



**Steve Cameron** reports on progress towards modern management practices in India and an interesting study tour he's conducting of UK ports by Indian port managers

The process of Indian port privatisation has brought more changes than perhaps was envisaged by those that initiated it. When it was first launched, the container sector was quick to respond. A consortium led by P&O Australia set up the \$200m Nhava Sheva International Container Terminal on a BOT basis at Jawaharlal Nehru Port Trust (JNPT), starting operations in April 1999. PSA Corp followed with the terminal at Tuticorin also on a BOT basis in 2000. Latterly, in November 2001 P&O Ports commenced operations at the Chennai Container terminal.

# Raising the Bottom Line



■ Maersk at Nhava Sheva: improvements due to training initiatives



■ Nhava Sheva International Container Terminal: lines switched back to direct calls

- facilitating EU/India seaborne trade through the improvement of Indian port performance

The Indian government appreciated that where private operations had been licensed, the performance of public sector operations had also improved. The project included the involvement of EU port experts to assist and help stimulate public sector management, provide focus and come up with new ideas to help achieve similar performance levels as those in the adjacent private sector.

Over a two-year period a range of different initiatives from market research to improved EDI facilities were put in place with the port management of JNPT and the Chennai Port Trust.

Scott Wilson, the UK consultancy, provided integrated planning management, engineering and environmental services as a member of the consortium leading the project. They noted that although the two ports had different histories and were organised in different ways, both were facing a range of problems derived from both recent changes in their external environment and from their individual historical structures. Both ports are constrained by their status as trust ports and by a tradition in which delegation and empowerment for decision taking has not been subject to the same commercial pressures as the private sector.

Part of the range improvements included the need for the development of management skills relating to organisational change and the introduction of business procedures to deliver improved service standards to satisfy the needs of customers and stakeholders. These changes require a culture where managers are prepared to take full responsibility for the business and a clearly defined strategy is communicated effectively so that teams of managers and staff work together to support common objectives.

## BENCHMARKING BEST PRACTICE

As part of the programme to support these changes a port study tour to look at best practice in UK ports is planned to take place before the end of this year. The programme will set out to stimulate those executives taking part in the programme by what they hear and are shown, so they can return to their ports with the desire to make changes and with the required tools to do so. In any successful organisation the bottom line is that success can only be achieved when management takes full responsibility for the future of the business and believes in its own ability to achieve its objectives.

The range of subjects planned will include port management, EDI, public relations and port marketing, and the management of change, communication and leadership.

Since the abolition of the National Dock Labour Board Scheme and with the advent of port privatisation, the UK's ports provide a good example of the move from public to private ownership and the process of corporatisation that has improved efficiency and profitably whilst ensuring they are still responsive to the needs of customers and stakeholders.

It will be interesting to see which ports agree to participate in the study tour and if the Indian port managers agree they are examples of best practice and are suitably stimulated by their progress. Watch this space!

## MOVE RATES UP FROM 14 TO 25/HOUR

Although only a short period of time has elapsed since these developments started, the effect of progress on the ports themselves and on their competitors has been considerable. The container throughput at JNPT has jumped from 226,000 TEUs in 1999 to more than 1.14m in 2002. A high proportion of the container traffic at Chennai now transits through the P&O Ports terminal and the PSA Corp facility in Tuticorin has seen a 41% increase in traffic over the period.

At the time these global terminal operators commenced their businesses in India the general performance levels for container handling at Indian ports was so low that a significant proportion of Indian cargo was feedered via a range of transshipment hubs, in particular Colombo, to avoid the delays caused by direct calls. Ray Fenyo of the Stamford Research Group that has been involved in a number of market studies in the region, comments that move rates for containers at that time were about 14 per hour. He notes that now move rates of more than 25 per hour per crane are normal. As well as

substantial investment in new handling equipment he also attributes this improvement to the training programmes that have been initiated.

## A LITTLE GOES A LONG WAY

Explaining the relevance of the work that labour performs in terms of the operational and business process on the terminal has been a key ingredient to the programme's success, in particular, explaining the effect that delivering improved service standards has on India's economy. Until this was done the labour force had no idea what part of the business process they were involved in or how their input actually aided the country.

Other improvements have been achieved by recognition of the value of the staff through improved welfare at work. For example, a bus service takes workers not just to the dock gate but right to their place of work inside the terminal; and the provision of on-site meals through investment in a staff canteen has paid dividends. These easy to achieve improvements have sent a strongly motivating message.

As a consequence of these and other improvements, lines started to switch their services away from transshipments and back towards direct calls.

## SUPPORTING THE PUBLIC SECTOR'S FIGHT BACK

It soon became apparent that the other non-privatised ports and terminals needed help to improve their own service levels if they were to successfully compete with the private sector. An EU funded project was commenced with the objectives of:

- improving conditions for trade and investment in the port sector

## Indian Ports – Tonnage & Container Throughputs 2000-2002

Note: Figures in 000s

PORT	UNIT	2001-2002			2000-2001			Change
		IMPORT	EXPORT	TOTAL	IMPORT	EXPORT	TOTAL	
TOTAL	TONNAGE	17938	19291	37229	15821	16801	32222	
TOTAL	TEUs	1,457	1,427	2,884	1,236	1,234	2,470	15%
The top ports								
JNPT	TONNAGE	8531	9953	18484	8730	7547	14277	
JNPT	TEUs	751	822	1,573	561	629	1,190	31%
CHENNAI	TONNAGE	3100	2757	5857	2806	2813	5169	
CHENNAI	TEUs	182	182	344	183	189	352	-4%
MUMBAI	TONNAGE	2496	1188	3684	2597	1766	4363	
MUMBAI	TEUs	160	66	254	191	130	321	-34%
TUTICORIN	TONNAGE	919	1280	2199	629	941	1570	
TUTICORIN	TEUs	101	110	211	79	78	157	41%

Source: Indian Ports Assoc. <http://www.ipa.nic.in>