

## **Salient Features of Deepwater International Container Transshipment Terminal at Vizhinjam, Kerala**

The above proposed project aims to fulfill the need of providing **Transshipment on Indian Coast** (at present there is no existing Container Transshipment Terminal in India to cater to this need. Annual Container Traffic close to **4 Million TEUs** is currently originating or destined to India through Sea route with **CAGR of 14%** during the last decade)

### **A. The Business Opportunity**

1. The proposed site is **on the INTERNATIONAL SHIPPING LINE, very close to the EAST-WEST SHIPPING AXIS.**
2. The proposed **site** is endowed with **natural depth of 20 m as close as one Nautical Mile** from the sea coast. *As may be appreciated, due to natural depth availability, the site needs **minimal capital dredging** requirements and thus **low costs** (as compared to the any other port in India within a reasonable distance from the East-West Shipping axis).*
3. A **Truly Futuristic Port**, once built, can cater to Container Carrier Vessel Sizes of **8000 TEU** in Phase-I and **10,000 and 12,000 TEUs** in subsequent phases.
4. The proposed site has **minimal Littoral drift** and as such would **hardly require any maintenance dredging** during the years of operation. *This will result in low O&M Costs.*
5. The proposed port is a **Green-field project, away from urban/city limits**, and thus can be **master planned** and shaped by the professional and experienced developer as per his own efficient designs and needs. *The Port can turn out to be an **efficient, modern and highly productive port** with design, expertise and experience of the successful developer having international experience in such ports.*
6. A **Techno-Commercial Feasibility study** (including, siting, traffic assessment, field survey and investigations-such as marine, land & Geotechnical investigations, port hinterland connectivity, Rapid Social & Environmental Impact Assessment, Risk analysis & legal review, Project Structuring, Tariff analysis, Preliminary Master Planning, cost estimation and Financial Viability Analysis) has been concluded engaging the **Consortium of International Consultants** including **L&T Ramboll and Rogge Marine** Consulting of Germany.
7. A **Container Shipment Economics Study** has also been carried out engaging Hauer Associates maritime consultants to examine and assess the **economics of shipment** of containers from/to representative Origin and Destinations (locations in hinterland) in India and representative Destination & Origin Ports in the world, routing their containerized cargo through Vizhinjam. The study has come out with a bright outlook for cost saving using Vizhinjam as compared to present port options.

*These 2 study reports are Available with GOK for study and assessment by Bidders.*

8. The Draft License Agreement has been prepared by competent law firm well versed in Indian laws and Infrastructure sector transactions with Private sector participation having specific expertise & experience in Port Sector in India.
9. The National Highways (NH-47-in use for years) NH-47 Bypass (partly completed and balance 6-8 Km under implementation) are in close proximity (Bypass at 3 Km & NH at 10 Km) and national rail network is less than 12 Km from the proposed port site. On one side NH-47 connects Thiruvananthapuram to Salem via Coimbatore and to Kanyakumari on the other side. At Kanyakumari, NH-47 would connect to the proposed N-S corridor (between Kashmir and Kanyakumari) being implemented under National Highway Development Project (NHDP) of National Highway Authority of India (NHAI). New alignment connecting Thiruvananthapuram to Kanyakumari is also proposed by NHAI under NHDP, the detailing of the same is underway (to be followed by implementation).
10. The State Capital City, Trivandrum, is located about 16 Km North of the proposed Port. The City has human resource and supporting social infrastructure housing about 1.1 million people.

## **B. Government Commitment to the Project**

1. As per the Draft License Agreement, the Government of Kerala (GOK) is committed to provide all the **External (support) Infrastructure (Road/rail Linkages, Water and Power Supply)** in line with the proposed construction and operations timelines for the port. For undertaking the same GOK has set up a fully owned **Government Company** in name of Vizhinjam International Seaport Limited (VISL) with **main objective of facilitating the provision of the said external infrastructure.**
2. As a step towards Environmental/CRZ clearance, the GOK has secured Consent to Establish issued by Kerala State Pollution Control Board, vide their letter dt.15 October 2004. The selected developer would use the final master plan to receive environmental/CRZ clearance from the Ministry of Environment & Forest, Government of India and **VISL** would assist the developer in the same.
3. Further, the Government of Kerala is considering to provide a **State Debt Support (zero coupon rate, repayable in 10 equal annual installments from 11th year of operation)** to meet the capital shortfall in viability of project. *This State Debt Support is proposed as **Bid parameter.***
4. The Government of Kerala is also considering to provide an **Annual Revenue support** as Grant-in-aid during the initial period of 3 yrs. of operation equal to a total of 20% of the State Debt Support, to be released in 3 equal annual installments to meet the anticipated revenue shortfall in viability of project in initial years, when the business is being set-up.

5. In addition, the Government of Kerala is considering to take **equity stake in the project** reflecting their confidence in the project. This is hoped to enhance the possibilities of getting various approvals faster and raising loans at competitive rates.

### **C. Awaiting the Bids**

1. *Project preparation has been concluded, GOK is identifying a suitable **private sector developer** or a **consortium** through a transparent and time bound bidding process. The Request for Proposal (RFP) Notification has been released on 19 January 2005 and Last date of Submission of Bid is 20 April 2005. The RFP document can be obtained from the Directorate of Ports, GOK as per details mentioned in the notification.*
2. *The implementation and operation of the project will be on **Build Own Operate and Transfer Model** with Post Construction **License Period** of **30 years**. The above project and business opportunity awaiting in India for an efficient and experienced developer and operator would be interesting enough to attract the investors to consider investments in this land mark project in South Asia.*

### **D. Upside to the Project**

1. The GOK Company, **VISL**, is exploring the possibilities to facilitate the project development for Free Trade Warehousing Zone (**FTWZ**) and Special Economic Zone (**SEZ**) close to proposed Vizhinjam Port.