higher the throughput of goods and passenger's year-on-year, the more infrastructures, provisions and associated services are required. These will bring varying degrees of benefit or disadvantage to the local and regional economy and to the environment. Ports are also important for the support of economic activities in the hinterland since they act as a crucial connection between sea and land transport.

2. Statement of Problem

Ports constitute an important economic activity in coastal areas. The higher the throughput of goods and passenger's year-on-year, the more infrastructures, provisions and associated services are required. These will bring varying degrees of benefit or disadvantage to the local and regional economy and to the environment. Through this paper the researcher has made an attempt to know the developments that has taken place over a period of time on the port of KANDLA. "Performance Evaluation of Kandla Port"

3. Review of Literature

3.1 Ghosh A, Ravichandran K & Joshi N (2011)

It reported that since the last decade, the Indian port sector has been witnessing certain structural changes, with state monopoly (viz. the major ports) gradually giving way to greater private sector participation in port investment activity.

3.2 GMB (2014)

This paper highlights the contribution of Gujarat in national development. All Indian ports handled estimated 976 MMT of traffic in 2013-14 of which major ports handled 556 MMT. Gujarat's rapidly growing shipping industry consists of several players including Government ports, private ports, shipping companies, charterers, surveyors, manning agents, ship managers, maritime lawyers, shipping consultants, and so on.

3.3 Kuntoji G & Rao S (2015)

Paper stated that India, is the second largest country in Asia, has a coast line about 7500 km and is studded with 12 major ports and close to 200 minor ports. Approximately, 95 per cent of the country's trade by volume (70 per cent in terms of value) is moved by sea. Major ports handle about 75 per cent of the total cargo and the rest by intermediate and minor ports.

3.4 Port of Rotterdam Authority (2007)

The overall goal of the development of Business Plans for the 12 Major Ports was to transform Indian Ports into world class facilities suited to the requirements of the future economy of India.

3.5 Jones P W (2005)

Study concluded that efficiency of ports is an important determinant of shipping costs. Improving port efficiency from the 25th to the 75th percentile reduces shipping costs by 12 percent. Inefficient ports also increase handling costs, which are one of the components of shipping costs.

3.6 Allen C H (2012)

Seaports are an integral component of the marine transportation system; one that provides the vital link between producers and consumers, importers and exporters and military logisticians and deployed forces. Ports are often a leading catalyst and engine for regional economic growth and prosperity.

3.7 Antonio A J & María P E (2009)

Paper examines the implementation of a strategic management system at the Port Authority of Valencia, a government body managing and controlling the ports of Valencia, Sagunto and Gandia in Spain. The methodology used is a case study, a method that has grown increasingly popular in this field of research.

3.8 Borger D B, Proost & Dender K V (2007)

Authors obtain the following results. Profit-maximizing ports internalize hinterland congestion in as far as it affects their customers. Investment in port capacity reduces prices and congestion at both ports, but increases hinterland congestion in the region where the port investment is made.

4. Research Objectives

1. To analyse the contribution of import and export by Kandla Port Trust over a period of time.
2. To identify the contribution of Kandla port income & expenditure.
3. To identify the changes taking place in direct employment on Kandla Port Trust.

5. Research Methodology

Present Study includes the study of secondary data from Annual Reports of Kandla Port Trust. The data related to imports, exports, employment, income, expenditure and surplus/profit before tax has been used by the researcher for his research. From the available data the researcher has made the performance evaluation of Kandla port trust by tables & charts to find the development that has taken place in the Kandla port over the period of time. For the analysis of data researcher has used a normal technique which shows the performance of port.

6. Economic Development through Ports

Performance of port and port economics are closely related with macroeconomic development of any country. Therefore any changes in port traffic or operation and port organization has an impact on national economy. Indian seaports are today more than just government owned public utilities; they are indeed, focal points of convergence for several contending and competing business interests from shipping lines, port authorities, and individual terminal operators to freight forwarders and inland logistics agencies; not to leave out the shippers (the exporter-importer fraternity) whose cargo is what is being ultimately transported. They represent what may rightly be considered a complex mosaic of contractual and business relationships, which in turn give rise to maze of regulatory and operating institutions and procedures and ever-changing rules of dynamic inter-play.

7. Global Seaborne Trade and Port

According to UNCTAD, global economic growth falter in 2013 as economic activity in developing regions suffered setbacks and as the situation in the advanced economies improved only slightly. Reflecting a stumbling growth in the world economy (2.3 per cent growth in world GDP) world merchandise trade volumes expanded, albeit at the modest rate of 2.2 per cent. In tandem, growth in world seaborne shipments decelerated and averaged 3.8 per cent, taking total volumes to nearly 9.6 billion tons. In line with recent trends, much of the expansion was driven by growth in dry cargo flows, in particular bulk commodities, which grew by 5.5 per cent. Dry cargo, including, (a) the five major bulk commodities (iron ore, coal, grain, bauxite and alumina, phosphate rock), (b) minor bulks (forest products and the like), (c) containerized trade, (d) general cargo/break bulk, accounted for the largest share (70.2 per cent). Tanker trade (crude oil, petroleum products and gas) was responsible for the remaining 29.8 per cent. The performance of world seaborne trade in 2013 was shaped by various trends, including a more balanced growth in demand (trade), a continued persistent oversupply in the world fleet across the various market segments, relatively high bunker price levels, as well as a wider use of slow steaming, especially in the container-ship sector. Volumes expanded at the slower rate of 3.8 per cent, taking the total to nearly 9.6 billion tons. Of these shipments, dry cargo (major and minor dry commodities carried in bulk, general cargo, break bulk and containerized trade) accounted for the largest share (70.2 per cent), followed by tanker trade (crude oil, petroleum product and gas) which held a 29.8 per cent share. Much of the expansion in 2013 continued to be driven by growth in dry-cargo flows which grew by 5.5 per cent to reach 6.7 billion tons.

According to UNCTAD report on Review of Marine Transport (2014), world container port throughput increased by an estimated 5.6 per cent to 651.1 million TEU in 2013. The share of port throughput for developing countries increased by an estimated 7.2 per cent in 2013, higher than the 5.2 per cent increase estimated for the previous year. Asian ports continue to dominate the league table for port throughput and for terminal efficiency.

8. Ports in India

India has a coastline of 7517 km with 12 Major Ports and 200 notified Non-major Ports along the coastline and Islands. Major Ports are the ports which are administered by the Union Government, while Non-major Ports are administered by the State Governments. There are 12 Major Ports in the country. These are - Kolkata (including Dock complex at Haldia), Paradip, Visakhapatnam, Kamrajar

(Ennore), Chennai, V.O. Chidambaranar on the East Coast and Cochin, New Mangalore, Mormugao, Jawaharlal Nehru, Mumbai and Kandla on the West Coast. Out of the 12 Major ports, four major Ports viz. Mumbai, Calcutta, Chennai and Mormugao are more than 100 years old. Cochin and Visakhapatnam Ports have celebrated their Golden Jubilee. The Ports of Kandla, Tuticorin, New Mangalore and Paradip were developed in the post independent period and are, thus, relatively new. J. L. Nehru Port at Nhava Sheva became operational in 1989. Kamrajar (Ennore) Port which was dedicated to the Nation in February, 2001, is the first corporatized port registered under Companies Act, 1956.

Non-major Ports are the ports which are administered by State/UT governments. There are 200 non-major ports situated along the peninsular coastline and seaislands. These ports are located in Gujarat (41), Maharashtra (48), Goa (5), Daman & Diu (2), Karnataka (11), Kerala (17), Lakshadweep (10), Tamil Nadu (15), Pondicherry (2), Andhra Pradesh (12), Orissa (13) and West Bengal (1). 69 non-major ports handled cargo traffic in 2013-14.

9. Traffic Handed by Ports in India

Cargo Traffic at Indian Ports: During the first half (April-September) of 2012-13 major and non-major ports in India accomplished a total cargo throughput of 455.8 million tonnes reflecting an increase of only 1.8 per cent over the same period of 2011-12. This is mainly attributable to a decline of 3.3 per cent in the cargo handled at major ports. In contrast, non-major ports' growth increased to 10.3 per cent in the first half of 2012-13 compared to 8.2 per cent in the corresponding period of 2011-12.

At a broad commodity level, during the first six months of 2012-13, coal, container cargo, other cargo, and petroleum oil and lubricant (POL) traffic posted growth of 3.8 per cent, 2.7 per cent, 2.4 per cent and 0.5 per cent respectively. The traffic in iron ore was affected during April-September 2012, recording a negative growth of 43.1 per cent primarily due to ban on mining of iron ore. Fertilizer and FRM traffic during April-September 2012 also declined by 5.2 per cent over the corresponding period of the previous year. In terms of the composition of cargo traffic handled at major ports during April-September 2012, the largest commodity group (in terms of percentage share in total cargo handled) was POL (34 per cent) followed by container traffic (22 per cent), other cargo (19 per cent) and coal (15 per cent). Total container traffic at major ports increased both in terms of tonnes and twenty foot equivalent units [TEUs] by 2.7 per cent and 1.3 per cent respectively during April-September 2012 and Jawahar Lal Nehru Port (JNPT) emerged as the leading container-handling port with a 48 per cent share in terms of tonnage and 55 per cent in terms of TEUs.

10. Kandla Port

Kandla port is located on the Gulf of Kutch on the northwestern coast of India some 256 nautical miles southeast of the Port of Karachi in Pakistan and over 430 nautical miles north-northwest of the Port of Mumbai. Located some 90 kilometers from the mouth of the Gulf of Kachchh on the Kandla Creek, the Port of Kandla was opened as a natural deep-water harbor in the 1930s to serve the hinterland of and beyond the state of Gujarat. In 1952, Prime Minister Pandit Jawaharlal Nehru laid the foundation stone for the new port on India's northwestern coast. The Port of Kandla was declared a major port in 1955. The KPT was created by law in 1963 to manage the new port.

The Port of Kandla Special Economic Zone (KASEZ) was the first special economic zone to be established in India and in Asia. Established in 1965, the Port of Kandla SEZ is the biggest multiple-product SEZ in the country. Covering over 310 hectares, the special economic zone is just nine kilometers from the Port of Kandla.

Today, the Port of Kandla is India's hub for exporting grains and importing oil. This self-sufficient port is one of the highest-earning ports in the country. Major imports entering the Port of Kandla are petroleum, chemicals, and iron and steel machinery, but it also handles salt, textiles, and grain.

11. Performance of Kandla Port

There can be various parameters to measure and evaluate the performance of port. Major parameters widely used for performance measurement of port included traffic handled by the ports, employment at the port, and financial performance in terms of income, expenditure and surplus/deficits. The performance evaluation of Kandla port over a period of time in terms of various parameters and growth is presented in table below;

Table-1.Performance of Kandla Port Trust

Time Period	Imports (Metric tonnes)	Exports (Metric tonnes)	Employment (Number of People)	Income (Rs. In Crore)	Expenditure (Rs. In Crore)	Surplus/Profit Before Tax (Rs. In Crore)
2002-03	8753396	10373588	4514	374.41	205.3	169.11
2003-04	9512908	10308182	4852	387.84	297.21	180.63
2004-05	12614977	9544961	4371	386.01	192.58	193.43
2005-06	14287830	10176321	4352	386.12	186.11	200.01
2006-07	15845153	10674968	4335	435.15	221.97	213.18
2007-08	18108297	11837360	5434	505.76	258.68	244.08
2008-09	17682847	10977841	5246	591.72	368.22	223.49
2009-10	25274372	10080935	5005	634.06	432.38	201.68
2010-11	24831132	11912200	4661	676.64	515.16	161.48
2011-12	24649312	13793089	4411	623.71	505.98	227.51
2012-13	23920610	16751429	4255	982.93	593.27	389.66

Source: Annual Report of Kandla Port Trust

Table-2.Growth in Annual Performance of Kandla Port Trust

Time Period	Imports	Exports	Employment	Income	Expenditure	Profit
2002-03	3.36%	34.64%	-	-	-	-
2003-04	8.68%	-0.63%	7.49%	3.59%	44.77%	6.81%
2004-05	32.61%	-7.40%	-9.91%	-0.47%	-35.20%	7.09%
2005-06	13.26%	6.61%	-0.43%	0.03%	-3.36%	3.40%
2006-07	10.90%	4.90%	-0.39%	12.70%	19.27%	6.58%
2007-08	14.28%	10.89%	25.35%	16.23%	16.54%	14.49%
2008-09	-2.35%	-7.26%	-3.46%	17.00%	42.35%	-8.44%
2009-10	42.93%	-8.17%	-4.59%	7.16%	17.42%	-9.76%
2010-11	-1.75%	18.17%	-6.87%	6.72%	19.15%	-19.93%
2011-12	-0.73%	15.79%	-5.36%	-7.82%	-1.78%	40.89%
2012-13	-2.96%	21.45%	-3.54%	57.59%	17.25%	71.27%

Source: Compiled by researcher

12. Findings

1. From the above tables we can interpret about the six variables such as Imports, Exports, Employment, Income, Expenditure and Profit from the port of Kandla.

2. If we talk about **imports** we can observe that the highest level of increase in imports by KPT has been seen in the year 2009-10 which has amounted to 252.74lakh tones (43%) which is followed by year 2004-05 which is 126.15lakh tones (32.61%), whereas the lowest level of imports was seen in the year 2012-13 which was about 239.21lakh tones (-3%) followed by year 2008-09 which was 176.83lakh tones (-2.35%). This differences are measured relatively Y-O-Y.
3. If we talk about **exports** we can infer that the highest level of increase in exports from KPT has been noticed in the year 2012-13 which is 167.51lakh tones (21.45%), followed by 2010-11 with 119.12lakh tones (18.17%), followed by 2011-12 with 137.93lakh tones (15.79%). The lowest rise in exports was in year 2009-10 which is 100.81 (-8.17%), followed by year 2004-05 with 95.45lakh tones (-7.40%), followed by the year 2008-09 which was 109.78lakh tones (-7.26%). The rise or fall in exports is measured by the relative changes from one year to another.
4. Now discussing about **employment** with the passage of time the highest level of employment provided by KPT was in the year 2007-08 as 5434 people (25.35%) higher than the earlier year, at the same time lowest level of employment provided by KPT was in year 2004-2005 as (-9.91%) which shows that there were no new appointments made at the same time existing staff may have retired In greater proportion. There has been a sever reduction in employment in KPT in ten years of time as no new recruitment has taken place from central government.
5. **Income** as an indicator for performance of KPT has remained high in the year 2012-13 which was Rs. 982.93crores about 57.59% higher than preceding year, followed by year 2008-09 with Rs. 591.72crores which was about only 17%. The lowest increase in income was in the year 2011-12 comparatively very less than the earlier year Rs. 623.71crores as (-7.82%), followed by the year 2004-05 of Rs. 386.01crores with percentage ratio of (-0.47).
6. For the performance appraisal of KPT **expenditure** equally plays an important role to play thus from the above table we can say that highest level of expenditure (less likely) is in the year 2003-04 amounting Rs. 297.21crores (44.77%) followed by year 2008-09 expenditure amounting Rs. 368.22crores which stands as (42.35%). The year in which we observed low expenditure was 2004-05 with Rs. 192.58crores (-35.20%) followed by year 2005-06 with Rs. 186.11crores (-3.36%).
7. The real picture of performance becomes clearer by knowing the difference between income and expenditure which is explained through **profit** of KPT. The highest profit received is in the year 2012-13 which is about Rs. 389.66crores and the percentage increase is (71.27%) followed by the previous year 2011-12 with profit of Rs.227.51crores with (40.89%). The lowest profit was in the year 2010-11 of Rs. 161.48crores (-19.93%) followed by the year2009-10 with profit of Rs. 201.68crores (-9.76%)

13. Conclusion

From the above paper the researcher concludes that the performance of KPT has been volatile over the period of time. As the researcher has made use of secondary data from the annual report of KPT in the paper to analyze the changes, we see that in initial years there has been consistent rise in the profit up to year 2007-08 but after that up to 2010-11 there has been negative profit and finally during the period 2011 to 2013 we observe severe rise in profit.

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