

Topic of the week for discussion: 14th to 20th July 2016

Topic: A Booster for Maritime

Enayam, a small **fishing hamlet** in the southern tip of India, will get on to the **international maritime map by 2020**. After nearly two decades, the project has moved out of the drawing board.

Tamil Nadu already has **three major ports** — **Chennai Port**, **Kamarajar Port** in Ennore to the north of Chennai and **VO Chidambaranar(VOC)** Port in Tuticorin.

However, stiff opposition from the locals, including a strong fishermen community, could scuttle the project. More importantly, the **viability of the 27,570-crore project** is a big question mark as a similar project is coming up at **Vizhinjam bordering Kerala**, just **35 km** by sea from Enayam. Both the ports will compete for the **same hinterland cargo**.

Why can't the government spend money on developing an **outer harbour at VOC** port to attract large vessels? What's the point of a port in between VOC and Vizhinjam.

The Centre says the **Enayam project is critical for India's trade**, especially in the **South**, which annually **loses around 1,500 crore** transporting cargo via feeder vessels to transshipment hubs such as **Colombo, Singapore and Port Klang, Malaysia**. Mother vessels to destinations in the US or Europe don't call on southern ports due to **inadequate cargo volume** and **infrastructure**. Enayam is **14 nautical miles** from the Great East-West shipping route connecting Europe to East Asia. That route caters to **80 per cent** of southern India's container transshipment cargo. The availability of deep water (**20 m contour**) closer to shoreline (**1.5 to 1.8 km**) will minimise dredging and maintenance cost.

The port could attract **major shipping lines** and a global hub could lead to the establishment of **new industries in the industrially lagging southern districts** of Tamil Nadu. An **SPV(Special purpose vehicle)** will develop Enayam port with initial equity investment from Chennai, Kamarajar and VOC ports to create infrastructure such as dredging and reclamation, breakwater and connectivity. It will be able to handle **triple E class container vessels** and **120,000 Dead Weight Tonne Capesize** solid bulk vessels. According to the preliminary study for this port, trans-shipment traffic at the terminal is projected to **surge fourfold from 700,000 TEUs in 2020 to 2.8 million TEUs by 2025, and touch 3.9 million TEUs by 2030**. Whether the potential is realised ultimately hinges on several factors. These include commitment from the State and Central governments to promote industrial activity in the port's hinterland; speedy, transparent and fair land acquisition; and provision of **world-class road, rail and coastal** shipping links to allow cargo to move rapidly in and out of the port.

Topic
Introduction

The Union Cabinet's decision to approve the construction of a new port on Tamil Nadu's west coast at Enayam near Colachel is **obviously aimed at making good a poll promise** of the Bharatiya Janata Party. The location of the facility so close to another **"mega" container terminal**, however, has invited doubts about its viability, even its necessity. Envisaged as a gateway container trans-shipment hub for **cargo moving to and from India** and along one of the world's major shipping lanes connecting the **Suez Canal to east Asia**, Enayam is being projected as a competitor to Colombo. Chosen for its **natural water depth of about 20 m**, and proximity to the east-west international shipping lane, the proposed port will be located about **40 km south of Vizhinjam** in Kerala, where the Adani Group is developing a trans-shipment container terminal. It is planned under the landlord model, where the State's publicly owned Chennai Port Trust, the V.O. Chidambaranar Port Trust, and the Kamarajar Port will make the initial equity investment, build the breakwater, undertake dredging and enable road and rail connectivity, while private companies operate the berths and provide the equipment. Enayam port is expected to cost **about Rs.6,500 crore** in the first phase, when container handling capacity is projected at **1.5 million TEUs**. The proposed initial funding for the **Rs.27,000- crore** project raises questions over the facility's feasibility given the capital requirement and the ability of the existing major ports to find the money.

Read further:

<http://www.thehindu.com/opinion/editorial/enayam-port-in-tamil-nadu/article8824830.ece>

<http://www.thehindubusinessline.com/economy/logistics/enayam-port-a-booster-for-maritime-trade-or-a-redundant-project/article8824825.ece>

<http://indianexpress.com/article/india/india-news-india/government-approves-proposal-to-build-major-port-at-colachel-tamil-nadu-2895282/>

<http://indianexpress.com/article/india/india-news-india/troubled-waters-in-2-ports-in-2-states-right-next-to-each-other-2900518/>