

Security clearance issue delays Mundra port expansion plans

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New Delhi/Thiruvananthapuram, Dec. 19:

The port expansion plans of Mundra Port SEZ – the country's largest private port operator – appear to have hit a wall with the Home Ministry denying it the mandatory security clearance for about a year now on various projects it has bid for.

Vizhinjam port

Sources say the latest project that could get hit is MPSEZ's attempt to develop the Kerala Government's Vizhinjam port. On paper, the company is still awaiting a security nod from the Home Ministry.

Two other agencies – the Ministry of Defence and the Ministry of External Affairs - have accorded the security clearance to MPSEZ for all its bids. The security clearance is obtained from three bodies – the Ministries of Defence, External Affairs and Home.

Till now, MPSEZ was getting hit only in its major port expansion plans, as the non-major ports – which are under the State Governments - do not seek any security clearance for their port development plans.

But, with the Kerala Government seeking a nod, the Vizhinjam project could end up being in a “single bidder situation” because it has two financial bidders.

Apart from MPSEZ, the other bidder is a consortium of Welspun Infratech and Leighton Welspun contractors.

Mandatory

The required clearances for both bidders from the Ministries of External Affairs and Defence have already come through for this project.

The ₹ 2,000-crore subsidiary of Adani Enterprises has earlier been denied this mandatory nod for two projects at the Jawaharlal Nehru port (JNPT), one each in Visakhapatnam and Kandla.

The company, listed in domestic stock exchanges, is already developing and operating ports at Mundra, Dahej and Hazira in Gujarat, a port under the Gujarat Maritime Board.

MPSEZ has also won bids to develop and operate a six-million-tonne-a-year (mtpa) coal import terminal in Visakhapatnam and a 7-mtpa coal terminal in Mormugao.

All firms that financially bid for developing berths in the Centrally-administered major ports have to get security clearance from the Ministries of External Affairs, Defence and Home Affairs.

Earlier, Chinese firms have been denied security clearance to develop ports.

Earlier, MPSEZ had received security approvals from the Centre to develop terminals at major ports. It had won bids to develop a mechanised coal handling berth in the Mormugao port, Goa; and a coal import terminal at the Visakhapatnam port.

Transparency sought

“More transparency is expected from the Government when it denies approvals owing to security reasons. After all, many Indians have invested in MPSEZ, and the company is operating many Indian ports,” said Mr Anand V. Sharma, Director, Mantrana Maritime Advisory.

When contacted, Mr Rajeeva Sinha, Director, MPSEZ, stated, “Since the Ministry of Home Affairs has not communicated any reasons to us for reportedly denying few national security clearances to MPSEZ in regards to submission of tenders in major ports, we are unable to offer any comment.

“However, the above security clearance refusal is quite surprising to us considering the fact that MPSEZ is the largest

private port operator in the country with existing capacity of 100 mtpa.”

MPSEZ has won the bid to manage Abbot point coal terminal in Australia for close to ₹ 9,000 crore — the largest acquisition by any Indian company in this sector abroad.

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(This article was published on December 19, 2011)

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