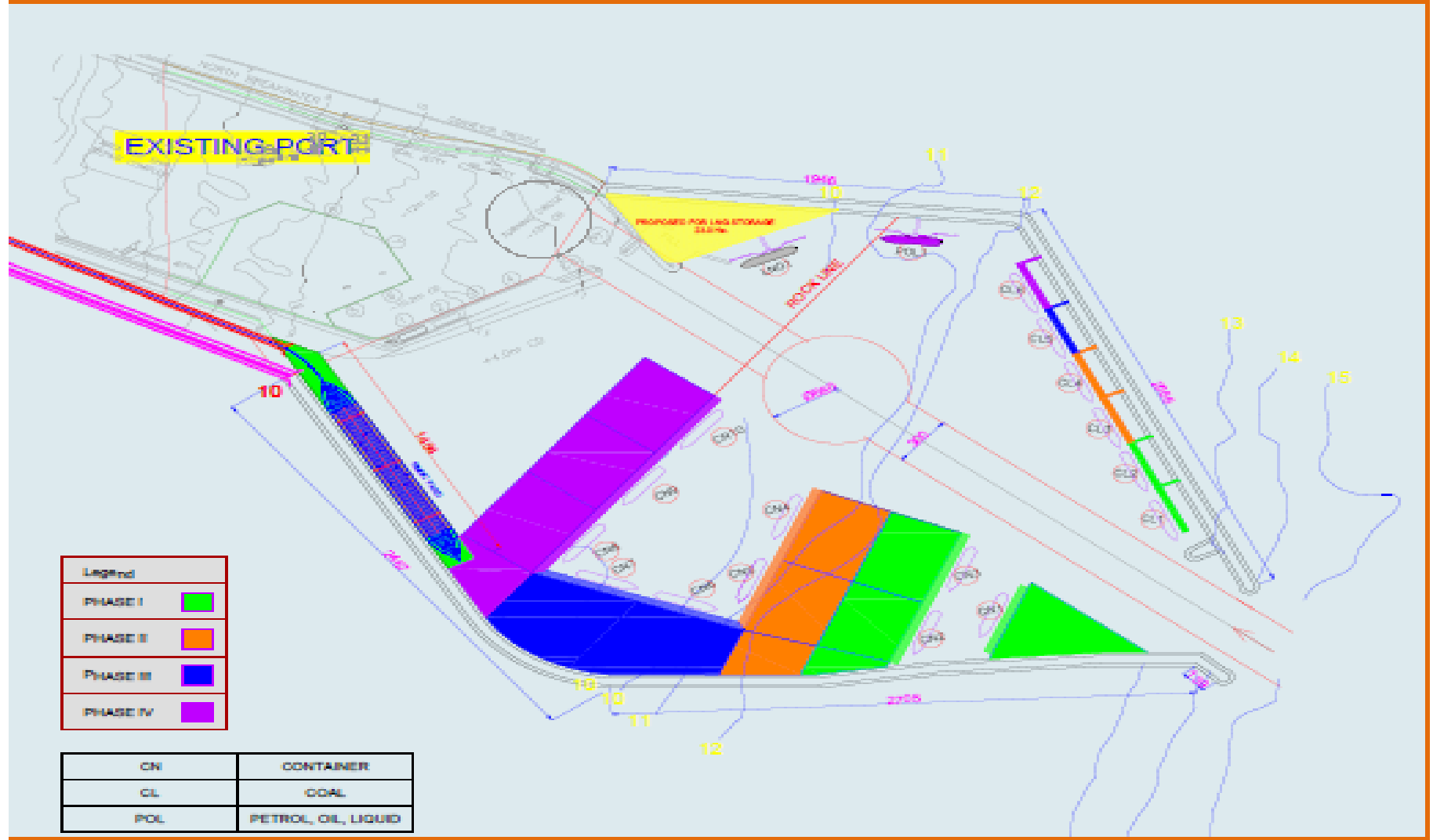


DEVELOPMENT OF OUTER HARBOUR PROJECT AT V.O.CHIDAMBARANAR PORT TRUST



NOTE ON THE PROPOSED OUTER HARBOUR PROJECT IN V.O.CHIDAMBARANAR PORT

At present there are 14 berths with capacity of 33.34 million tones per annum (MTPA), all situated within two breakwaters in VOC Port Trust. The Port which began with the mono commodity of coal for the Tuticorin Thermal Power Station has diversified and the cargo profile of the Port comprises of import cargo viz. Thermal Coal, Timber Logs, Petroleum Products, LPG and various other bulk, break bulk and containerized cargoes and export cargoes viz. Granite, Salt, Sugar (Raw) Cement in bags, containerized cargo and construction materials. The Port's hinterland comprises of southern parts of State of Tamil Nadu, Kerala and also some regions in the State of Karnataka.

2. The facility available at the Port has propelled industrial growth in the region and is also emerging as power Hub of South India. In order to augment the increased demand of the EXIM trade, the Port is increasing the capacity to 85 million tonnes per annum by 2015-16 by commissioning new 5 berths under PPP mode and upgrading the existing facilities. **During Budget speech in Feb 2013, the Hon'ble Union Finance Minister had also announced the Development of Outer Harbour project in V.O.C.Port for Rs.7500Crores**

3. As the capacity augmentation in the present harbor has reached the saturation level and to meet the future demands, the Port has proposed to develop an Outer Harbour by extending the present breakwaters. The port has engaged M/s.I -maritime consultancy Pvt Ltd ,NaviMumbai for preparation of DPR (Detailed Project Report) . The consultant submitted the final DPR in Dec 2013. The total length of breakwater is 9911meters with north Breakwater to be extended by 4512 meters and Southern breakwater by 5399 meters, is also to be constructed .The existing channel has to be widened to 300 meters and a new turning

circle has to be constructed of 680 meters dia. The total project cost for phase 1, Phase 2, Phase3 and Phase4 is worked out as INR 23431.92 Core. The Number of berths proposed, type of cargo proposed, and period of execution etc. for the four Phases of Projects and Traffic Fore Cast for the Outer Harbour Project as proposed in DPR as follows.

	No of Berths	Cargoes to be handled in the berths	Period of Execution	Expenditure (Construction Cost + IDC) Rs. in Crores			Capacity addition (MTPA)	Cumulative Traffic Forecast for Outer Harbour (MTPA)
				Port	PPP operator	Total		
Phase 1	5Nos	Coal-2 Nos Contr-3 Nos	2019-2024	7241.89	4393.71	11635.60	97.5	Coal - 27.30 Contr - <u>58.50</u> (3.9m.TEU) 85.80
Phase 2	4Nos	Coal - 2Nos Contr- 2Nos	2025-2030		3712.01	3712.01	75.0	Coal - 47.00 Contr - <u>106.50</u> (7.1m.TEU) 153.50
Phase 3	3Nos	Coal - 1 No Contr- 2Nos	2031-2036	103.92	3755.05	3858.97	65.0	Coal - 67.10 Contr - <u>54.50</u> (10.3m.TEU) 221.60
Phase 4	5Nos	Coal- 1No Contr-3Nos POL - 1 No	2037-2043		4225.34	4225.34	90.5	Coal - 78.80 Contr - <u>210.00</u> (14.0m.TEU) Liquid <u>1.70</u> 290.50
Total	17 Nos			7345.81	16086.11	23431.92	328.0	290.50

4. Along with the development of Outer Harbour the surrounding region in an around the port will develop which in turn will lead to over all industrial development of the region as a whole. The Phase -I expenditure to be borne by the Port inclusive of interest during construction works out to Rs.7241.89 Crores. The investment in phase-I to be borne by the port is towards construction of breakwater (2464.93 Crores),dredging cost (3221.33 Crores) ,roads cost (30.45 Crores) and Port crafts (293.10 Crores) with a total

cost of Rs.6010 Crores excluding interest during construction (IDC) .The phase -I expenditure to be borne by PPP operator works out to Rs.4393.71 Crores including IDC. The main investment by the port has to be incurred in Phase-I only, which include for breakwater, dredging & road. The port has to make one time investment for breakwater, Dredging and road in phase 1 itself. About 98% of total investment by port has to be done in phase -I only and is scheduled from 2019 - 2024. The Project IRR for Phase-1 is 14.6 % (without grant) for 30 years with project NPV of -2510 crores . The consultant also suggested that, for financial viability of the project, the port has to explore the possibility for financing the project through budgetary support or through international institutions for port's investment and for berths etc, it will be through Private Public participation (PPP).