

Business Line

Title: Nomination of private ports body treasurer on Paradip Port Trust board kicks up a row

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A controversy has broken out over the Shipping Ministry's decision to appoint an office bearer of the Indian Private Ports and Terminals Association (IPPTA) on the Board of Trustees of Paradip Port Trust, a Major Port under the Government of India.

In question is the nomination of IPTTA treasurer, Kevin J D'Souza, who is also a Director of DP World, a multi-national port developer. It was made on March 13 by Barun Mitra, Joint Secretary, Shipping Ministry.

Opposition parties and trade unions have alleged a "conflict of interest" in the appointment as the port competes with a number of private facilities. They argue that being on the Board, the person from IPPTA will have access to information about the Paradip port and its development plans. Experts also point to many private port companies, including Adani Ports, DP World, APM Terminals and PSA, not providing information about their business plans to port trusts, government officials or the Comptroller and Auditor General.

Bhartruhari Mahtab, leader of the Biju Janata Dal in the Lok Sabha, who has written to Shipping Minister Nitin Gadkari, protesting against D'Souza's appointment, told BusinessLine that it was unacceptable. "This appointment is not only unethical, but against the business interests of the port, which is flourishing. It should be immediately corrected, earlier the better. This is a clear case of conflict of interest," he said.

The Water Transport Federation of India's representative, Sukant Kumar Dalai, had objected to the appointment at a meeting of the Paradip Port Trust board.

"Having a member from competing ports in the board of trustee responsible for devising vision and growth plans of a port, may not be in its best interest. Major ports have taken care to avoid any such conflict of interest at the management level," said Anand V Sharma, Director, Mantrana Maritime Advisory. Shipping Ministry officials, however, point out that the Major Port Trust Act, framed in 1960s, is silent on the issue of appointment of officials from private or competing ports on the board of a Port Trust. But, as one official said: "this could be attributed to the fact that then law framers did not envisage a scenario of port privatisation and government ports competing with private facilities."

Another official did not see a conflict of interest in this case as, according to him, DP World is not competing so much with Paradip Port as with the Adanis, who operate the Dhamra Port; this facility is giving tough competition to Paradip. "There could be other ways to remove potential conflict of interest. They may be asked to state upfront that they will not compete with Paradip Port. These are steps towards Paradip port's corporatisation and it is good to have professionals on board," he said adding that it is better to have interests stated upfront.