

Sethusamudram project & Tuticorin

The Sethusamudram project takes off with the promise of bringing prosperity to southern Tamil Nadu. Construction of a hub port at Tuticorin, a long-standing demand of trade and industry, will complement its benefits.

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WITH the dredging of the Sethusamudram Ship Canal Project (SSCP) getting under way on July 2 after a 145-year-old struggle to make the project a reality, the shipping and business community in Tuticorin town in Tamil Nadu has stepped up its demand for the simultaneous creation of the Tuticorin Hub Port, also referred to as the Tuticorin Outer Harbour Project. If both were to be executed simultaneously, it would enable large vessels to sail into the Tuticorin harbour, thereby boosting container and oil cargo traffic. The cargo can be directly despatched to the United States and Europe by mother ships from Tuticorin without their being trans-shipped at Colombo, Singapore or Dubai as is being done at present.

The hub port, which will entail the construction of a big breakwater, will have a draught of 16 metres. As an interim measure, the shippers are pressing for an inner harbour at Tuticorin with a draught of 12 m. The present harbour has a draught of 10.7 m.

According to T. Velsankar, managing director, PSTS and Sons Private Limited, Tuticorin, which is a leader in providing port infrastructure services, the two projects are inter-connected. "Unless we go for the inner harbour with a draught of 12 m, we will be stuck with a draught of 10.7 m. What will happen is that 36 months down the line, the Sethusamudram Ship Canal Project will be ready but the Tuticorin harbour will not be ready to receive big ships," he said.

R. Edwin Samuel, founder of Pearl Shipping Agencies, Tuticorin, is also an enthusiastic supporter of the SSCP. "My opinion is that we need a canal in our territorial waters." Since there is no such canal now, even the naval vessels have to go round Sri Lanka. "Tuticorin will stand to gain from the SSCP, and port traffic will definitely improve," Samuel said. In his assessment, the SSCP will strengthen the country's security, lead to the creation of the Tuticorin Hub Port, and give a big boost to coastal shipping .

V. Krishna Shankar, managing director, Subramany Shipping Agencies Private Limited, Tuticorin, also expects "a jump in coastal trade" once the SSCP is commissioned.

PricewaterhouseCoopers, consultant for the Tuticorin project, prepared a report in March on "Development of Container Trans-shipment Hub at Tuticorin". The report, sponsored by the Tamilnad Mercantile Bank, was prepared at the instance of the Tuticorin Hub Port Development Council.

In a key paragraph, the report says: "Trans-shipment of Indian containers especially those originating/destined at the east coast ports are likely to get a major boost with the commissioning of the Sethusamudram Ship Canal. The domestic trans-shipment forms up to 40 per cent of Tuticorin Port throughput and it has been estimated to increase by almost 17 per cent due to extra containers reaching it due to the SSCP. The ports competing with Tuticorin for a share of this market are Cochin and Colombo. The benefits of the SSCP, however, are greater and immediate for Tuticorin Port since it would give a greater boost to domestic trans-shipment especially from the east coast, which would be the 'bread and butter' cargo for a Trans-shipment Port at Tuticorin."

THE fortunes of the SSCP and the Tuticorin harbour are intertwined. While the passage of the SSCP was tortuous, the Tuticorin Harbour project had a relatively smooth sailing. The SSCP, which saw nine committees between 1860 and 1922 deliberating on the subject and several proposals from 1956 to 1974 almost all approving the SSCP, became a fait accompli on July 2.

P.S.T.S. Thiraviaratnam, who founded the PSTS group of companies, led a delegation of the Tuticorin Port Development Council to New Delhi to meet Prime Minister Jawaharlal Nehru on April 2, 1958. Thiraviaratnam, who was 38 years old then and was the secretary of the delegation, had presented a memorandum to Nehru. "We told the Prime Minister that the Sethusamudram canal project had been recommended by the Sir Ramaswami Mudaliar Committee in 1955," Thiraviaratnam recalled. "Panditji was fully convinced about the need for a harbour at Tuticorin and sanctioned the project on the spot. In fact, Nehru said, 'There need be no argument on sanctioning the Tuticorin Harbour. It ought to be done'."

"Panditji told us that there can be a Tuticorin Harbour without the Sethusamudram project. But there cannot be a Sethusamudram without Tuticorin port. So let us start with Tuticorin, and we can take up Sethusamudram in due course," Thiraviaratnam, who is 85 years old now, said.

The town of Tuticorin, which lies near the Gulf of Mannar, is situated on the south-eastern coast, about 600 km from Chennai.

Although peninsular India has a coastline of 7,517 km, there is no continuous navigable canal/channel connecting the east and the west coasts of India. The ships proceeding from the west coast of India have to go round Sri Lanka before they can reach the ports on the east coast.

What impedes the direct movement of ships is a reef called Adam's Bridge, running from Rameswaram island in Tamil Nadu to Talaimannar in Mannar district of Sri Lanka. The reef, submerged in water, is made of sandstone and rocks. For many kilometres on either side of Adam's Bridge, the sea is so shallow that even fishing trawlers cannot ford the waters.

A number of proposals were, therefore, made to cut a canal through Rameswaram island or dredge the Palk Strait, so that the Palk Strait and the Palk Bay could be connected with the Gulf of Mannar. This will shorten the steaming distance and travelling time between the east and the west coasts of India, and improve navigation within the territorial waters of India. This canal/channel to be dredged is popularly known as the Sethusamudram Ship Canal.

All the proposals for the SSCP since 1860 were, however, a non-starter. After Independence, political parties in Tamil Nadu took the demand up vigorously but to no avail. In December 1955, the Government of India set up the Sethusamudram Project Committee with Dr. A. Ramaswami Mudaliar as its Chairman. Noting that the two projects were inter-related, it recommended that they should be "executed as part of one and the same project, and should be completed during the Second Five-Year Plan" (Frontline, May 12, 2000).

The Tuticorin Harbour Project was sanctioned in 1963. Tuticorin Port, declared the 10th major port of India on July 11, 1974, was commissioned in 1975.

But the SSCP did not take off, although the Union Cabinet recommended on September 12, 1963, that the project be included among the projects for "advance action" under the Fourth Plan. A high-level committee led by Dr. Nagendra Singh, then Secretary in the Union Transport Ministry, was set up in 1964 to prepare a report on the project. But nothing came of it. Meanwhile, traffic through the Tuticorin harbour picked up.

The SSCP, however, continued to remain in cold storage until Prime Minister A.B. Vajpayee announced its implementation at a public meeting organised by the Marumalarchi Dravida Munnetra Kazhagam (MDMK) in Chennai on September 15, 1998.

MDMK general secretary Vaiko played an important role in the Vajpayee government's decision to revive the project. On May 19, 2005, the Cabinet Committee on Economic Affairs of the United Progressive Alliance (UPA) government approved the SSCP. Dravida Munnetra Kazhagam (DMK) Member of Parliament and Union Minister for Shipping, Road Transport and Highways, T.R. Baalu, worked hard to make the project a reality. On July 2, Prime Minister Manmohan Singh laid the foundation stone for the SSCP at Madurai and the same day, a dredging vessel of the Dredging Corporation of India began excavating the sea about 45 km off Point Calimere in Tamil Nadu's Nagapattinam district.

According to the latest alignment, the channel will be 167 km long, 300 m wide and 12 m deep. Ships with a draught of 10 m can sail it. The channel will be 35 km long in the Adam's Bridge area, 54 km in the Palk Strait and 78 km in the Palk Bay. No dredging is required in the Palk Bay since the depth is adequate there.

Big industries such as Southern Petrochemical Industries Corporation Limited (SPIC); Sterlite Industries (India) Limited and Dharangadhara Chemicals Limited, and the Heavy Water Plant of the Department of Atomic Energy and the Tuticorin Thermal Power Station are located in Tuticorin. While the Tuticorin Thermal Power Station receives coal through the Tuticorin port, Sterlite Industries imports copper concentrate and rock phosphate through the port for its copper smelting unit. SPIC imports rock phosphate, phosphoric acid, furnace oil and so on.

Dharangadhara Chemicals exports caustic soda lye. Cement units and paper mills in the region import industrial coal and coke. Readymade garments from Tirupur, Karur and Bangalore form a big chunk of exports through the port. Granite is another important item of export.

According to Tuticorin Port Trust officials, the Inner Harbour project will entail deepening the draught from the existing 10.7 m to 12.8 m. This will be taken along with the strengthening of the berthing structures and construction of the ninth berth. All these will together cost Rs.625 crores.

The long-term plan is to build the hub port in four stages. The cost of its development up to 2011 is estimated at Rs.3,617 crores. The hub port entails the construction of an outer harbour. That is, one more breakwater with a draught of 16 m will be built.

"Unless we go for the Inner Harbour Project along with the SSCP, we will be stuck with a draught of 10.7 m. So what will happen is that 36 months down the line, Sethusamudram will be ready but Tuticorin port will not be ready to receive big

ships. Ships which use the channel will go to Colombo since more infrastructural facilities are available there. So Colombo will benefit more from Sethusamudram," Velsankar noted.

The PSTS managing director was confident that once these projects became a reality, "the entire belt will be industrialised". He wanted another harbour built at Vallarpadam near Kochi in Kerala.

Edwin Samuel is confident that the investment of Rs.2,427 crores in Sethusamudram would pay dividends in a few years. The SSCP would boost coastal shipping. Cargo from Myanmar and Bangladesh would reach Tuticorin directly without making a detour to the Sri Lankan coast and they could be trans-shipped there. The project would also ease traffic congestion on road and cut down on fuel consumption. "Sea transport is always eco-friendly," Edwin Samuel said.

Krishna Shankar also foresaw "a jump in the coastal trade" when the SSCP was completed. The movement of cargo between Chennai and Tuticorin harbours, and between Chennai and Kolkata ports would go up. There would be smaller vessels plying between Mumbai, Tuticorin and Colombo ports.

Where Tuticorin port scored over the others was in its efficiency, says Krishna Shankar. The harbour worked round the clock and its single window system facilitated easy movement of cargo, without bottlenecks. "The biggest plus" of Tuticorin harbour was that all the parties involved in the shipping worked in tandem, he said.

Krishna Shankar was sure that the SSCP would complement the proposed Tuticorin harbour expansion. There was vast land available for the expansion, he said.

THE Tamilnad Mercantile Bank is a leading bank in the Tuticorin region, interested in the export-import business. It readily agreed to sponsor the preparation of a feasibility report by PricewaterhouseCoopers on making Tuticorin a hub port in South Asia.

According to P.R. Varatharajan, General Manager, TMB, the bank sponsored the entire cost of Rs.20 lakhs for the report because it was "a special cause" and a prestigious project. It was "a social obligation and the Bank is interested in the general well-being of the area," he said. .

Varatharajan said that if the hub port were to be set up, the export-import trade would improve and the TMB would benefit from it. The bank had a major market share among traders who exported dry flowers, salt, chillies and pulses, or imported coal, rock phosphate and so on.

The TMB, which was set up in 1921 with a capital of Rs.5 lakhs, has a net worth of Rs.558.84 crores as on March 31, 2005. Its net profit stood at Rs.82.35 crores in 2004-05.

George Gomez, coordinator, Tamil Nadu Manual Workers' Union, Tuticorin, who also champions the cause of environment, is opposed to the SSCP but wants the Tuticorin harbour to be developed into a hub port.

Gomez, who has several decades of experience in the shipping industry, said: "Sethusamudram is not necessary for mother ships to come into Tuticorin harbour. It is enough if you increase the draught to 16 m or more." The waters were deep enough between Punnaikkayal and Tuticorin, and only the harbour needed to be dredged to enable big ships to come in, he said. The SSCP would not result in an increase in ship traffic to Tuticorin, he claimed.

Gomez said the project cost would ultimately escalate to Rs.5,000 crores and wanted a report on its economic viability. "Even if 10 per cent of the project cost is spent on developing the Tuticorin harbour, it will pay big dividends," he said.