

## Chapter 6

# Conclusion and Recommendations



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#### 6.1 Conclusions

The PPP model was to ensure faster augmentation of infrastructure and better service quality for the user. However, out of an envisaged capacity addition of 315.23 MMTPA envisaged by the Maritime Agenda 2010-20, the ports achieved a capacity addition of 79.80 MMTPA (25.31 *per cent*) during 2010-12. PPP Projects could contribute only 33 *per cent* to the capacity total of major ports as on 31 March 2014. Thus, the purpose of resorting to PPP mode was defeated due to the slow progress in implementation of projects.

Ports did not structure the PPP projects appropriately as a result of which the long term interests of the ports were not adequately protected.

We noticed inconsistencies in the bidding process and selection of PPP partners. Significant post bid concessions valuing ₹40.23 crore had been extended to concessionaire at CoPT.

Commissioning of projects and inflow of revenue to ports was affected due to delay in/non-fulfilment of obligations on the part of the Ports/Ministry in respect of appointment of IEs, obtaining environmental clearance to projects, timely handing over of the project sites and provision of committed draught in the access channel etc. Non-fulfilment of conditions precedent by the concessionaires was also one of the major reasons for the delay in the commissioning of projects.

There was no standardized definition of the term 'gross revenue' across the ports prior to 2008. Deficiencies in revenue sharing arrangements, variances in the provision for appointment of auditors and lack of exercise of control by means of independent verification of operational data by ports were noticed.

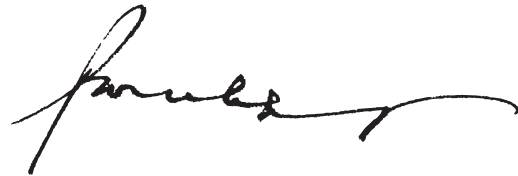
#### 6.2 Recommendations

- 6.2.1 *Ministry may put in place a mechanism wherein the best practices in ports are shared and informed while structuring PPP projects.*
- 6.2.2 *Scope of project offered to the private operator should be carefully determined and should not be varied after bidding as this vitiates the sanctity of the bidding process.*
- 6.2.3 *The Ministry/Port should ensure adherence to the time frame fixed for completion of the bidding process from issue of tender to signing of CA.*
- 6.2.4 *MoS should standardize the process of selection and appointment of Independent Engineers.*
- 6.2.5 *MoS/Ports need to design a mechanism to ensure timely obtaining of environmental clearance for each project well before commencement of the tendering process.*

6.2.6 *In view of the low priority accorded to revenue share payment, it is suggested that a system may be devised to ensure real time transfer to the Port's account. This would prevent any arrears or need of follow up on this account.*

The Ministry have accepted our recommendations and have already issued instructions to the Ports for implementing some of the recommendations.

**New Delhi**  
**Dated : 26 November 2015**



**(PRASENJIT MUKHERJEE)**  
**Deputy Comptroller and Auditor General**  
**and Chairman, Audit Board**

**Countersigned**

**New Delhi**  
**Dated : 26 November 2015**



**(SHASHI KANT SHARMA)**  
**Comptroller and Auditor General of India**