Gujarat Port Concessions: Policy Certainty, BOOT Model and Infrastructure Investment

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Gujarat Port Concessions Latest News

- Gujarat's first generation of privately developed ports — **Pipavav** and **Mundra** — are approaching the end of their original 30-year concession periods.
- Despite the approaching deadlines, the state government has not yet announced a formal policy framework for extending operating rights, putting Gujarat's next phase of port policy under scrutiny.

BOOT Model

- **BOOT (Build-Own-Operate-Transfer)** is a **public-private partnership (PPP)** mode used for developing infrastructure projects. Under this model:
  - A private developer builds the infrastructure (like a port, highway, or power plant) using its own capital.

    - The developer owns and operates the asset for a fixed concession period (typically 20-30 years), earning revenue through user charges, tariffs, or tolls.
    - At the end of the concession period, ownership of the asset transfers back to the government, usually free of cost or at a nominal value.
- It is a variant of the broader BOT (Build-Operate-Transfer) family of models, distinguished by the explicit “ownership” phase held by the private developer during the concession period.

How It Works: The Logic

- The government lacks the capital or technical capacity to build large infrastructure alone.
- Under BOOT, it invites private players to fund, construct, and run the project, allowing them to recover costs and earn profit over the concession period.
- Since the asset eventually reverts to the state, public ownership of strategic infrastructure is preserved in the long run.

Background: Gujarat’s Port Privatisation Model

- In the late 1990s, Gujarat opened its coastline to private investors under a 1997 **Build-Own-Operate-Transfer (BOOT)** framework.
- Private developers were given rights to build and operate ports for an initial concession period of 30 years, after which assets would revert to the government unless agreements were extended.
- This model helped Gujarat emerge as **India’s largest maritime State**, attracting billions of dollars in investment and handling a substantial share of the country’s cargo traffic.

The Two Ports in Focus

- **Pipavav Port:** Operated by APM Terminals Pipavav (part of Netherlands-based APM Terminals group). Its 30-year BOOT concession, signed in 1998, is scheduled to end on September 29, 2028 — making it the first of Gujarat’s original private ports to reach the end of its term.
- **Mundra Port:** Operated by Adani Ports and Special Economic Zone (APSEZ). Its concession expires on February 16, 2031.

Why the Delay Matters: An Investment Concern

- The lack of clarity is increasingly seen as an **investment issue,** not just a contractual one.
- Port infrastructure requires continuous investment in dredging, mechanisation, deeper berths, rail connectivity, and cargo-handling facilities.
- Without certainty on post-concession operations, developers may hesitate to commit fresh capital with long payback periods.
- This concern has already surfaced publicly:
    - In October 2025, APM Terminals Pipavav signed a **non-binding ₹17,000-crore investment memorandum** with the Gujarat government, but indicated major investments would follow only after concession clarity.

    - APSEZ's Whole-time Director and CEO said the company expects the Pipavav decision to precede Mundra's, given Pipavav's earlier 2028 deadline, and that discussions are underway.

How Other States Compare

- Newer port projects across India have adopted **longer concession horizons** than Gujarat's original 30-year model:
    - **Andhra Pradesh** (Gangavaram, Krishnapatnam) – 30 years + 20-year extension = up to 50 years
    - **Kerala** (Vizhinjam) – 40 years + 20-year extension = up to 60 years
    - **Odisha** (Dhamra) – 34-year initial period (including construction), extendable
- Notably, both Gangavaram and Krishnapatnam are now part of APSEZ's own portfolio, following Adani Group's acquisition of controlling stakes.

A Signal from Gujarat's New Shipbuilding Policy

- Gujarat's newly unveiled shipbuilding policy offers the clearest hint yet of the state's direction.
- Developers setting up new shipyards can now secure waterfront concessions of up to 50 years, replacing the earlier 30-year tenure.
- Industry executives interpret this as recognition that large maritime infrastructure needs long-term policy certainty to justify multi-billion-rupee investments.
- This longer-concession approach is also shaping Gujarat's upcoming greenfield port projects.
- For **six new ports** planned along the coastline — ***Nana Layja*** (Kutch), ***Vadhera (***Amreli), ***Vadodra Jhala*** (Gir Somnath), ***Damka*** (Surat), ***Lakhanka*** (Bhavnagar), and ***Bhogat*** (Devbhumi Dwarka) — the GMB has indicated concession periods could range between 30 and 50 years, with the final tenure decided during bidding.
- These will also follow the BOOT model.

Conclusion

- As Gujarat's pioneering port concessions approach expiry, its policy response will test whether the state can match the longer-term certainty now offered by rivals like Andhra Pradesh and Kerala.
- The outcome will shape not just coastal investment in Gujarat, but the broader template for India's maritime infrastructure growth.

Source: **TH**
