CHAPTER – VII
SUMMARY OF THE FINDINGS, SUGGESTIONS AND CONCLUSIONS

Gujarat is one of the states of India which is having a maximum number of industries. It is now become a home of multinational corporations, large private sector companies, and powerful public sector enterprises with a large number of medium and small scale units. All these private and public sector units produce approximately 13% of India’s total industrial production and contributes approximately 21% of the total export volume.

This is the age of globalization where international goods and commodities are to be transported from one country to the other and only efficient infrastructure is the key to the success. Surprisingly about 90% of the international cargo is transported by the medium of ships; in this view, the performance of ports plays an important role. The sound infrastructure of port invites multinationals and FDI nowadays import and export facility is playing vital part in development. Port is the most important factor for the growth of industrialization in country. The problem of research study stands on slow growth performance of public port with compared to private port in terms of management of liquidity, profitability and efficiency of port. The investigator also found it necessary to find out the causes of slow growth for public port sector
compare to private port sector, with a view to motivate port privatization for rapid growth in infrastructure and state. The reasons for the slow growth depends on various factors like management of port operations, strategic planning policy of ports, sources of funds, immediate follow up of decisions, modification or enlarge infrastructure, working performance of employees, recruitment and posting of staff, surrounding view about suggestions and so on.

To make better analytical perspective, number of tools used in this research study like Horizontal, Vertical and Trend analysis, Financial Ratios to assess the performance of liquidity, profitability and efficiency, statistical tools like Mean, Standard Deviations, Median and Trend to judge the performance by researcher.

The research study is based on following objective:

- To assess the implementation of BOOT policy by Gujarat Maritime Board for the privatization of ports.

- To assess the impact of Port Privatization in Kutch district with special preference to MPSEZ, Mundra.

- To study the need of port privatization in Gujarat with reference to quality management in port operations, create port infrastructure and motivation to growth.
To analyze the performance of MPSEZ and KPT in terms of finding out growth with help of financial analysis, using Horizontal, Vertical and Trend Analysis.

To assess the comparative financial performance in terms of Financial Liquidity, Profitability and Efficiency with the help of ratios.

To study the role of Gujarat Maritime Board in private port development in Gujarat.

To study the importance of MPSEZ as private port player in Mundra with reference to infrastructure development.

7.1 IMPLEMENTATION OF BOOT POLICY

Liberalization, Privatization and Globalization (LPG) policy in July 1991 has opened all the doors of progress for the private sector. BOOT policy known as Build Own Operate Transfer announced in December 1995 by Gujarat Maritime Board especially for the development of infrastructure, development of power generation and development of industries in Gujarat. Presently there are 10 ports have been working under BOOT policy where six ports are fully privatized by private port player and four ports are joint sector between GMB and private port investor. There are total 41 ports in Gujarat, where 1 is major port namely Kandla Port Trust and fully managed by Central
Government of India, 29 are Minor ports managed by state government under the control of Gujarat Maritime Board, and remaining 11 are intermediate ports out of 6 fully privatized and rest are joint ventures. Where the one of the leading private port of Gujarat is located at Mundra and known as Mundra Port and Special Economic Zone which is India’s largest SEZ for private ports, notified by government of India. MPSEZ is managed by ADANI Group who is a developer and operator of the Mundra Port. It is located on the western coast of India in the Gulf of kutch, the port is handling more than 30 million tones of bulk, liquid or containerized cargo. This research study is based on one of the Major Port of India located at Mandvi, Kutch, Kandla Port Trust and one of the largest private port located at Mundra, Kutch, Mundra Port and Special Economic Zone.

The performance of private port particularly MPSEZ is outstanding in terms of management of liquidity, profitability and efficiency for smooth operations and infrastructure growth of the port. The performance is evaluated separately with using different tools to find accuracy of the result and found that it is fully capable for huge expansion plan either for additional development of infrastructure or rise in number of handle the cargos.

The BOOT policy by Gujarat Maritime Board (GMB) is one of the best policies ever not only for the development of ports but it also develop and motivate industrialization in the state. At presently six ports already fully privatized and four have been with joint sector,
seven ports are in pipeline of privatization and 4 ports are proposed for privatization in Gujarat.

7.2 PERFORMANCE OF MPSEZ UNDER BOOT POLICY

The basic objective of BOOT policy is to develop infrastructure, power generation and promote industrialization in the state of Gujarat by Gujarat Maritime Board. The privatization of port sector under BOOT policy which is specially stands for the period of 30 years to operate and develop port infrastructure by private port investor. Mundra Port & Special Economic Zone, MPSEZ is operated and managed by Adani Group at Mundra, Kutch. MPSEZ has been developed with huge infrastructure facility and surrounded by latest mechanical technology to operate smooth functioning of port operations.

The location of port plays very important part for the development of port. The numbers of industries in Mundra or near by Mundra are increased by more than twenty times. MPSEZ also invites FDI either directly or indirectly into the state. JINDAL SAW, ASHAPURA MINECHEM, ADANI WILMART, EXCEL CROP CARE, PARLE, SUZLON and many more companies located in Kutch district. Most of the export oriented companies interested to save maximum transportation cost on goods; therefore they preplanned regarding establishment of the plant, the surrounding area near to
MPSEZ is having vital importance. The investigation of the research study has generated output of strong growth performance by MPSEZ in Kutch district not only in terms of maximizing profit but with the implementation of quality management in activities concerned with handling bulk cargos, or containers either for imported or exported purposes. MPSEZ curiously care about their every operation regarding attaining ships, to maintain the quality performance and facility for cargos and containers.

MPSEZ is one of the largest privatized ports in terms of biggest SEZ area allotted by government of India to the private port player. The location of the port and outstanding performance delivered by Adani Port were responsible to being MPSEZ. MPSEZ not only developed better infrastructure for the port but they have established private rail track for the rail transportation of goods, up gradation of two-way road line into four-lane connecting to Mundra road networks to Mundra Port, and further due to heavy traffic the MPSEZ has decided to construct fly-over bridging to the Mundra Port railway crossing.

Special Economic Zone is one of the automatic system to bringing out the FDI into the state either directly or indirectly and attract investors to start industry towards the location. It has its own benefit which attracts the investors like 100% tax benefit for the first five years, 50% tax benefit from next 6 to 10 years, 50% tax benefit on the ploughed back profits for 5 years after completion of 10 years, and exemption from Minimum Alternate Tax (MAT).
Moreover, one of the attractive indirect tax benefits is freely allow External Commercial Benefits ECB upto US $ 500 Millions without any specific approvals. MPSEZ has changed the photo frame of not only Mundra (nearer village) but has invited number of Indian and international companies into the district which are the huge benefit for the state which is done by MPSEZ under BOOT policy.

7.3 IMPACT OF PORT PRIVATIZATION

The port privatization policy by GMB has almost converted Gujarat into the hub of multinational companies. This research study become useful to find it out that privatization of ports which earlier was monopolistic sector, is one of the best decisions to promote rapid infrastructure facility with quality management and motivate industrialization in Gujarat. The research study contains one of the privatized port under the research area out of six fully privatized ports in Gujarat to measure the performance and growth share applied by private port players. It is found that privatization of port sector bringing out the number of historical changes in the state of Gujarat not only in terms of industrialization growth but also provide the other development facilities to the state like rapid growth of the village into city or town, polishing transportation facility, availability of international resources, directly or indirectly promoting the importance of education in knowledge poor village, development of all near area
only with the existing of private port because every skilled employee can get opportunity to work with private port simply with easy procedure that can be only possible in case of private port.

The investigations from research study clearly indicate the vital role played by private port players in the state. Mundra its originally one of the village name located in the district of Kutch, just before the establishment of port no one is aware with Mundra, and now internationally well known, it proves the success impact of privatization of port sector.

7.4 DEGREE OF PERFORMANCE SATISFACTION

The research study has done on comparative financial performance analysis between Mundra Port and Special Economic Zone and Kandla Port Trust where MPSEZ is private port and KPT is public port. The performance of private port viz. MPSEZ is analyzed into following two groups to judge the performance parameters and the following result found after all analytical process.

7.4.1 Results from Financial Analysis

The financial analysis is one of the important part of this research study to measure the financial growth performance which is on the basis of their Income and Expenditure statement which was
analyzed with three different parameters viz. Horizontal Analysis, Vertical Analysis and Trend Analysis. The investigation with the help of Horizontal Analysis are very impressive MPSEZ has maximize Net Profit more than 100 times increased during the study period which is from year 2002-03 to 2008-09. The growth in Operating Income is raised more than 15 times during the study period. The overall Horizontal Analysis satisfy all the growth parameters and better the performance compared to KPT.

During investigation of Vertical Analysis many of fact come to front. Net Profit has 42.78% of share in Operating Income for MPSEZ and 9.91% rise for KPT. Operating Expenses are 32.41% for MPSEZ and 93.61% for KPT. These all are the difference figure of the study period 2002-03 to 2008-09. Overall the performance parameters for MPSEZ is quite satisfied and found with rapid and strong growth under Vertical Analysis.

Trend Analysis becomes very useful tool for the better analysis of the research study. During the application of Trend Analysis the performance trend indicates positively upward indicator for MPSEZ during the study period. It is found that Operating Income for MPSEZ is more than 21 times in year 2009 compared to year 2003 while it is 1.93 times for KPT. The surprising changes found in performance to generate Net Profit which is raised more than 145 times in year 2009 compare to year 2003 which is 1.93 times rise in KPT. Overall,
MPSEZ is quite satisfy the degree of performance during the study period which found quite impressive compare to KPT.

7.4.2 Results from Performance Analysis

The financial performance analysis has carried out with the help of ratio analysis and found the performance of comparative liquidity, profitability and efficiency for MPSEZ and KPT, further for the detailed analytical purpose the result also tested under the high degree of statistical tools like Mean, Standard Deviations, Trend Indicator and Median for finding the real picture regarding the performance.

Analysis of Liquidity between MPSEZ and KPT has given the way towards the real picture of working capital. The results of liquidity analysis are quite satisfied for MPSEZ as maximum utilization of cash during the year, which found unavailable for KPT. KPT maintains certain level of liquidity during the year is also found. Moreover both the engineering background players are in the business of service provider and not manufacturer therefore there is no need to maintain certain level of liquidity except to meet daily expenses. It is found that the liquidity performance for MPSEZ is almost four times improved in year 2009 compared to year 2002-03. Overall all the tested liquidity for MPSEZ is quietly satisfy the degree of performance.

Analysis of Profitability was one of the interesting part of findings in the study. The profitability for MPSEZ and KPT are having
quite reverse positioning as KPT is public port, and only service provider with no profit object while MPSEZ is private port player and profit oriented. Even the performance of MPSEZ as private port player is quite satisfied and found to meet the greater performance stability. It is found that the performance of MPSEZ is vary with different level of performance like during Gross Margin Analysis MPSEZ found almost stable with minor growth in performance where in year 2003 the GMR was 62.71% and in year 2009 it reaches to 76.81 the difference growth is about to 13%, and for the growth in Net Profit the rise more than 6 times found for MPSEZ, while Net Profit for KPT performs with almost 40% decreasing level compared to year 2003. Although the profitability ratios are found quite impressive and satisfy all the performance parameters for MPSEZ compared to KPT during the study period from year 2002-03 to 2008-09 respectively.

Analysis of Efficiency plays vital role in comparative performance analysis between MPSEZ and KPT from year 2002-03 to 2008-09. It is found that MPSEZ are more interested to convert profits into fixed assets without any special provision for working capital. And for the management of working capital it borrows money in terms of short term or long term loans which is quite intelligent decisions handle by private port player MPSEZ which is practically not possible in case of KPT due to central management. It is also found that MPSEZ expect growth with maximum speed and therefore they plays with very analytical planning of funds which contains high risk factor due to heavy burden of debt. Nevertheless, the performance output by MPSEZ
is quite satisfy to meet all the external debt of the port and with having the efficiency to handle the operations, MPSEZ plays with confidence for the expansion of the port with rise up in assets.

It is investigate from entire analysis that MPSEZ believes in strong growth, which can be only possible with rise up in assets, so that maximum amount allotted to increase fixed assets, and it is found that MPSEZ has higher the figure of fixed assets compared to previous year. Ultimately it is not possible to make happen in case of public sector port KPT. MPSEZ has sound fundamental planning for investing the huge amount into the port project with quite silent dimension to increase infrastructure facility and maximization of application of assets both movable and unmovable. It is found that to satisfy that purpose MPSEZ are also taking the high risk with increase its huge debt amount to handover operation expenses. It definitely does. The only strong reason behind this is only the term period of BOOT policy which is limited for 30 years.

7.5 NEED FOR A NEW STRATEGY

The rapid process of industrialization in Gujarat is depends on the infrastructure facility in state. From the investigation of research study it is found that the development of port and development due to port are the part of self growth progress but government is required to apply easy policy which also directly helps the state towards growth it
may be easy licensing for the establishment of small, medium and large scale industry in SEZ, make available transportation by government for better communication to the place. The special fund should be reserved with the purpose to provide long term loan with fast procedure to piloting units in state. In public sectors, the need for necessary requirement of employees should be fulfilled without any further delay either operated by central or state government. The Companies Act 1956, which presently needs number of correction and modification according to present global environment especially the procedure, should be fast to implement the changes according to new bill rather to make any new change at initial level. Normally, India has history to implement new changes or policies with slowest method, now the time is to make strong decisions according to required by the particular sector or units with immediate effect to get the advantage of time.

India has suffered the loss of many ecological changes which could be possible only with easy and immediate implementation of decisions. Therefore, it needs new modernize strategy which can at least remove the limitations.

7.6 NEED FOR INTEGRATED APPROACH FOR PORT DEVELOPMENT

The number of decisions and policy which benefited India in real manner can be count in numbers since independence. But it does not
mean that only few policies and decisions made by India, there are hundreds of decisions which did not work at application. With reference to LPG policy by Dr. Manmohansing in July 1991, was the best decision or policy ever introduced to India to promote industrialization and steps towards rapid growth, and the BOOT policy by GMB for the development of port infrastructure with the help of private port players either in a way to fully privatized or partially. These two policies having very large impact on growth sector of India.

The advantage of private sector is calculated policy to get the objective, and immediate action towards application. Always follow up on actions, in case of non achievement or the object, technically procedure immediate follow to find causes of unsuccessful. It is found from research study that the government has took decision for port privatization which is quite positive but it still needed to understandable, speedy and easy going procedure regarding privatization procedure of port. At presently seven ports are under the pipeline of privatization, after all it is simply paper work than what are the strong reason for taking the long time towards implementation or declaration as private port, moreover there are further four ports which proposed under BOOT policy for privatize process but when they will privatize no one knows. The government required to take immediate fruitful action to make easy and immediate apply policy like income tax payment, e-banking, money transfer and many more easy going process. Such a standard or policy is highly recommenced.
The government also suggested to integrate port sector either it is managed by state or central, either partially, contractual, operational, asset developer, contractual container handler, or at least freedom of utilization of funds in terms of investments in different applications either inside the port or outside the port. All the government ports either by central or state, no doubt non profit maker and only service provider object but now it is time to make it profitable sector, either all of them need to converted in to corporate or privatize either partially or fully but it should be profit oriented. The port services are extra ordinary and government required to vision with profit for the growth of the sector only is possible with this way only.

7.7 NEED FOR CENTRALIZED DEVELOPMENT POLICY

The approach for centralized development policy actually required implementing earlier but this is also not much late. The government sectors, however performing as non profit oriented units but the facility or services charged by government is almost similar to the service provided by private player. This concept can be defined well with example. The state transport services which are under the control of state government and non profit oriented units. The state transport services also privatized. Fare charged by state transport from one place to another place while compare it with private transport it can be found that private transport can provide same service either with same fare or lower fare in many case. The object is to identify the non
control on expenses, either operating or non operating, it is also found with the help of research study that there is no control on expenses, it can be boundary less, it can be under control only if it touches by private port player either fully or partially.

It is also found during research study that KPT is having requirement of necessary staff after waiting for NOC from government the next process has started as to invite applications on contractual basis. Normally skilled employee never attract by contract system in general. Moreover the procedure for the recruitment is comparatively longer, until the time the seat will be vacant. This should never be possible in case of private port management. The requirement is forecast and first priority is given to requirement either it is for worker, clerk or any skilled employee and immediate hire with walk in interview or invite application and the post is fulfilled.

The government is suggested to apply centralization approach either for providing services or manufacturing of goods; for the improvement it also can be convert into corporation or take under the share with privatize sector. Moreover the first priority should be given to vacant posts which should never be vacant long and immediate action must be placed until the post is fulfilled not only in port aspect only but it can also be applied in general also. It will help a lot to government to take control over the cost, and it also automatically bringing out the quality performance in every level. If such a
suggestion would apply it can change the entire image of government in general mind.

7.8 CONCLUSIONS

KANDLA PORT TRUST (KPT) is situated at gulf of kachchh, is one of the Major port of India managed by Central Government of India. KPT deals with Iron Pipes, Iron Raw materials, Minechem, Oil, Chemicals, Vegetable Oil, Garments, Food Products, Cement, etc. It is fully dedicated with Import & Export cargo or container handling activities with all latest technological equipment. The comparative port is MPSEZ which is known as Mundra Port and Special Economic Zone which is fully privatized and managed by Adani Group at Mundra. MPSEZ also engaged with handling cargos and containers. Both the ports located at the gulf of Kutch which is located in Gujarat.

The research study has brought out number of facts in to front and useful suggestions. It is found that MPSEZ having sound management skills and strategic planning policy to handover port operations effectively. It can know that way for the maximum utilization of resources to generate outputs. It is found that the growth is quite rapid and development oriented compare to KPT. The investigation found that KPT is having average stability in performance no special improvement found during study period. It is also found that KPT is not managing its further cash which is actually not required
during the period of time for the liquidity management. It must be utilized any of investing activity to get return on non utilize cash.

The research study bring out that the strong reason of having major difference in performance by MPSEZ and KPT is the management of funds and operations of port. These are the only two basic reasons for better performance of MPSEZ and poor performance compare to MPSEZ for KPT.

A comparative study on financial performance of Mundra Port and Kandla Port is mainly based on analysis of liquidities, profitability and efficiency between Mundra Port and Kandla Port. To finding out that MPSEZ is performing better compare to KPT in terms of quality management in operations and better in performance of liquidity, profitability and efficiency from year 2002-03 to 2008-09. All the objectives of study has been proved, all the necessary data found with the use of different analytical tool, the data also verified and tested under high degree of statistical tools and the research object is proved.

The research study has not only provided the objective but also supplied a bulk of useful information. The expected changes which found necessary for the KPT-public or government managed port may sharp the government sector either managed by centrally or state. MPSEZ is found aware regarding the port operations in terms of focusing toward object oriented and growth oriented. All the analytical parameters have been tested by MPSEZ. It represents one of the best
used policies for the fund management by which the port development
can be possible to generate profit more than 145 times with the
difference of 2002-03 to 2008-09.

The most important fact of success of MPSEZ is found at the last
stage of research study. The findings divide result in two categories.
First, management of time and implementation of policy, and second,
fund allocation for the operations including development fund
provision for the year. These are the two basic reason found after
several analysis of the study. The gape in the implementation of policy
also carries its own impact. Moreover the requirement of staff also
needed to place whenever found. Whatever necessary policies created
for any kind of development or operations of port it should be
implemented with immediate action to get the result of policies in real
sense.

Further, the advantage of private sector is calculated policy to
get the objective, and immediate action towards application. Always
follow up on actions, in case of non achievement or the object,
technically procedure immediate follow to find causes of unsuccessful.
It is found from research study that the government has took decision
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pipeline of privatization, after all it is simply paper work than what are
the strong reason for taking the long time towards implementation or
declaration as private port, moreover there are further four ports which proposed under BOO T policy for privatize process but when they will privatize no one knows. The government required to take immediate fruitful action to make easy and immediate apply policy like income tax payment, e-banking, money transfer and many more easy going process. Such a standard or policy is highly recommenced.

Simply, the rapid process of industrialization in Gujarat is depends on the infrastructure facility in state. From the investigation of research study it is found that the development of port and development due to port are the part of self growth progress but government is required to apply easy policy which also directly helps the state towards growth it may be easy licensing for the establishment of small, medium and large scale industry in SEZ, make available transportation by government for better communication to the place. The special fund should be reserved with the purpose to provide long term loan with fast procedure to piloting units in state. In public sectors, the need for necessary requirement of employees should be fulfilled without any further delay either operated by central or state government.

Therefore it is also found a part of suggestion towards the government action which would be with easy and fast procedure for implementation with spot effect.

KPT is one of the major port and operated by central government of India, the present research study has done with assumption and
motivation to private port sector as better performance generator compare to public management port. Nevertheless, all the objectives of research study is found and satisfied with suitable remedies. There many more fact come into front regarding BOOT policy and importance of port privatization. The government actions also found necessary for the development of infrastructure or industrialization are suggested.