

**GOVERNMENT OF INDIA  
SHIPPING  
LOK SABHA**

STARRED QUESTION NO:473  
ANSWERED ON:19.04.2001  
FUNDS FOR DEVELOPMENT OF PORTS  
CHANDRAKANT BHAURAO KHAIRE

**Will the Minister of SHIPPING be pleased to state:**

- (a) whether any foreign investment has been permitted for the development of various ports in the country ;
- (b) if so, the amount of investment received in this account ;
- (c) the terms and conditions agreed for such investment ;
- (d) the probable expenditure likely to be incurred on the development of ports; and
- (e) the time by which it is likely to be completed ?

**Answer**

MINISTER OF LAW, JUSTICE & COMPANY AFFAIRS AND SHIPPING (SHRI ARUN JAITLEY)

(a) to (e) A statement is laid on the Table of the House.

Statement referred to in reply to parts (a) to (e) of Lok Sabha Starred Question No.473 asked by Shri Chandrakant Khaire for answer on 19th April, 2001 regarding Funds for Development of Ports

(a) Yes, Sir. 100% foreign direct investment has been permitted in Projects promoted by Private Sector in Major Ports.

(b) So far, the following two Private Sector Port Projects have been completed with foreign investment.

(i) Nhava Sheva International Container Terminal promoted by M/s P&O Ports, Australia at a total cost of Rs 750 crores.

(ii) M/s PSA SICAL Terminal Ltd. promoted by M/s PSA Corp., Singapore at a total Cost of Rs 100 crores.

(c) As per the guidelines on private sector participation in major ports, a foreign investor would have to be registered as a company under Indian Companies Act and it should have the approval of the Foreign Investment Promotion Board. The major salient feature/terms and conditions of the two projects are as under :-

Nhava Sheva International Container Terminal promoted by M/s P&O Ports, Australia at a total cost of Rs 750 crores.

1. 30 years lease period on BOT basis.

2. The entire construction to complete within 3 years from the date of signing of the agreement i.e. on 3.7.1997.

3. The licence agreement provided for a minimum guarantee throughout (MGT) and payment of royalty. In case of shortfall in MGT, royalty is to be paid as per the prescribed rate. Total estimated royalty to accrue to the port during the lease period is Rs. 4046 crores.

4. At the end of the lease period, the property shall revert to the port free of cost.

M/s PSA SICAL Terminal Ltd. promoted by M/s PSA Corp., Singapore at a total Cost of Rs 100 crores.

During the year 1998 Tuticorin Port Trust privatised the Container Handling Operation awarding the work for 30 years on BOT (Build Operate and Transfer) to M/s PSA SICAL Terminals Ltd., a Joint venture of M/s PSA Corporation Ltd., Singapore, (57.5%), M/s Sout India Corporation (Agencies) Ltd., Chennai (37.5%), and M/s NUR Investments and Trading Pte. Ltd., Singapore (5%), incorporated in India under the Company Act, 1956. The joint venture have invested Rs.100 crores for developing the container terminal for which M/s PSA Corporation,

Singapore and M/s NUR Investments and Trading Pte. Ltd., Singapore have invested USD 14.70 million ( Rs. 62.50 crores) and M/s South India Corporation (agencies) Ltd., Chennai has invested Rs. 37.5 crores. The terminal has been commissioned during December, 1999. Any additional investments to develop the container terminal to cope with the growth in traffic shall be made by the joint venture. Since, the work has been awarded on BOT basis, at the end of 30th year the container terminal shall be handed over to the Port Trust.

(d) During the 9th Plan period i.e. 1997-2002, public expenditure of Rs 4537 crores is anticipated. In addition, Government has approved 17 private sector projects in Major Ports involving a capacity of 60.05 MT and an investment of Rs 4527 crores.

(e) The development of Major ports is an on-going continuous process.