



## India

# 44 Tuticorin Port Dredging Project

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The project's objectives were to alleviate draught\* restrictions by dredging port water and approach channels at Tuticorin Port in southern Tamil Nadu, and to improve the efficiency of port operations by increasing per vessel payload, and thereby contribute to economic growth in the state.

\* The distance from the bottom of a ship to the water's surface (depth of water needed to float a ship)

**Loan Amount/Disbursed Amount:** 7,003 million yen/6,026 million yen

**Loan Agreement:** December 1997

**Terms and Conditions:** Interest rate, 2.3%; Repayment period, 30 years (grace period, 10 years); General untied

**Final Disbursement Date:** March 2002

**External Evaluator:** Ryujiro Sasao (IC Net Limited)

**Field Survey:** August 2003



## Evaluation Result

Dredging of approach channels and berths was essentially executed almost as planned, the work was basically completed on schedule, and project costs were under budget. In Fiscal Year 2002, Tuticorin Port handled a total 13.29 million tons of cargo (equivalent to around two-thirds of the 20 million tons of cargo handled at Otaru Port in Hokkaido), reaching approximately 80% of the planned level. Further, in the six-year period spanning Fiscal Year 1997 through Fiscal Year 2002 total cargo traffic increased by an average 8.4% annually, surpassing the average annual growth rate of 5.3% for all major ports in India. Average waiting time has been decreasing since project completion because the dredging work has enabled larger vessels to dock, meaning fewer port calls to unload the same volume of cargo. The lower transport costs effectuated by the project have been of particular benefit to the major port users, and more efficient coal transportation are resulted in annual cost savings of around US\$13 million (approx. 1.4 billion yen) for Tuticorin thermal power plant. Occupancy rates at industrial estates in the port area have increased since Fiscal Year 1997 (of the 53 current tenants, approximately half have taken up occupancy since Fiscal Year

1997), and trade with Colombo Port, the nearest major port, has increased approximately 5.5 times, from 59 thousand tons in Fiscal Year 1999 to 326 thousand tons in Fiscal Year 2001. Tuticorin Port Trust, the project's executing agency, has outsourced some container operations to the private sector; there are no problems with its technical capacity and operation and maintenance system, and its financial condition is also favorable.

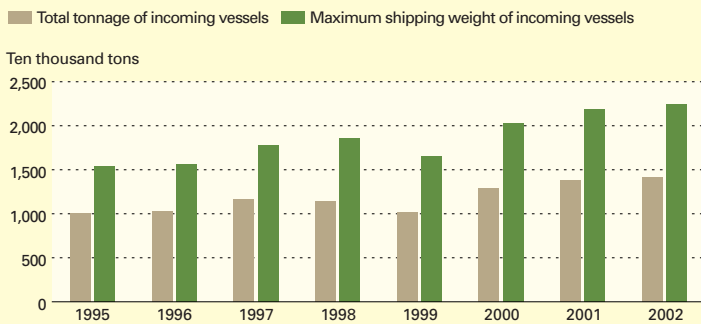
## Third-Party Evaluator's Opinion

India's external trade is rising at a rapid pace, the current demand limitations facing the Tuticorin Port are bound to ease in the years to come and the full benefits of the project would come into play on the long-term basis.

**Third-Party Evaluator:** Mr. Saumitra Chaudhuri

Obtained a master's degree in economics from Jawaharlal Nehru University. Presently holds the post of Economic Advisor, Investment Information & Credit Rating Agency of India Ltd (ICRA Ltd.). Specializes in finance.

### Cargo Handling Volumes at Tuticorin Port



Source: Tuticorin Port Trust

Both the total tonnage of incoming vessels and the maximum shipping weight have increased since this project was implemented.

### Dredged berths inside the Tuticorin Port basin



Tuticorin Port is handling increasing volumes of container cargo. The project has made it possible for larger vessels to dock and local companies are benefiting from shortening the waiting time. In particular, major port users are benefiting from lower transport costs.