

GOVERNMENT OF INDIA
MINISTRY OF PORTS, SHIPPING AND WATERWAYS

RAJYA SABHA
UNSTARRED QUESTION NO. 1760
ANSWERED ON 10.12.2024

VGF FOR VIZHINJAM PORT

1760. SHRI HARIS BEERAN:

Will the Minister of PORTS, SHIPPING AND WATERWAYS be pleased to state:

- (a) whether Government has taken any decision to revoke Vizhinjam Port grant refund clause to lift the repayment condition for Rs. 817 crores in Viability Gap Funding (VGF) for the Vizhinjam international seaport project;
- (b) if so, the details thereof;
- (c) whether Government of Kerala has written to Finance Minister to remove financial conditions imposed on the VGF for the Vizhinjam international seaport project; and
- (d) whether similar case of repayment terms were not imposed in the recent approval for Tuticorin Port's outer Harbour project?

ANSWER

MINISTER OF PORTS, SHIPPING AND WATERWAYS
(SHRI SARBANANDA SONOWAL)

(a) to (c) As per the approved financing arrangements of the Vizhinjam International Seaport PPP project, the Government of Kerala (GoK) has to share with the Government of India (GoI), 20% of the premium that the State Government will receive from the Concessionaire from the year 2034 onwards. Rest 80% of such premium shall be retained by the State Government. Requests of the GoK for waving off this premium sharing between the GoK and the GoI were deliberated and not accepted in the Empowered Committee meetings held on 27.06.2022 and 27.07.2024. Again, a request for waving off this premium sharing was received in October, 2024. After consideration, this request is not accepted, as premium sharing was one of the conditions of the 'in-principle' as well as the final approval for the Viability Gap Funding (VGF) support.

(d)Development of Outer Harbour Container Terminal at Tuticorin by the VOC Port Authority is a central sector project wherein the expenditure is incurred by and the revenues of the project accrue to the VOC Port Authority, an autonomous body under the administrative control of GoI. In November-2023, the Department of Economic Affairs accorded in-principle approval for the Outer Harbour project of V.O.Chidambaranar(VOC) Port Authority earlier called Tuticorin Port. Similar revenue sharing condition has not been imposed for the reasons explained earlier.

The Hon'ble Chief Minister of Kerala has sought the Hon'ble Finance Minister, GoI to intervene for the release of the share of GoI in the VGF for the Vizhinjam International Seaport, without imposing the condition that the State must repay it later and help avoid the huge financial loss of approximately Rs. 10,000 to 12,000 crore in nominal terms to the State Exchequer.
