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Vizhinjam International Seaport Cleared for EXIM Cargo: Ending India's Transshipment Leakage

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ECONOMY**GEOGRAPHY****GS3****GS1**

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Vizhinjam International Seaport Cleared for EXIM Cargo: Ending India's Transshipment Leakage

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✓ Every fact web-verified against primary sources

The Central Board of Indirect Taxes and Customs (CBIC) granted final clearance for Kerala's Vizhinjam International Seaport to commence Export-Import (EXIM) cargo operations from August 18, 2026, marking the port's transition from a transshipment-only facility to a full-fledged gateway port.

WHAT VIZHINJAM IS

PARAMETER	DETAIL
Location	Thiruvananthapuram, Kerala, close to major East-West shipping lanes
Model	Public-private partnership (PPP); build-operate-transfer
Owner	Vizhinjam International Seaport Ltd (VISL) , a special purpose vehicle of the Government of Kerala
Operator	Adani Vizhinjam Port Private Limited (AVPPL) , an Adani Ports and SEZ concessionaire, under a 40-year operating concession from VISL
Type	Deep-water container transshipment port
Natural draft	About 20 metres , among the deepest on the Indian coastline, permitting the largest container vessels (ultra-large container ships) to berth without dredging

Vizhinjam's core locational advantage is proximity to the **East-West shipping corridor**, one of the world's busiest container trade routes, which runs close to the southern tip of the Indian peninsula. Until now, cargo bound to or from India on this corridor was overwhelmingly transshipped through foreign hub ports rather than an Indian one.

THE TRANSSHIPMENT LEAKAGE PROBLEM

Transshipment is the practice of unloading cargo from one vessel and reloading it onto another en route to its final destination, typically because the origin or destination port cannot accommodate the largest “mother vessels” directly. Historically, an estimated **three-quarters of India-bound and India-origin transshipment cargo** has been routed through foreign hub ports, chiefly:

HUB PORT	COUNTRY
Colombo	Sri Lanka
Singapore	Singapore
Port Klang	Malaysia

Each transshipment leg outside India adds cost (foreign port handling charges), time (additional transit days), and strategic dependence, since a significant share of India’s own trade has effectively been intermediated through ports over which India has no control. Vizhinjam’s deep, dredging-free natural draft is specifically suited to intercepting this cargo directly, without the vessel needing to detour to Colombo or Singapore first.

FROM TRANSSHIPMENT-ONLY TO EXIM GATEWAY

The CBIC clearance is significant because it upgrades Vizhinjam’s customs status from handling only transshipment cargo (which never formally enters the Indian domestic market) to handling **Export-Import (EXIM)** cargo, meaning goods that are cleared into or out of the Indian economy through the port itself.

FEATURE	DETAIL
EXIM operations begin	August 18, 2026
Import mode (initial phase)	Full Container Load (FCL) shipments only, via Direct Port Delivery
Clearance timeline	Cleared cargo to be moved out of the port within 48 hours
Constraint	No Container Freight Station (CFS) yet attached at the port
Planned expansion	Adani Ports plans a 100-acre CFS near the port to enable full-scale cargo handling, including Less than Container Load (LCL) consignments

Direct Port Delivery (DPD) allows an importer with a good compliance record to take delivery of containers straight from the port, bypassing the intermediate step of moving containers to a CFS for customs examination, which speeds up clearance but requires strong systems for risk-based selective examination.

STRATEGIC AND POLICY CONTEXT

Vizhinjam advances two standing national priorities:

- **Sagarmala Programme**, launched in 2015 by the Ministry of Ports, Shipping and Waterways, for port-led development, including reducing logistics costs and building port capacity to match global vessel sizes.
- **Blue Economy** strategy, under which port and coastal infrastructure investment is treated as a growth driver in its own right, alongside fisheries, offshore energy and coastal tourism.

For Kerala, Vizhinjam is also a major state-level economic development project, expected to generate direct and indirect employment in logistics, warehousing and ancillary services in the Thiruvananthapuram region.

UPSC RELEVANCE

GS Paper 3: Infrastructure, ports and shipping; Effects of liberalisation on the economy; Indian Economy, mobilisation of resources.

GS Paper 1: Geographical features (natural draft, shipping corridors) and their location, changes in critical geographical features and economic significance.

Prelims pointers:

- Vizhinjam is located in **Thiruvananthapuram, Kerala**, close to the **East-West shipping corridor**.
- Owner: **Vizhinjam International Seaport Ltd (VISL)**, a Government of Kerala SPV; operator: **Adani Vizhinjam Port Private Limited (AVPPL)**, an Adani Ports and SEZ concessionaire, under a **PPP** model.
- Natural draft of about **20 metres**, enabling ultra-large container ships without dredging.
- EXIM operations begin **August 18, 2026**; initial imports limited to **FCL cargo** via **Direct Port Delivery**, cleared within **48 hours**.
- Historically, about **75 per cent** of India-bound/India-origin transshipment cargo has moved via **Colombo, Singapore or Port Klang**.
- Related programme: **Sagarmala**, launched **2015**, Ministry of Ports, Shipping and Waterways.

★ FACTS CORNER, KNOWLEDGE PEDIA**VIZHINJAM INTERNATIONAL SEAPORT:**

Location: Thiruvananthapuram, Kerala.

Model: PPP; owner VISL (Government of Kerala SPV); operator AVPPL, an Adani Ports and SEZ concessionaire.

Natural draft: about 20 metres.

EXIM operations from August 18, 2026 (CBIC clearance).

Initial import mode: FCL only, via Direct Port Delivery, cleared within 48 hours; no CFS yet, a 100-acre CFS is planned.

TRANSSHIPMENT LEAKAGE:

About 75 per cent of India-linked transshipment cargo has historically routed via Colombo, Singapore or Port Klang.

Transshipment: unloading cargo from a mother vessel onto a feeder vessel en route to final destination.

POLICY CONTEXT:

Sagarmala Programme: launched 2015, Ministry of Ports, Shipping and Waterways, port-led development.

Blue Economy: treats coastal and port infrastructure, fisheries and offshore energy as an integrated growth driver.

Sources: Ministry of Ports, Shipping and Waterways, CBIC, Business Standard

Source: Vizhinjam International Seaport Cleared for EXIM Cargo: Ending India's Transshipment Leakage —

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