

Indian Port & Port Logistics Sector

Healthy cargo volumes anticipated for FY2025; economic slowdown and geopolitical tensions may create turbulence

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Cargo volumes at ports are expected to grow by 6-8% YoY in FY2025, driven by healthy growth in the container and coal segments. The slowdown in global economic growth and/or geopolitical tensions impacting trade volumes are the key risks.

In FY2024, coal and container volumes grew at a healthy pace of 8.7% YoY and 11.0% YoY, respectively, although container volumes declined amid the Red Sea crisis in the last couple of months.



- **In FY2024, cargo volumes witnessed a YoY growth of 7.5% after growing 8.3% YoY in FY2023.** Container and coal volumes witnessed growth of 11.0% YoY and 8.7% YoY, respectively, while petroleum product volumes witnessed modest growth.



- **The container segment experienced a slowdown** following the Red Sea crisis in January 2024. However, container volume growth improved, posting 11% YoY growth in April 2024. The containerisation of cargo continues to grow in India, but the volumes at Indian ports will remain susceptible to geopolitical tensions and container availability.



- **Coal volumes grew by 8.7% YoY** driven by rising power demand. In FY2025, coal demand is expected to remain robust amid surging power demand and the country's continued reliance on coal-based power. Rising coastal coal movement will also support the coal volume handled at ports.



- **New projects are also being awarded in line with the growth envisioned in Maritime Vision 2030.** Significantly large capex has been planned for the next decade to augment port capacity and infrastructure. Project execution is expected to pick up pace going forward. However, aggressive capacity additions may lead to supply-demand mismatches in some clusters, leading to increased competition and pricing pressure for ports in those areas.



- **The sector witnessed consolidation in the last few years,** with larger groups acquiring smaller or standalone players. This consolidation trend is expected to continue.



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