Cabinet approves development of the Second Container Terminal at Kamarajar Port Limited under Public Private Partnership (PPP) Mode on Design, Build, Finance, Operate and Transfer (DBFOT) Basis

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The Cabinet Committee on Economic Affairs chaired by the Prime Minister Shri Narendra Modi, has approved the proposed project for development of the Second Container Terminal at Kamarajar Port Limited (KPL) under the Public Private Partnership (PPP) mode on a Design, Build, Finance, Operate and Transfer (DBFOT) basis, at an estimated project cost of Rs.4,288.26 crore, including GST. The project envisages the development of a 900-metre-long container terminal with a design draft of 18 metres and an annual container-handling capacity of 2.0 million Twenty-foot Equivalent Units (TEUs), to be implemented in two phases.

Expenditure involved:

The estimated project cost of the PPP component is Rs.4,288.26 crore, including GST, comprising Rs.2,429.32 crore for Phase I and Rs.1,858.94 crore for Phase II. The investment is to be arranged by the selected concessionaire under the DBFOT model. The project proposal separately indicates an estimated dredging cost of Rs.450 crore to be borne by KPL.

Details:

(i) The project envisages development of a 900-metre-long Second Container Terminal with a berth width of 30 metres and an annual container-handling capacity of 2.0 million TEUs. The terminal will be developed in two phases: Phase I with a capacity of 1.1 million TEUs and Phase II with a capacity of 0.9 million TEUs.

(ii) The terminal is designed to handle large container vessels, including vessels of up to 24,346 TEUs and 400 metres in length overall, with a design draft of 18 metres. This will strengthen KPL's ability to handle larger mainline vessels and improve connectivity with international shipping routes.

(iii) The project is intended to meet the growing demand for containerised export-import (EXIM) cargo from the Chennai–Ennore industrial and economic region and the wider southern hinterland. Key cargo-generating sectors include automobiles and auto components, engineering goods, electronics, chemicals and other manufactured products.

(iv) KPL handled 49.08 million tonnes of cargo and 1,008 vessels during FY 2025–26, including more than 7 lakh TEUs of container traffic. The existing container terminal has an installed capacity of 0.8 million TEUs per annum and handled approximately 0.7 million TEUs in FY 2025–26, representing utilisation of about 88%.

(v) Container traffic in India has grown at a compound annual growth rate (CAGR) of about 7% over the last five years, while KPL's container traffic has grown at approximately 9.9% during the same period. The feasibility study projects continued growth in container traffic in the south-eastern region, supporting the need to augment capacity at KPL.

(vi) The project will be implemented on a DBFOT basis for a concession period of 40 years, including a construction period of 48 months. Phase I is scheduled for completion within 24 months from the Date of Award of Concession, with commercial operations commencing in the 25th month. Construction of Phase II will be undertaken from the 25th to the 48th month, with full commercial operations commencing in the 49th month.

(vii) The estimated project cost is Rs.4,288.26 crore, including GST, comprising Rs.2,429.32 crore for Phase I and Rs.1,858.94 crore for Phase II. The cost is to be financed by the selected concessionaire through the DBFOT framework. In addition, KPL is to incur an estimated Rs.450 crore towards dredging, as indicated in the project proposal.

(viii) The project is proposed to be implemented through a transparent, open global bidding process. The concessionaire will arrange the required financing and recover its investment through user charges in accordance with the provisions of the Concession Agreement and applicable tariff framework.

(ix) The project is aligned with Maritime India Vision 2030 and Maritime Amrit Kaal Vision 2047. It is expected to strengthen KPL's position as a container gateway on India's East Coast, improve the efficiency of the maritime logistics chain and support the growth of EXIM trade.

Implementation Strategy and Targets:

The project will be implemented by the selected concessionaire under the DBFOT model. Phase I, with a capacity of 1.1 million TEUs, is to be completed within 24 months from the Date of Award of Concession, and commercial operations are to commence in the 25th month. Phase II, with a capacity of 0.9 million TEUs, is to be completed by the 48th month, with full commercial operations commencing in the 49th month. The project proposal also provides for obtaining environmental and other necessary clearances in a time-bound manner before the bid due date.

Major Impact:

(i) The additional capacity of 2.0 million TEUs per annum will strengthen KPL's ability to accommodate growing container traffic and provide an additional gateway for EXIM cargo from the industrial clusters of Tamil Nadu and the adjoining hinterland.

(ii) The terminal's design draft of 18 metres and capability to handle large container vessels are expected to improve international connectivity, facilitate direct calls by mainline vessels and reduce dependence on foreign deep-water hub ports and associated feedering costs.

(iii) The project is expected to improve maritime logistics efficiency, support trade and manufacturing, strengthen the port's revenue potential and contribute to India's maritime competitiveness.

(iv) The project is expected to generate employment for approximately 750 persons directly and indirectly during construction and to increase about 800 persons during the operational phase.

(v) The project supports the objectives of Atmanirbhar Bharat by augmenting domestic port capacity and improving logistics support for industries and original equipment manufacturers in Tamil Nadu, Karnataka, Andhra Pradesh, Telangana and the adjoining hinterland.

(vi) There will be no financial implication for the Government of India, as the investment in the PPP component will be arranged by the selected concessionaire.

Background:

(i) Kamarajar Port Limited, formerly known as Ennore Port Limited, one of the 12 Major Ports of India and is wholly owned by Chennai Port Authority under the Ministry of Ports, Shipping and Waterways. Located on the east coast of Tamil Nadu near the Chennai industrial and economic region, the port handles a range of cargo, including coal, petroleum, oil and lubricants, LNG, LPG, containers, automobiles and general cargo.

(ii) During FY 2025–26, KPL recorded revenue of approximately Rs.1,280 crore and Profit Before Tax of Rs.924 crore. The port has recorded cargo growth at a CAGR of 13.64% over the last five years, reflecting the expansion of economic activity and trade in its hinterland.

(iii) The Chennai–Ennore region is a major industrial and manufacturing cluster of India. As trade and containerisation expand, additional container-handling capacity and efficient facilities for larger vessels are required to support the movement of EXIM cargo from Tamil Nadu, southern Andhra Pradesh and the wider southern hinterland.

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