

VOC Port Trust gives in-principle nod to terminate PSA-Sical contract

The board of trustees of the Union government-owned V.O. Chidambaranar Port Trust (VOCPT) on Wednesday agreed "in principle" to terminate the contract for the container terminal run by a consortium led by Singapore's PSA International Pte Ltd at the port located in Tuticorin, Tamil Nadu and asked the government to take the final decision.

PSA-Sical Terminals Ltd, the entity that runs the container terminal at VOCPT (formerly known as Tuticorin Port Trust) from 1999, is 62.5% owned by PSA International, a unit of Temasek Holdings Pte Ltd. The balance stake is held by Sical Logistics Ltd. The terminal, one of India's oldest private container loading facilities, has been dogged by litigation relating to rate revisions and policy matters.

Taking a decision on the board's recommendation could pose a dilemma for the shipping ministry when a global maritime investor summit is being organized by the government in Mumbai in April to be inaugurated by Prime Minister Narendra Modi. "With the global maritime investor summit coming up in April, if some decision is taken, it will send a good signal to investors. Long-pending issues should be resolved to boost investor sentiment," said a Mumbai-based port industry executive, who declined to be named. "The prime minister is flying all over the globe seeking investments. How can he go against PSA which is a part of the Singapore government," he asked.

The board of trustees of VOCPT was waiting for a direction from the ministry on a policy matter that relates to shifting the contract from a royalty to a revenue share

model. "The board certainly cannot take a decision on a policy matter. That decision can only be taken by the shipping ministry. So, we expect the ministry to take a decision, but as far as the board and the port trust management is concerned, this (termination) is the course it has to take. There is no other option left for the port trust," a trustee who attended Wednesday's meeting said, asking not to be named because the board discussions are confidential.

"Why is the government silent? We are trying to somehow convince the ministry to take a decision either this way or that way; but take a decision. It cannot keep the issue pending like this. Otherwise, it will set a bad precedent for other public-private-partnership (PPP) projects in the ports sector," he said.

VOCPT and PSA-Sical Terminals declined to comment.

While backing the move to terminate the contract, some of the trustees on the 19-member board wanted the port management to go slow on the plan till a back-up arrangement is put in place to handle the containers currently handled by the terminal.

Source: The Live mint