

Vizhinjam port project gets political colours

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Sitaram Yechury , CPI(M) leader

New Delhi, June 2:

The development of Vizhinjam port in Kerala — for which Adani Ports is the sole bidder — is fast emerging as a political hot potato.

The project involves investments of up to ₹7,000 crore, and an all-party meeting on the issue is slated for Wednesday.

The issue has become contentious as the CPI(M), which heads the Left Democratic Front (LDF) in Kerala, has objected to the Congress-led United Democratic Front (UDF) government's move to hand over the work of the proposed project to Adani Ports, the only bidder.

CPI(M) general secretary Sitaram Yechury has urged both the State and Union governments to construct the port under the public sector.

Yechury, also a former chairman of the Parliamentary Standing Committee on Transport, Tourism and Culture, said the panel had flagged several concerns over the growing number of public-private partnerships (PPPs) in developing ports.

Captive facility

The panel had noted that the private partners eventually use the operating right as a captive facility, and levy certain extraneous charges and claim that such charges do not form part of revenue eligible to be shared with the Port Trust, he pointed out. The panel had studied the prospects of Vizhinjam port, a mother port, in detail, he added.

Given the importance of the Vizhinjam port from the national security perspective, it should not go to the hands of a private developer, the CPI(M) leader said.

“It's not just about allowing private players to make windfall gains from a mother port, but also an issue concerning

national security. The project should remain in the public sector,” Yechury told *BusinessLine*.

Call for rebids

Meanwhile, the mode of the port’s development does not appear to be the only question mark, with some experts calling for rebids and project re-evaluation.

“The fact that there is a single bidder raises questions about the actual commercial viability of the port project,” said Anand V Sharma, Director, Mantrana Maritime Advisory.

“About 40 per cent is actual subsidy, which may further go up due to breakwater facility and rail and road linkage facilities.

“There is no guarantee that shipping lines will call on Vizhinjam after it is operational.

“That a port terminal operator in Colombo gets all the Indian transshipment cargo, and even subsidies, is known. But, if competition increases, they can further subsidise as they have written down infrastructure,” he said.

“There is nothing against developing the project as a PPP per se. But, given that the bids were invited at a time when the project readiness was much lower, there is scope for inviting bids again,” said an official who declined to be identified.

Also, there was a proposal to involve the Navy with a base. There is a related break-water tender, which is live.

Additionally, a cruise terminal was supposed to be a part of the project, which is not the case anymore.

“All these issues raise questions about the methodology of project handling,” added the official.

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