

**GOVERNMENT OF INDIA  
SHIPPING  
LOK SABHA**

UNSTARRED QUESTION NO:4617

ANSWERED ON:30.03.2017

New Port at Dugarajapatnam

Rao Shri Konakalla Narayana;Subbareddy Shri Yerram Venkata

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

- (a) whether it is a fact that as per Andhra Pradesh Reorganisation Act the feasibility study of setting up of a Major port at Dugarajapatnam in Andhra Pradesh was to be completed within six months of notifying the Act and if so, the details thereof;
- (b) the salient points of the recommendations made in the Techno-Economic Feasibility Report which had been submitted by M/s AECOM along with the action taken by the Government thereon;
- (c) whether Visakhapatnam Port Trust has raised any objection with regard to setting up of Major Port at Dugarajapatnam and if so, the details thereof along with the reaction of the Government thereto;
- (d) the time frame set for completion of the said project at Dugarajapatnam; and
- (e) whether the Government proposes to set up Major Port at Ramayapatnam and if so, the details thereof?

**Answer**

MINISTER OF STATE IN THE MINISTRY OF SHIPPING  
(SHRI PON. RADHAKRISHNAN)

(a)&(b): Prior to enactment of the Andhra Pradesh Reorganization Act, the Cabinet Committee on Economic Affairs (CCEA) had approved commissioning of a Techno Economic Feasibility Report (TEFR) for establishing a new Major Port at Dugarajapatnam in Andhra Pradesh by engaging M/s RITES which had submitted its report. The decision to set up a Major Port through the PPP process at Dugarajapatnam was based on the commitment given by the erstwhile Government of Andhra Pradesh that the cost of land, Rehabilitation and Resettlement (R&R) and external infrastructure cost would be borne by the State Government of Andhra Pradesh. The State Government of Andhra Pradesh subsequently expressed inability to fulfil this commitment. To meet this additional financial liability, Government budgetary support towards Viability Gap Funding (VGF) for the project was proposed. NITI Aayog suggested recasting of the Project Model so as to reduce project cost and requirement of VGF by engaging a Consultant. Hence, M/s AECOM was engaged to prepare a revised Techno Economic Feasibility Report, which submitted its report on 10.06.2016. Salient features of the TEFR submitted by M/s AECOM are enclosed at Annexure. NITI Aayog has been tasked to evolve the most suitable option in consultation with the Ministry of Shipping, Ministry of Finance and State Government of Andhra Pradesh.

(c) to (e): No, Madam.

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Annexure

The traffic projections/estimation of traffic for base year has been estimated as under;

Commodity

Dry and Break Bulk cargo and Container

(in MMTPA) 2020 2025 2035

Base scenario Optimistic scenario Base scenario Optimistic scenario

7.8 9.5 10.7 15.7 20.0

2. For container traffic projections, M/s AECOM has stated that the projection may further decline in case another new transshipment hub comes up in the Southern tip of the country.

3. On the basis of above projections, only 3 berths are envisaged by 2035 for handling of cargo of 15.70 MT.

4. Land area requirement for Dugarajapatnam Port has been indicated as under:-

Year 2020 2025 2035

Area(Sq.m) 338804 402786 651903

5. Total capital Cost for port development and cost for external Rail, Road connectivity and land acquisition are as under:-  
(INR in Crores)

Item 2020 2035 Total

Capital Cost for port development 2472 2191 4662

External Rail, Road connectivity and Land acquisition cost 1300 - 1300

Total Cost 3772 2191 5962

6. M/s AECOM has suggested three different options for execution of the Project:-

- (i) By Project Proponents
- (ii) By allocating Full Fledged Concession to Private Operator
- (iii) Landlord Model

7. M/s AECOM has finally concluded that with the current traffic and estimated competitive tariff, the IRR for the project is very low in all the possible development options and that the project is commercially not viable. However, AECOM has suggested that option 2 –Full Fledged Concession to Private Operator could be explored with certain conditions so that there is no financial burden on the SPV and seeking further support from the Central Government through Viability Gap Funding (VGF) of 20% and additional VGF of 20% be mobilized from State Level to generate project IRR of 14%.

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