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Better Connectivity

REWIND
Developments
that Defined this Year

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Are we Equipped to Handle the
High Demand for Liquid Cargo?

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maritime gateway

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₹ 100

Exploring New Trades and Geographies

Dong Hwan Oh, MD
IHQ, Hyundai Merchant Marine India



Cabotage relaxation, increased coastal cargo movement, growing containerisation of cargo are all cumulatively contributing to the sharp rise in container growth in India despite the challenges of over capacities at Indian ports and sluggish exports. Container traffic is expected to drive the overall volume growth in the next five years

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All is well that ends well

The year 2018 has been a year of growing trade, addressing inefficiencies and gaps across the infrastructure, logistics and supply chain, developing and executing technology-based solutions. The industry welcomed 2018 in high spirits as India's containerised trade was riding a high tide. The confidence received a further boost when Finance Minister allocated ₹5.97 lakh crore in the budget for infrastructure, marking an all-time high allocation to rail and road sectors. On the regulatory front, Cabotage relaxation, revised Model Concession Agreement for major ports, National Logistics Policy, policy for MMLPs, e-sealing of containers and e-way bill contributed to improving efficiency of cargo movement, which reflects in the spirited uptick of India's containerised trade during the subsequent quarters of 2018.

Trade with BRICS partner nations has seen a rise of 14 per cent. Promoting trade with Asia Pacific Trade Agreement members India declared concessions on 3,142 products. During the period April to September 2018, major ports recorded a growth of 5.12 per cent and together handled 343.26 million tonnes of cargo as against 326.54 million tonnes during the previous year. India's rank in Trading Across Borders has taken a quantum leap from 146 to 80 in the Doing Business report of World Bank. The improvement in trading across borders by 66 ranks in one go shows how trade facilitation has helped in cutting down time and cost.

GST erased inefficiencies in tax system and enabled faster transit times, bringing 18-20% savings to the trade, and benefit from GST is expected to be \$215 billion by 2020.

East-West DFCs, about 800 kms of which was scheduled to be accomplished this year, will provide seamless connectivity to the hinterlands. DPD has transformed the role of CFS, making them more crucial for swift cargo delivery. The logistics industry has seen many service providers transform into end-to-end solutions providers. While the industry took to digitalisation, many technology start-ups offering solutions on BlockChain and AI cropped up and will be the catalyst in transforming an efficient supply chain.

Coastal shipping has seen more takers in South East Asia. India and Bangladesh being the pioneer, Bangladesh and Sri Lanka are following the suit with many more among the BIMSTEC countries planning a shift to this cost-efficient mode. Not to stay behind, inland water transport is set to pick up in a big way, with Prime Minister Narendra Modi inaugurating the multimodal terminal developed in Varanasi on NW-1 and as Union Shipping Minister Nitin Gadkari flagged off cargo movement on the Pandu-Dhubri route.

The year 2018 has seen a lot of positive energy surround the industry and is here to sign off on a happy note. The industry is in a stand-still waiting for the elections to get over and perhaps expects to move forward with the same zeal in the New Year.

Wishing you all a Happy and Prosperous New Year!

R Ramprasad

Editor and Publisher

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The improvement in trading across borders by 66 ranks in one go shows how trade facilitation has helped in cutting down time and cost.



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EVENT REVIEW

INTTRA Asia Technology Summit

The need for developing standards to achieve intelligent supply chain was voiced at the event.

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REWIND 2018

Developments that defined this year

The year passing by has seen the industry quickly catch up with digitalisation. The focus was on infrastructure development and improving connectivity.

SLS BENGALURU REVIEW

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Logistics infrastructure to meet future demand

Issues with hinterland connectivity and infrastructure availability were flagged in this session.

36

EXIM Cargo growth in Karnataka

A highly interactive session brought to the fore logistics issues of shippers and operational challenges with Customs, CFS and ports.

48

Cargo movement solutions for Karnataka

Connectivity options for Karnataka hinterland along with shipping lines, ports and warehousing services offered were discussed in detail

ILCS CHENNAI REVIEW

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Demand/supply scenario of liquid cargo: Regulatory framework, challenges

Demand supply scenario, regulatory challenges export and import industry faces and infrastructure solutions shipping companies can offer, were brought to the fore

46

Storage infrastructure: Tank farms, safety and security

SOPs need to be followed while developing and operating tank farms to ensure safety. Government should bring stringent regulatory norms for building shore tank farms



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ADANI ENnore CONTAINER TERMINAL

A promise of faster and better connectivity

The Kattupalli Port and Ennore Terminal will create a major difference in the way trade moves to and from South India.

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EVENT REVIEW

Seatrade Maritime Middle East 2018

The three day event saw maritime professionals network, engage in business, strengthen existing ties and nurture new relationships.



INDIAN CONTAINER MARKET OUTPACING GLOBAL GROWTH

18

COVER STORY

Cabotage relaxation, increased coastal cargo movement, growing containerisation of cargo are all cumulatively contributing to the sharp rise in container growth in India despite the challenges of over capacities at Indian ports and sluggish exports. Container traffic is expected to drive the overall volume growth in the next five years.

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EXPLORING NEW TRADES AND GEOGRAPHIES

DONG HWAN Oh, MD, IHQ, HYUNDAI
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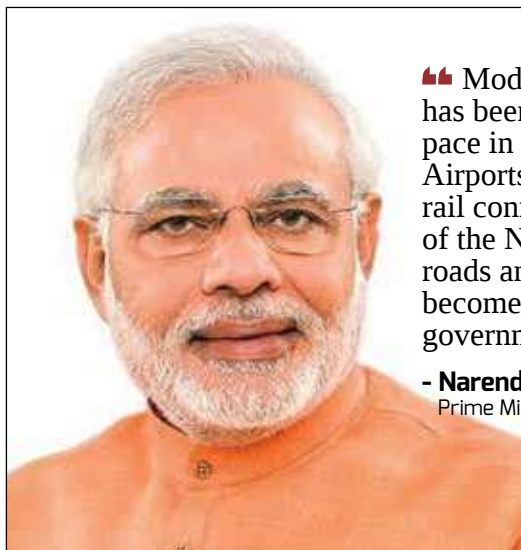
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“ Modern infrastructure has been built at a rapid pace in the last four years. Airports in remote areas, rail connectivity in parts of the North-East, rural roads and highways have become a part of the Union government’s identity.”

- **Narendra Modi**
Prime Minister of India

“ Supply chain function is at a crossroads, where it has to surpass its traditional focus of transactional processing and driving efficiency to a leadership role that can make organisations ready for the digital world.”

- **Ravind Mithe**
Partner - Management Consulting,
KPMG in India



“ Despite increasing protectionism and high volatility in currencies, Indian exporters have and will continue to get new orders, and remain bullish on exports in the short to medium term.”

- **Ganesh Kumar Gupta**
President, FIEO



“ South Korea’s shipping industry should quickly overcome the aftermath of Hanjin Shipping’s bankruptcy and bulk up through mergers to compete with European majors which have dominated global marine routes.”

- **Kim Young-moo**
Vice Chairman, Korea Shipowners
Association.



“ It’s in the customers’ and all stakeholders’ best interest if container shipping companies operate with a common set of information technology standards. Together, we gain traction in delivering technological breakthroughs and services to our customers compared to working in our own closed silos.”

- **André Simha**
CIO of MSC





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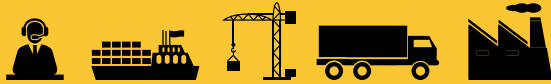
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NUMBERS & GRAPHS

IF THE EFFORTS COULD BE CONNECTED, THE BENEFITS FROM END-TO-END IN OCEAN SHIPPING WILL BE TREMENDOUSLY HIGHER



Digitized customer interactions

Improved **speed** and quality of service

Lower **cost of sales** that allows, e.g. a targeting of smaller customers

Improved Operational Efficiencies

Better **asset utilization and reliability** driven by data analytics

Lower operational costs, e.g., due to **predictive maintenance**

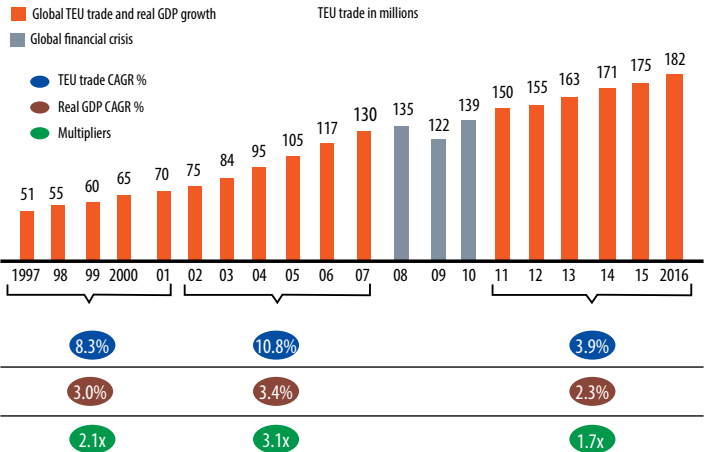
Enhanced data ecosystems

Access to new **value pools** and **operational efficiencies** by linking data pools of carriers, terminals, customers, etc.

Increased door-to-door business

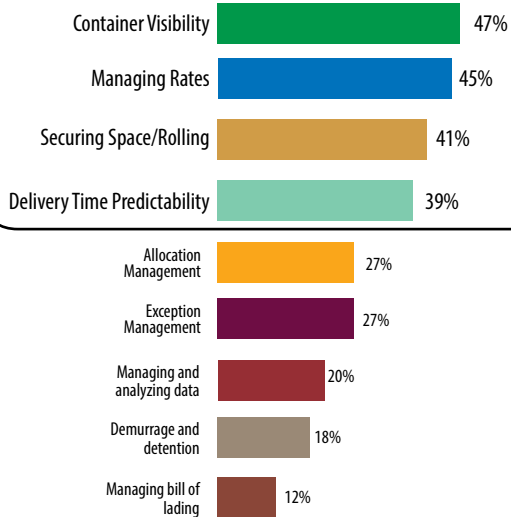
Extension of digital channels to pre-/on-carriage leads to higher share of **door-to-door business** (esp. for simple transactions)

CONTAINER-TRADE GROWTH HAS SLOWED SINCE THE FINANCIAL CRISIS

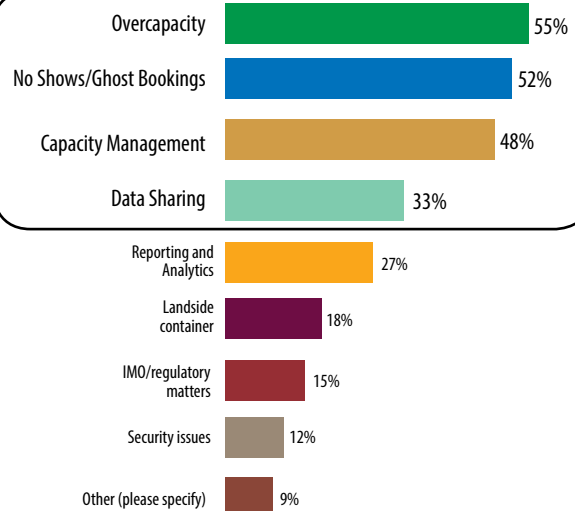


BIGGEST CONTAINER SHIPPING TECHNOLOGY CHALLENGES

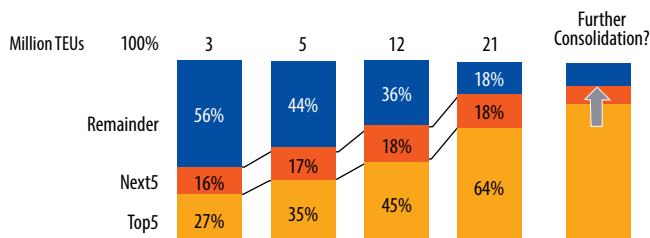
BCOs AND FREIGHT FORWARDERS



CARRIERS



THE INDUSTRY CONTINUES TO CONCENTRATE



TOP 5 COMPANIES

	1996	2000	2008	2017
1	Sealand	Maersk	Maersk	Maersk
2	Maersk	Evergreen	MSC	MSC
3	Evergreen	P&O Nedlloyd	CMA CGM	COSCO
4	COSCO	Hanjin	Evergreen	CMA CGM
5	NYK	MSC	Hapag-Lloyd	Hapag-Lloyd

Source: INTTRA



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- ▶ Environment friendly port services
- ▶ Faster turnaround of vessels



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Allcargo Logistics appoints Malini Thadani as Non-Executive Independent Director



The Board of Directors of Allcargo Logistics appoint

Ms Malini Thadani as a Non-Executive Independent Director of the company. Ms Thadani serves as Senior Advisor to FTI Consulting India and chairs the Advisory Council for Watershed Restoration Trust (WOTR). In an earlier stint, she was the Head of Corporate Sustainability, Asia Pacific Region, for HSBC. Ms Thadani has excelled as a sustainability leader with an extensive experience across Asia Pacific, spanning key markets including India, China, Singapore, Indonesia, Malaysia and Australia.

DB Schenker digitalizes global spare parts business

New online platform "Logistics Orchestrator" optimizes global supply chains for industrial and aerospace customers. DB Schenker launched a new online platform, the spares logistics divisions of customers from the industrial and aerospace sectors are now also being digitalized. DB Schenker's "Logistics Orchestrator" now controls the central

management of all spares orders within a global distribution network. Delivery times to the end customer can thus be significantly reduced, since the supply of all spare parts is ensured. Average logistics costs can thus be reduced by up to 30 per cent.

Capt Vivek Anand elected Regional VP for Middle East & Indian Sub-Continent at FONASBA



Capt Vivek Anand, the former President of MANSA unanimously

elected as the Regional Vice President for the Middle East and Indian Sub-continent of FONASBA for the period 2018-21. The election was effective at the Cancún Council Meeting of FONASBA wherein it underlined its commitment to membership expansion by dividing the previous Africa and Middle East region in two separate segments. The election of Captain Vivek Anand - the first time that an Indian has been conferred upon this role - also puts MANSA on an International platform that would facilitate its members to develop a network and evolve their business interests to the next level of professionalism. Capt. Anand was also recently appointed as Vice-Chairman of FILA (Federation of Indian Logistic Associations), which was formed by nine leading industry associations to improve logistics industry performance.

APM Terminals Pipavav announces Q2FY19

APM Terminals Pipavav announced the standalone financial results for the second quarter ended September 30, 2018. The company reported a net profit of ₹552 million for Q2FY19 as against ₹442 million in Q2FY18. Revenue from operations for the quarter under consideration stood at ₹1,711 million as against ₹1,517 million in Q2FY18. EBIDTA for the quarter was at ₹975 million as against ₹828 million during the same quarter last year. EBIDTA margin stood at 57 per cent in Q2FY19 as against 55 per cent in Q2FY18. The Container cargo business for the quarter stood at appx. 238 k teus, bulk business was at 532 k MT and liquid business was at approx. 93 k MT. RoRo business handled appx. 22 k cars for the quarter under review.

Revenue dept to integrate e-way bill with NHA's FASTag & DMICDC's LDB



In order to facilitate faster movement of goods and check GST evasion, the Revenue Department is planning to integrate e-way bill with NHA's FASTag mechanism and DMICDC's Logistics Data

Bank (LDB) services. The proposal will improve operational efficiencies across the country's logistics landscape. Currently, lack of harmonisation under the 'track and trace' mechanism in terms of sharing information among different agencies is affecting the ease of doing business in the country. Besides, it is also impacting the logistics costs of the companies. The said proposal will also help in preventing GST evasion by unscrupulous traders who take advantage of the loopholes in the supply chain.

DMICDC Logistics Data Services extends to Cochin Port



Expanding its operations in India's south-eastern corridor, the digital container tracking solution of DMICDC Logistics Data Services (DLDS) brought in its ambit Cochin Port to streamline the container logistics operations at the port. Logistics Data Bank (LDB), the single-window tracking solution that has hugely improved operations in Indian container logistics, launched its services at the ports of Chennai, Visakhapatnam and Krishnapatnam from November 1 this year. With the inclusion of Cochin Port, LDB's ICT-based services have become operational across seven ports of India at 15 port terminals.

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VALEMAX VESSELS

350,000 TONNES

VERY LARGE CRUDE CARRIERS

Five container shipping companies coming together for digitalisation



Five container shipping companies intend to create an association with the purpose of paving the way for digitalisation, standardisation and interoperability in the container shipping industry. IT executives from MSC, A.P. Moller-Maersk, CMA CGM, Hapag-Lloyd and Ocean Network Express (ONE) are currently discussing the creation of common information technology standards which shall be openly available and free of charge for all stakeholders of the wider container shipping industry.

"It's in the customers' best interest if container shipping companies operate with a common set of IT standards," says André Simha, CIO of MSC. "We are striving for less red tape and better transparency. The timing is right, as emerging technologies create new customer-friendly opportunities. Together, we gain traction in delivering technological breakthroughs to serve our customers better."

Maersk registers impressive performance in Q3

A.P. Moller-Maersk has reported strong revenue growth, earnings momentum and solid cash flow generation in the Q3 of 2018. Maersk reported total revenue increase of 31 per cent to \$10.1 billion, 12 per cent, excluding Hamburg Süd. Growth in non-ocean was at 15 per cent, which now contributes 31 per cent of total revenue.

Compared to Q3 2017, revenue in logistics and services increased 7.5 per cent with supply chain management growing 16 per cent. New products are being developed to improve the customer experience, with results already showing as A.P. Moller-Maersk was first in the world to launch Instant Booking Confirmation to customers in the container industry.

Revenue dept accepts digitally signed documents

With a view to improve ease of doing business and promote paperless processing, the Revenue Department has decided to extend the facility of uploading digitally signed documents for all types of exports under Indian Customs EDI System (ICES). The Department had introduced paperless processing under Single Window Interface for facilitation of trade on pilot basis on e-SANCHIT in exports at air cargo complexes in New Delhi and Chennai Customs House. On successful

implementation of the pilot, it has been decided to extend this facility to all ICES locations on pan India basis for all types of exports under ICES," the CBIC said in a circular. Right now, ICES is operational at 134 major Customs locations handling nearly 98 per cent of India's international trade in terms of import and export consignments.

Air cargo volumes looking up



According to figures released by IATA, international air cargo volumes from India hit the million-tonne mark in 2017, a year-on-year growth of nearly 17 per cent. On the domestic front, the tonnage was nearly 12 million, up 8 per cent. Mumbai and Chennai were among the world's top 10 fastest-growing airports in freight terms, with 18.1 per cent and 17.2 per cent growth, respectively, while Delhi and Mumbai are among the top 50 biggest freight airports. All of this portends to the huge potential that moving cargo by air has in India. ICRA has projected that air cargo traffic is expected to grow 60 per cent in the country in the next five years. This could also mean a growth in freighter operations, an area in which India has been lagging behind.

Sagarmala invests Rs.125 cr. in Krishnapatnam Railway Co.

Krishnapatnam Railway Co. Ltd (KRCL) has received an investment of ₹125 crore from Sagarmala Development Company Ltd for the development of the rail corridor connecting Obulavaripalle and Krishnapatnam Port. Krishnapatnam Railway Co. is a SPV (Special Purpose Vehicle) Joint Venture (JV) by Rail Vikas Nigam Ltd for connecting the 114 km Obulavaripalle (Kadapa district) and Krishnapatnam (Nellore) in Andhra Pradesh. The total project cost is estimated at ₹1,850 crore.

The initiative will connect Krishnapatnam Port on the east coast with the network of Indian Railways at Venkatachalam at one point, and Obulavaripalle on the other. A 21 km section of the project line from Krishnapatnam to Venkatachalam was fully operational since July 2009 in single line, and was converted to double line from March 2014.

Major Ports' record high throughput

The country's 12 major ports registered a 5.31 per cent rise in throughput at 403.39 million tonnes (MT) during April-October of the current fiscal 2018-19. The ports handled 383.05 MT during the corresponding seven-month period of the last fiscal. The growth in traffic was mainly due to increase in handling of coal, containers and POL.

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WHO WE ARE

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WHAT WE DO

Speedways, providing complete logistics solution to our customers with a one window service station by enabling all services when it comes to executing the supply chain management system. From freight forwarding to transportation of laden containers to warehousing cargo and crane hiring to customs clearing, a customer generally gets all the solutions under various departments of our firm when it comes to logistics.

CUTTING EDGE

"The one who innovates is the one who leads". Leading the industry in its own ways, we at Speedways never focused on doing different things but dedicated ourselves to do things differently. Accepting challenges and crossing hurdles, we have done what was feared to be taken as a thought, from handling huge volume of cargo in one go from customers end to the port, we accomplished it all and still are working towards a future brighter than our past.

MISSION

Gaining mass success with a remarkable reputation built over the years in the sector, Speedways has now made its existence in Kolkata, Haldia, Vishakhapatnam and Raipur providing the best service to our customers at a competitive price.

VISION

With the coming of Speedways Logistics PVT LTD, the company has now established its position in the industry providing "Total Logistics" solution with services provided for Transportation, Warehousing, Packaging, etc...

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We are a dedicated team working united for the past three generations. Commitment, dedication, patience and excellence resulting to a good service has always been our motto and that's the passion that drives us. We at Speedways welcome you to venture into a world where we define Logistics Supply Chain Management towards a whole new level.



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NEPAL



Tibet-Kathmandu railway soon

Nepal will work with China to link its capital to Tibet by rail as the Himalayan nation strengthens ties with its giant northern neighbor to propel its development, Foreign Minister Pradeep Gyawali revealed. The plan is to extend the railway from Lhasa to Xigaze in Tibet, which opened in 2014, by 660 km to reach Kathmandu. This would be the first rail link that crosses the Nepal-China border, and is just one facet of China's drive to expand its influence through the Belt and Road infrastructure-building initiative. "Nepal is a landlocked country. To be developed, we need more and more connectivity," Gyawali said. "We can import goods at lower cost. The main purpose of the train project is to link to the second-largest economy of the globe."

INDONESIA



Indonesia keen to buy sugar from India

Indonesia is interested in buying sugar from India but wants latter to cut import duty on refined palm oil and the sweetener substantially to 45 per cent and 5 per cent, respectively. While India is the world's largest sugar producer with huge quantity of exportable surplus, Indonesia is a major producer of

edible oils, particularly palm. India is in talks with various countries including China and Indonesia to export surplus sugar and help mills clear cane arrears to farmers.

India is sitting on a surplus stock of over 10 MT on record production of sugar last year and expects bumper output this year. Indian government has asked millers to export 5 MT of sugar mandatorily this year and is even giving financial assistance to facilitate trade. So far, 8 lakh tonne of sugar has been exported.

MYANMAR



Dry ports to boost logistics capacity

U Thant Sin Maung, Minister for Transport and Communications in Myanmar said, the government expects a network of dry ports and improvements to road, rail and port infrastructure to boost Myanmar's logistics capabilities. He was inaugurating Ywar Thar Gyi Dry Port in Yangon's East Dagon Township. The Ywar Thar Gyi Dry Port will be linked by rail to a similar facility at Myit Nge in Mandalay Region, while a South Korean company is conducting a feasibility study for a dry port in Monywa, Sagaing Region, and another one planned for Mawlamyine in Mon State. The Ywar Thar Gyi Dry Port features separate terminals developed by KM Terminal & Logistics and Resources Group.

AFGHANISTAN



Air trade corridor with China

Afghanistan has opened its first direct air link with China, dispatching 20 tons of pine nuts on the inaugural cargo flight. Afghan President Ashraf Ghani and senior Chinese diplomats attended the special ceremony in Kabul, hoping the air corridor will lead to increased Afghan exports of dry and fresh fruits to Chinese markets and address a massive trade deficit. During the past year, Afghanistan has launched air corridors with India, Turkey, Kazakhstan, Saudi Arabia, and Indonesia. 20 tonnes of pine nuts will be exported daily to China until the end of the season this year.

BANGLADESH



Bangladesh firm to operate Kolkata river terminal

A Bangladeshi company will manage inland river terminals in Kolkata and Patna to promote Nepalese trade with and through India. Union Shipping secretary Gopal Krishna will handover Summit Alliance Port East Gateway (India) Ltd (SAPEL), subsidiary of Bangladesh's Summit Alliance Port Ltd, a 30-year right to operate and maintain two inland water jetties (GR Jetty-1 and GR Jetty-2) in Garden Reach area of the city on revenue-sharing basis. SAPEL was selected through global tender, in 2017, for operation and

management of Kolkata and Patna terminals as part of the ₹5,369 crore Jal Marg Vikash Project to promote inland river transport between Varanasi and Kolkata on Ganga.

SRI LANKA



Jaya Container Terminal transshipment volumes increase

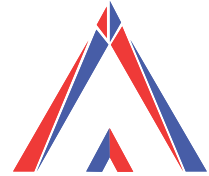
Jaya Container Terminal witnessed the highest growth of 23.3 per cent in transshipment container throughput for the first nine months in 2018 as against the corresponding period in 2017. During the first nine months of 2018, the transshipment volume handled by JCT reached 1,445,424 teus compared to 1,172,542 teus handled for the same period in 2017. Meanwhile, the Port of Colombo has witnessed the highest growth of 19.4 per cent in transshipment container throughput for nine months in 2018.

MALAYSIA



Malaysia benefits from US-China trade war

Malaysia is best placed to benefit from the trade war as an alternative source of imports, while Vietnam is set to gain as companies move production to escape tariffs. According to Nomura analysts, other countries in the region are set to benefit in two aspects - import substitution in the short-term and production relocation in the medium-term. Companies in the US and China will substitute with imports from other countries.



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INDIAN CONTAINER MARKET OUTPACING GLOBAL GROWTH

Cabotage relaxation, increased coastal cargo movement, growing containerisation of cargo are all cumulatively contributing to the sharp rise in container growth in India despite the challenges of over capacities at Indian ports and sluggish exports. Container traffic is expected to drive the overall volume growth in the next five years.



India edged past France and became the sixth-largest economy in the world in 2018. Although the Indian economy decelerated in 2017 due to short-lived shocks like demonetisation and the implementation of the Goods and Services Tax (GST), it bounced on the back of strong fundamentals. Bilateral trade with China was at a historic high in 2017 despite many tensions between the countries. India's container port traffic grew by 13 per cent in 2017, following 11 per cent growth in 2016. All Indian ports recorded positive growth during the year, barring one or two ports. Mundra's traffic grew by more than 20 per cent, and JNPT's traffic inched up by 4.8 per cent in 2017. On the east coast, Chennai increased its port throughput by 1.6 per cent. Furthermore, Krishnapatnam - a new port - has been growing at a fast pace.

Market Segmentation 2018

Major vs Non-major ports

Major ports have lost a significant share of container traffic to non-major ports during the last decade. The market share of non-major ports has surged by more than five times in the previous 13 years from 2005. The market share of terminals (in terms of traffic) operating in major ports plummeted from 92 per cent in 2005 to 59 per cent in 2017. The rapid expansion of private terminal operators in non-major ports diverted a significant chunk of cargo to these private ports. The market share (in terms of container traffic) of non-major ports collectively rose to a whopping 41 per cent in 2017 from a paltry 3 per cent in 2005. Krishnapatnam and Katupalli on the east coast of India, operational since 2013, have amassed significant volume in four years. These ports have been adding to the growth story of non-major ports, previously driven by Mundra and Pipavav. In 2017, among non-major ports, only Pipavav has registered a 3 per cent decline in container traffic. Neighbouring port Mundra handled 22.4 per cent more boxes over 2016 and Hazira's container traffic increased by 27.6 per cent

East coast ports vs west coast ports

Ports on the west coast dominate the container infrastructure and throughput in India. More than 70 per cent of the country's containers are handled at the west coast ports. We expect this dominance to continue, though handling at east coast ports has accelerated in recent years with new private ports.

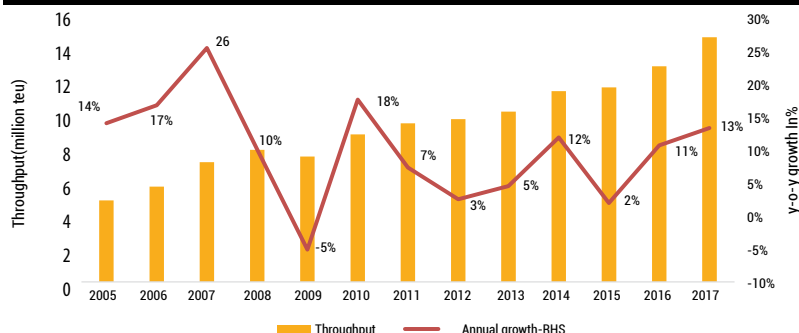
Eastbound vs westbound cargo flow

The rise in dependency on eastern countries was mainly due to India's increased sourcing of goods from China and other Asian countries. This coincides with Chinese entry in the World Trade Organisation (WTO) 2001. While India's dependency on the east as the export destination did not change much, but as the import source, the importance of the east increased drastically. 49 per cent of India's import was from the east in 2017, which was just 30 per cent in 2000.

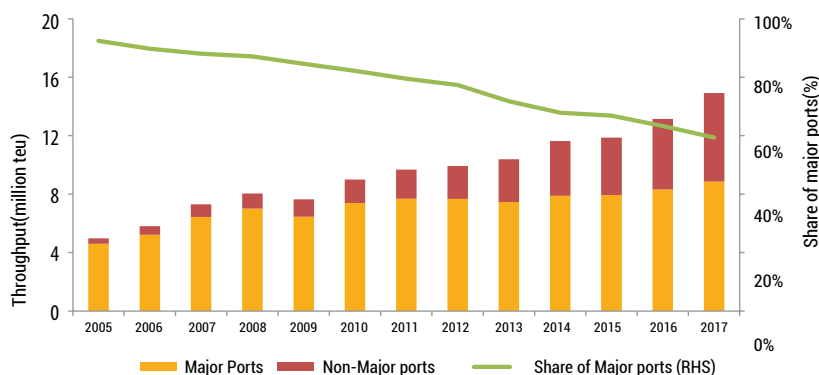
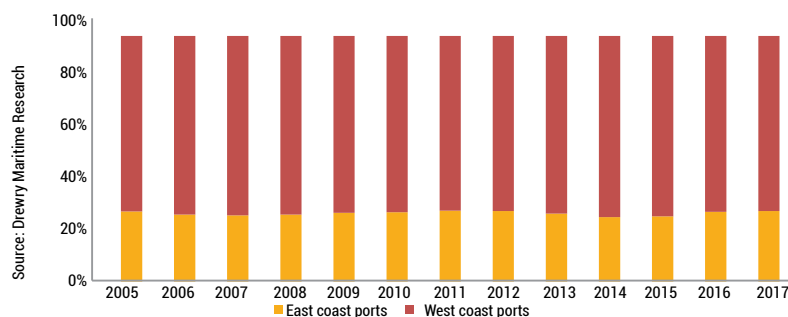
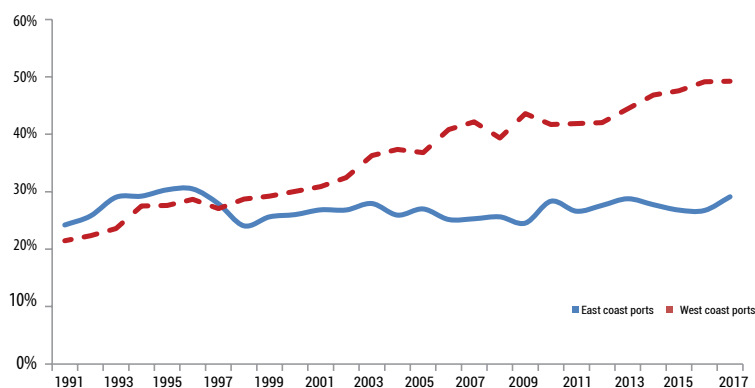
Major containerised/containerisable exim cargo

For analysis, we have divided all traded commodities into 33 major categories, such as Pharmaceuticals, Fabric/Yarn, Steel Products, Reefer Food Products and Readymade Garments (RMG)/Textiles. As we do not have precise definitions of containerised and non-containerised cargo from any authoritative source, the data has some subjectivity built in.

The RMG and Textile sector has traditionally maintained its top position in India's export basket. Exports in this sector rose from \$4.7 billion in 1997 to \$22.6 billion in 2017, a nearly five-fold increase in the last 20 years. Chemicals followed RMG/Textiles with an export value of \$20 billion in 2017, from a mere \$2 billion in 1997. Other sectors that witnessed a massive surge in India's exports are Steel Products, Reefer Food Products and Fabric/Yarn.

Figure 1: Development of container traffic in India

Source: Drewry maritime Research

Figure 2: Rising share of non-major ports**Figure 3: Container handled at the west and the east coast ports****Figure 4: Changing share of eastbound trade in India's global trade (in value terms)**

Note: POL and other bulk commodities are excluded from the calculation Source: UNCOMTRADE database, August 2018, classified and compiled by Drewry Maritime Research

Figure 5 depicts the share of major cargo types in the overall exports from India.

On the import side, the Electric and Electronic Goods segment is the largest product category imported into India. In the calendar year 2017, India imported \$46 billion worth of electrical and electronic goods compared with just \$18 billion in 2007. Rising income levels, as well as the invention of user-friendly technology, combined with economies of scale in the production process in the Far Eastern countries, have led to high demand for electronic goods in India and elsewhere.

Advanced mechanisation and industrialisation in the country have pushed imports of machinery and spare parts to a new level. The country imported \$29 billion worth of machinery and spare parts in 2017 over \$19 billion a decade ago. In India's import basket, Chemicals and Steel Products occupy third and fourth positions respectively, followed by Polymer and Polymer products.

Trade lanes

Major trade partners

China's position as an export partner has strengthened tremendously in the last 20 years - the country, which stood 13th in 1997, stood at the third position in 2017- within two decades. The US has been the preferred destination of Indian exports and has remained at the top for many decades. The UAE, which stood at the fourth position in 1997 became the second preferred export destination by 2007 and maintained its rank until 2017. India, in 2017, exported more than a quarter of its global exports to the US, China and the UAE.

Vietnam is perhaps the only country that has shown tremendous interest in Indian products - the highest improvement in the last 20 years - from 38th position in 1997 to fourth in 2017. The country ranks first in India's exports of Reefer Food Products. About 26 per cent of India's total exports of Reefer Food Products are destined for Vietnam.

India's exports are more diversified than imports. Imports from the top 20 countries accounted for nearly 81 per cent of India's total imports in 2017. By comparison, the top 20 export destinations (countries) constituted only 67 per cent of India's global exports.

Top commodity-partner matrix

RMG/textile is the most exported commodity by India, the bulk of this commodity is exported to North America (28 per cent) and the remaining to Western Europe.

Chemicals are the second largest exported product. Although the US is the top export destination for Indian manufactured chemicals, India exports a considerable amount of chemicals to China. On the import side, India imports chemicals mostly from China, Saudi Arabia, the US and Singapore. These four countries account for more than half of India's chemical imports, in terms of value.

India is one of the top 10 steel exporters of the world. In 2013, steel products worth \$18.4 billion were exported, making it the third highest commodity exported. Steel products were also the fourth largest commodities imported by India in 2017. While the US, Italy and the UAE are the three top export destinations for Indian steel products, China, Korea and Japan are the top three imports sources.

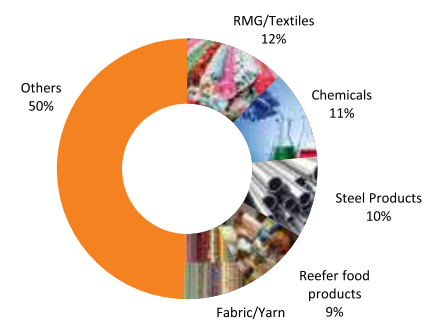
For imports, the top two items are Electrical & Electronic Goods and Machinery and Spares. China with its input cost advantage offers products that are about 30-50 per cent cheaper than India. Even though it hurts many manufacturers in India, the volume of imports from China has increased manifold in the last few years. In 2017, India imported \$27.3 billion worth of electrical and electronic goods from China, which is nearly 60 per cent of its global imports. The other major source of import is South Korea.

Reefer Food Products is another category that is exported in large quantity from India, mostly destined for countries in South East Asia, the US and the UAE. Meanwhile, India also imports plenty of Reefer Products. This product category ranks fourth on India's exports, whereas it ranks seventh on the imports commodity list. Import sources for reefer food products are more diversified than exports.

Indian Transshipment Scenario:

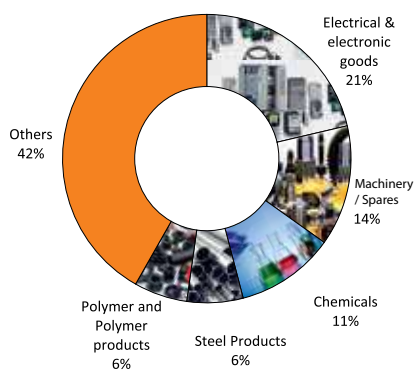
Since last few years, it was quite evident that Indian ports have built huge capacities not only to serve EXIM cargo but also to recapture the transshipment volume which has been handled by neighbouring ports.

Figure 5: Major commodities exported from India in 2017



Source: UNCOMTRADE database, August 2018, classified and compiled by Drewry Maritime Research

Figure 6: Major commodities imported by India in 2017



Source: UNCOMTRADE database, August 2018, classified and compiled by Drewry Maritime Research

There are not much effective strategies implemented by major ports still, but on the other side private port operators are striving to bring back the lost cargo from neighbouring foreign ports. Adani Mundra Port, Adani Hazira Port and Cochin Port on west coast and Krishnapatnam and Visakhapatnam port on east coast have shown impressive results in handling transshipment volumes.

Some major Indian reforms in the last two years, such as competitive pricings, infrastructure upgradations, and liberalized cabotage rules, have induced interest among port operators, who are now reaping benefits of handling transshipment at Indian coast in order to diminish transshipment at foreign ports in FY 2017 and FY 2018.

Adani Mundra port, being the biggest private player by throughput in India, registered around 17 per cent of transshipment cargo in its total

containerized cargo handled in FY 2017-18, Vallarpadam International container transshipment terminal (ICTT) is able to handle 6 per cent of transshipment and biggest major port, Jawaharlal Nehru Port Trust (JNPT) handled meagre 1.3 per cent of transshipment volume.

Visakhapatnam, Krishnapatnam, Haldia, Kattupalli, Chennai Ports on east coast can transform as transshipment hubs, but inadequate steps have been taken to tap the market, excluding Krishnapatnam which handled almost 50 per cent of its annual cargo in transshipment, while arresting the cargo which used to be handled at Singapore earlier. Haldia Port should also explore measures to attract cargo from Bangladesh via inland waterways options for transshipment. Mundra, Hazira, Pipavav and Cochin Ports on west coast have the potential to transform themselves into "transshipment hubs" and, in turn, increase their freight handling to increase the capacity utilization at ports.

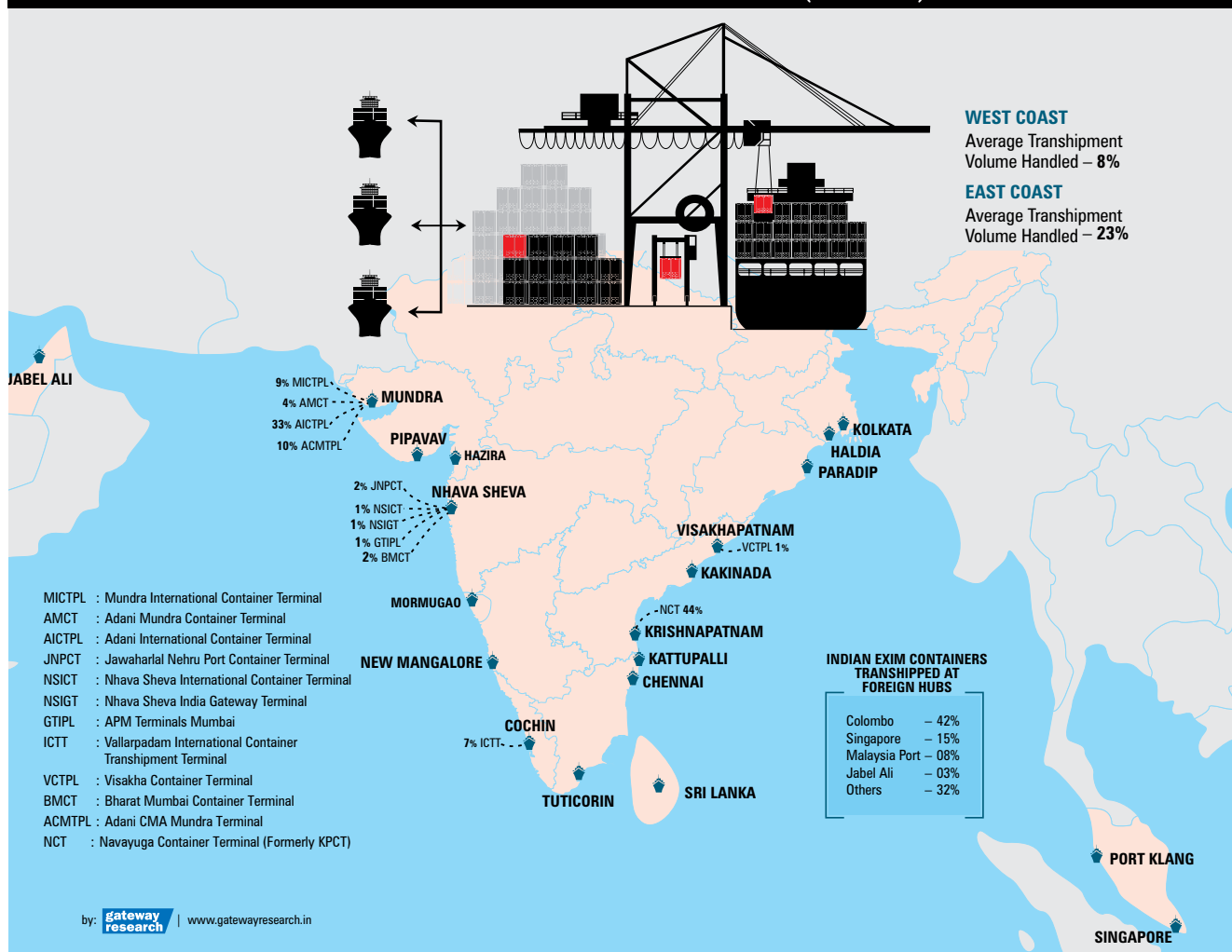
After cabotage relaxation, foreign-flagged carriers can carry EXIM laden and empty containers between Indian ports without any specific permission or license, and also Indian government is keen in promoting major ports and key private ports on the east and west coast to take advantage of expected demand growth in a more favourable market environment.

Reforms in shipping industry in this FY 2017-18, further trigger Indian ports to tap transshipment cargo in order to recapture the cargo which is presently handled at Colombo Port, Sri Lanka, and Singapore.

Nevertheless, it is very early to estimate how much cabotage relaxation could help the trade in attracting more transshipment cargo at Indian ports. On the flip side, few ports are still struggling with port side congestion, pricing, draft and infrastructure issues. Unless these issues are addressed, it is difficult to gauge the transshipment scenario at Indian ports.

Adani Mundra Port handled total volume of 4,114,544 TEUs in FY 2017-18 with transshipment volume of 17 per cent (includes DP world volumes). Joint venture of Adani Group and Mediterranean Shipping Co (MSC), Adani International

TRANSSHIPMENT AT INDIAN CONTAINER TERMINALS (FY 2017-18)



Container terminal Private Limited (AICTPL) is standing ahead of peers with highest per cent of transshipment volume of 32 per cent in its total throughput. Adani Mundra port handled 426,994 TEUs of transshipment cargo in FY 2016-17, which is around 12.3 per cent out of its total volume of 3.45 million TEUs. In FY 2015-16, Mundra moved 366,217 TEUs of transshipment, out of the 3 million TEU handled.

The first ever transshipment port in India called Vallarpadam ICTT was in limelight quite for some time for several reasons like exclusive cabotage relaxation and for being closer to international shipping route, but these benefits still could not reap desired results. This terminal has witnessed miniscule year-on-year growth despite significant uptick in total throughput. Vallarpadam

ICTT handled 555,812 TEUs in FY 2017-18, includes 35,363 TEUs of transshipment, compared with 31,498 TEUs of transshipment cargo from 491,087 TEUs in FY 2016-17. Vision of DP World's International Container Transshipment Terminal (ICTT) is not achieved yet but the Dubai-based operator DP world is keen in improving its number.

Navayuga Container Terminal (NCT) has an exponential growth in volume handled along with transshipment volumes. This terminal handled 212,466 TEUs of throughput from 479,552 TEUs of throughput in FY 2017-18. Advanced infrastructure, high draught and strategic competitive pricing seem to be the key drivers in staggering rise in transshipment cargo. Other major ports on east and west mainly fall behind as they are unable to serve the trade with the

expected lower port and vessel related charges. Highest container volume handling major port on East coast, Chennai Port is also unable to serve the transshipment yet. Transshipment at Colombo Port, Sri Lanka and at Port Klang in Malaysia costs 2-3 per cent high when compared with Indian ports like Visakhapatnam, Krishnapatnam and Chennai. As per our estimates, around 1.5-2 million TEUs of south Indian transshipment cargo is currently handled via Southeast Asian ports annually.

Upcoming Transshipment hubs:

Tamil Nadu's major and private port names were in the race for establishing or creating the best infrastructure to recapture the cargo. The volume will grow substantially in the forthcoming years, as a result of the new liberalized cabotage rules but tough competition among existing and

upcoming transshipment players can definitely give shipper an advantage to get competitive price eventually help the Indian economy to benefit.

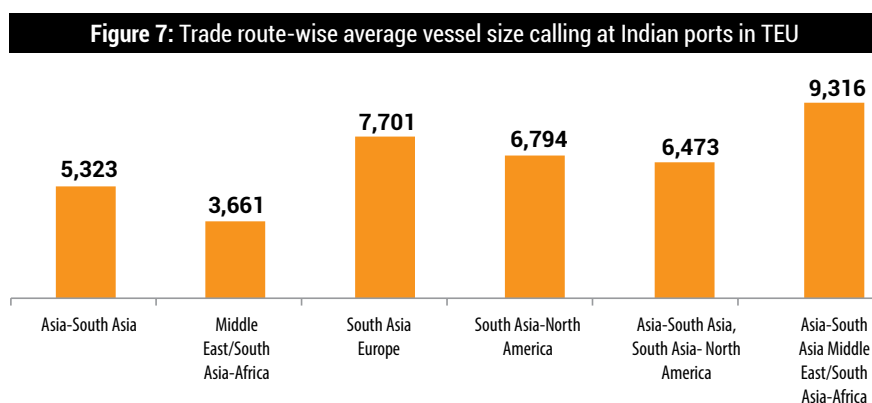
Deepwater, green-field transshipment port at Enayam in Tamil Nadu encompasses a three-phase development with a total investment of about ₹27,500 crore. Phase I, involving two berths with a 400-meter quay length each and an annual capacity of 1.6 million teu will be developed with ₹6,575-crore. Phase I is envisaged to start operations by 2020. Adani Ports' under-construction Vizhinjam project could pressurize the existing Vallarpadam ICTT further. Its first phase is designed to handle 1.8 million teus per year, and it is scheduled to open in 2019.

East coast cargo of India is mostly transhipped at Colombo followed by Singapore port, Port Klang and Jebel Ali. Lack of forward thinking by previous governments, lethargic moves by ports to tap cargo and in creating appropriate infrastructure and aggregation of sufficient exim cargo to attract mainline vessel to call, are the primary reasons for Indian cargo being transhipped at foreign ports.

Cabotage relaxation affects

Cabotage relaxation will definitely spurt the trade growth across Indian coast while creating a healthy competition within the EXIM feedering trade. With the competition, feedering rates may slice down, helping exporters and importers with more competitive pricing. Relaxation will also fillip the trade, while boosting Indian ports and terminals. Indian ports are losing revenue of \$2-3 million a year by not allowing foreign vessels to ply on local routes. On the flip side, with post cabotage relaxation, foreign carriers mostly get benefitted in moving empty containers between Indian ports. Foreign container lines transhipped 3,500 teus for 10 days in May 2018 after Shipping Ministry eased cabotage rules on May 21 2018, followed by 11,599 teus in June 2018, and around 17,000 teus in July. Few shippers expressed that the money saved by foreign mainlines on carrying empties has not been passed on to the trade.

Colombo Port, dependent highly on Indian cargo containers has slashed transshipment rates by 9.5 per cent after India lifted cabotage restrictions. The transshipment charges approved



Source: Drewry Maritime Research

by TAMP for container terminals at major port trusts is about \$57 per teu, while it is \$80 per teu in Colombo and \$110 in Singapore. On the other hand, a shipping line pays ₹11 lakh more in vessel-related charges for calling at Vallarpadam ICTT compared to Colombo.

In June, about 3,000 laden containers got transhipped from Indian ports. In July, it was close to about 5,500 containers. As the numbers are growing exponentially, we estimate that around 10 per cent of what was being transhipped outside the country will be able to come back to Indian ports. Indian major port's exim containers, depending upon various foreign ports, in the last financial year declined 2 per cent to 2,780,000 teus from 2,840,000 teus in the previous year, in spite of 3 per cent growth in Indian total container throughput at major ports during the same year. Indian transshipment cargo represents 30-35 per cent of the major ports' combined volume for FY 2016-17.

Indian Cargo Transhipped at foreign hubs:


Colombo Port captured 42 per cent of Indian freight in FY 2017-18, or 1.3 million teus, compared with 1.1 million teu (40 per cent share) in 2016-2017 and 1,190,000 teus (42 per cent) in FY 2015-16. Other country transshipment ports also captured modest volumes of India. Singapore is the second-largest hub of Indian transshipment cargo, as it handled 465,000 TEUs or 15 per cent, down from 21 per cent previously in FY 2016-17 and 17 per cent in FY 2015-16, followed by Port Klang, Malaysia, at 237,000 TEUs or 7.5 per cent, down from 9.3 per cent in FY 2016-

17, compared with 8 per cent in FY 2015-16. Jebel Ali, UAE, handled Indian transshipment cargo of 90,000 TEUs, hovering around 3 per cent in FY 2017-18 as well as in FY2017 and FY2016. Others, at 1million TEUs are 32 per cent up in FY 2018 from 25 per cent in FY 2017. This also points at Indian shippers' growing use of new, emerging hub ports, such as Khalifa (Abu Dhabi), Salalah (Oman), and Hamad (Qatar) on the strength of improved regional connectivity.

Port of Colombo moving aggressively enhancing capacity and other infrastructure by slashing down prices to attract more transshipment cargo, could give tough competition to Indian ports. All of these moves by indian and foreign transshipment hubs eventually ease Indian shippers while reducing logistics costs further.

Shipping capacity Average vessel size at Indian ports

With the increase in cargo volume and the proliferation of private ports in India, the number of services calling has increased over the years. Thirty-seven mainline services called at Indian ports in 2011, which rose to 45 in July 2018.

India is on the main east-west trade route (Asia-Europe) and the average vessel size calling at Indian ports has also increased. The average vessel size at Indian ports was 3,715 teu in 2011, which strengthened to 6,239 teu in 2018. An illustration of average vessel sizes for major trade lanes is shown in the figure 7 above. 

This sixth edition of Indian Container Market Annual Report has been developed by Maritime Gateway in collaboration with Drewry Maritime Research and Consulting firm.



PERFORMANCE OF INDIAN CONTAINER TERMINALS (FY 2017-18)

Names	Volume Handled	Annual Growth
APM Terminals Pipavav	Medium	Medium
Mundra International Container Terminal	High	Low
Adani Mundra Container Terminal	High	High
Adani International Container Terminal	High	High
Adani CMA Mundra Terminal	Medium	High
Adani Hazira Container terminal	Medium	High
Kandla International Container Terminal	Low	High
Jawaharlal Nehru Port Container Terminal & Shallow Draught terminal	High	Low
Nhava Sheva International Container Terminal	Medium	Low
Nhava Sheva India Gateway Terminal	Medium	High
APM Terminals Mumbai	High	High
New Mangalore Port - Containers	Low	High
Mormugao Port -Containers	Low	Medium
Mumbai Port - Containers	Low	Low
Vallarpadam International Container Transshipment Terminal	Medium	High
Paradip Port - Containers	Low	High
Chennai Container Terminal	Medium	Low
Chennai International Terminal	Medium	Medium
Visakha Container Terminal	Low	Medium
Navayuga Container Terminal (formerly KPCT)	Low	High
Kattupalli International Container Terminal	Low	High
Bharat Kolkata Container Terminal	Medium	Low
Haldia International Container Terminal	Low	High
PSA SICAL Tuticorin Container Terminal	Low	Low
Dakshin Bharat Gateway Terminal	Low	High
PSA - Kakinada Container Terminal	Low	High

Reference

Reference	Volume(Mi TEUs)*	Annual Growth
Low	0-0.5	<5%
Medium	0.5-1	5-10%
High	>1	10%+

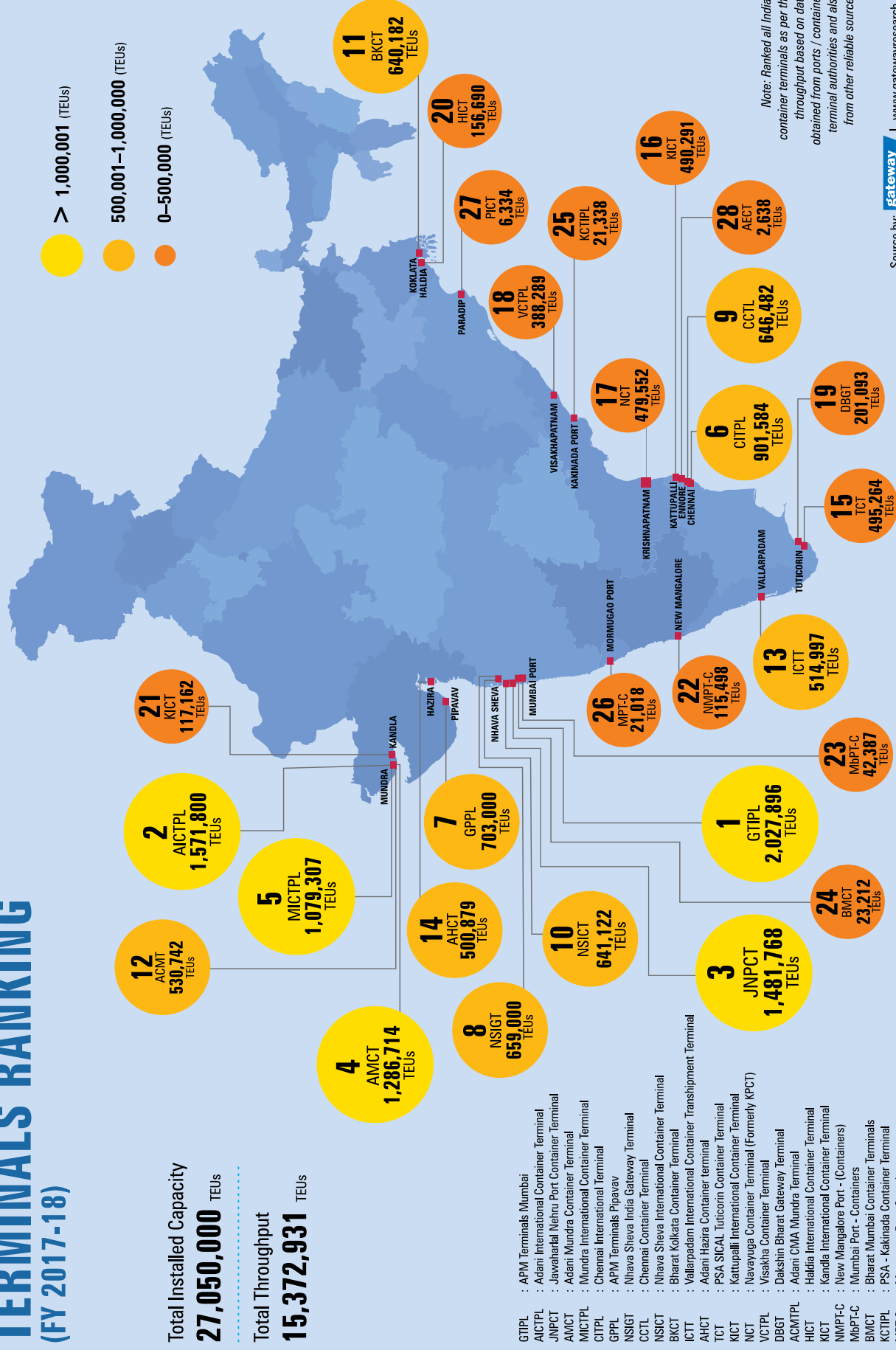
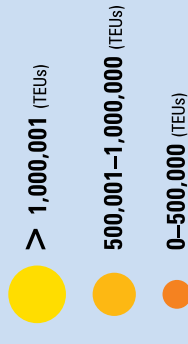
* Mi TEUs - Million Twenty Foot Equivalent Units

TERMINALS RANKING

(FY 2017-18)

Total Installed Capacity
27,050,000 TEUs

Total Throughput
15,372,931 TEUs



- GTIPL : APM Terminals Mumbai
- AICTPL : Adani International Container Terminal
- JNPCT : Jawaharlal Nehru Port Container Terminal
- AMCT : Adani Mundra Container Terminal
- MICTPL : Mundra International Container Terminal
- CITPL : Chennai International Terminal
- GPPL : APM Terminals Pipavav
- NSIGT : NSI Gateway India Gateway Terminal
- CCTL : Chennai Container Terminal
- NSICT : Nhava Sheva International Container Terminal
- BKCT : Bharat Kolkata Container Terminal
- ICTT : Vallarpadam International Container Transshipment Terminal
- AHCT : Adani Hazira Container Terminal
- TCT : PSA SICAL Tuticorin Container Terminal
- KICT : Kattupalli International Container Terminal
- NCT : Navavuga Container Terminal (Formerly KPCT)
- VCTPL : Visakhapatnam Container Terminal
- DBCT : Daktshin Bharat Gateway Terminal
- ACMTPL : Adani CMA Mundra Terminal
- HICT : Haldia International Container Terminal
- KICT : Kandla International Container Terminal
- NMPT-C : New Mangalore Port - (Containers)
- MbPT-C : Mumbai Port - Containers
- BMCT : Bharat Mumbai Container Terminals
- KCTIPL : PSA - Kakinada Container Terminal
- MPT-C : Mormugao Port - Containers
- PICT : Paradip Port - Containers
- AECT : Adani Ennore Container Terminal

Note: Ranked all Indian container terminals as per the throughput based on data obtained from ports / container terminal authorities and also from other reliable sources

Source by: **gateway research** | www.gatewayresearch.in

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EXPLORING NEW TRADES AND GEOGRAPHIES

“We want to keep focussing on new trades and geographies, special cargo business like reefers, OOG and break bulk - that would be the key to our success, not only in 2019 but in coming many years,” reveals **Dong Hwan Oh, Managing Director, IHQ, Hyundai Merchant Marine India Pvt Ltd**

Q How has been the business in 2018 and what are your expectations in the coming years?

Compared to year 2017 we have seen an 18% growth on our exports and a similar 19% growth on our imports in year 2018. This has been possible with our right asset deployment in both North and South of India, opening of new markets like Middle East, Maldives, Bangladesh and clubbed with positive external environments like stable government, massive investments in infrastructure, relaxation in Cabotage rules and various Sagarmala project initiatives.

We expect a similar growth (if not higher) in year 2019 as well.

Q The industry has faced low freight rates and high bunker costs in 2018. Do you expect any change in scenario in the New Year?

An increasing bunker price in container shipping, especially in the short term, is only partially compensated through surcharges and will therefore affect earnings negatively.

With the prospect of volatile times ahead, and bunker prices likely to take the container industry on a wild ride, it needs a transparent and standardized tool for handling bunker prices in container freight. That is what we are aiming to provide by

introducing shortly a new quarterly floating bunker formula (bunker recovery surcharge). Some major carriers have proposed 1st Jan 2019 as the start date and have indicated examples of surcharge amounts dependent on fuel price.

Q What is the significance of Indian market in the complete business network of HMM?

HMM's target is of building up its capacity to 1 million TEUs by 2020 and posting US\$ 10 billion in annual revenue by 2022.

HMM India contributes roughly 5 per cent of the total Volumes of HMM Globally. And with the growth projected for HMM India in coming years (which is roughly in double digits), we are hugely dependent on India's contribution to HMM.

We want to keep focussing on new Trades & Geographies, Special Cargo business like Reefers, OOG and Break Bulk - that would be the key to our success, not only in 2019 but in coming many years. Further we are looking at investing in terminals to avail benefits such as cost savings, stable berth operations and the other additional benefits from new terminal business to 3rd party.

Q With Cabotage relaxation are you planning to target coastal and transshipment cargo?

Yes transshipment for sure, today we are connecting our Kolkata laden cargo via Krishnapatnam port and vice versa. Also started leveraging our network to position empties into the

various deficit areas within India like Nhava Sheva to Mundra, Chennai to Krishnapatnam, Vizag etc. This will further gain momentum as we make inroads into the Indian market in coming years.


Q Tell us about digitalisation at HMM?

HMM aims for full adoption of Cloud based next generation system by 2020. This enables high level of security and swift & stable information technology. HMM vision for 2022, is to improve productivity by connecting Block Chain and IoT technology to our services.

Q Tell us about your connectivity to east and west coast?

We have 5 mainline services calling the west coast of India today i.e. CIX, CI2, CI3, WIN and TNS. And 2 mainline services calling South of India i.e. ACS and TCS. With Krishnapatnam call added on ACS service, we are successful in connecting both Vizag & Kolkata cargo as transshipment at KRI hence very well connecting the East coast of India.

Q HMM has a mega plan to post \$10 billion in sales by 2022. How are you working towards achieving this goal?

Focus will be on new Trades & Geographies, Special Cargo business like Reefers, OOG & Break Bulk, and Bigger Vessels leading to a better market share and at the same time how we actively push to take the freight rates up. 

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INTTRA ASIA TECHNOLOGY SUMMIT

The need for developing standards to unlock the potential in data and achieve intelligent supply chain was voiced at the event



John Fay, CEO, INTTRA

Advancing the digital transformation of the ocean freight industry was the vision for the Annual Asia Technology Summit organised by INTTRA in Singapore. An august gathering of more than 200 shipping and technology executives came together to network and collaborate, with a focus on moving from “Innovation to action.” Several important themes came out at this year’s summit:

- Data silos and incompatibility are a major challenge in the maritime supply chain
- The industry needs data standards in order to ensure the free flow of information between trading partners
- Networks will be the key to achieving a truly intelligent supply chain in ocean freight

“This summit is a platform to discuss how technology helps to create innovation in supply chain, especially in ocean shipping. When we think about innovation and any technology solutions the first question that comes up is what is it that we want to achieve? We all have a vision of what supply chains can be. We think of supply chain that is smart enough to be predictive to anticipate changes in customer needs and

economic environments and which is flexible to respond to unplanned events. A lot of money has been invested to bring this vision to reality over the years. A lot of components of this vision are available today, we have cranes at terminals that can sense a problem and change their path. A lot of advanced analytics is being implemented to inventory management, logistics and visibility solutions. But we are yet to develop a fully intelligent supply chain,” revealed **Inna Kuznetsova, President and COO, INTTRA.**

Towards the end of 2016 INTTRA had published a white paper called “Blueprint 2017” which had predictions about shipping companies digitalising their physical networks, connectivity of data residing in different systems and end-to-end connectivity between ocean and land. Many of these predictions have come true. Another prediction made was heading an agile interactive innovation. The industry is very pragmatic, operates on narrow margins, and so long projects with delayed RoI is not an attractive proposition. The industry looks at short-term returns which has leveraged small startups that bring tangible solutions that are concise

and specific to market needs.

So building the fully intelligent supply chain will require efforts of the whole shipping community. Many companies are still in the middle of moving from manual to get fully digital. The most important step comes next. Once all your data is in variety of systems, how can you access the data? This is where we start hitting the problems, because sensors on reefers of one carrier travelling on the ships of another carrier, which is very common in alliances, cannot access the servers. So the next big step for the industry is the connection part. Once you connect all data sources, you can apply all technologies like predictive analytics and AI to drive insights and this will give us a predictive and flexible supply chain.

Defining the need for setting standards, **John Fay, CEO, INTTRA** said, “In the past 18 months consolidation has resulted in 5 carriers controlling 65 per cent of the total container capacity. But still we do not have too much room and the answer to this capacity issue is not fewer ships but better information about what capacity or demand is coming. We need better planning that comes from better data and technology.”

On the carrier side a big issue is data sharing, standards and interoperability between shippers and carriers. The challenges haven't changed a lot in the past 2 years, but we have begun to make some progress towards using technology. But technologies such as AI and machine learning is worthless without standard information and data. Standards can be created and distributed for free to the industry. Another advantage for the industry is the power of network where one entity can join and access many and the others can do the same way as well.

Technology is expensive, innovation is hard and the cost of doing it alone is substantial. But if we collaborate to develop technology we can benefit from scale. One such initiative is INTTRA CONNECT – an industry neutral standard setting open source initiative which works by creating groups for solving common problems.

INTTRA announcements at the summit

Rates Pilot Programme

A major attraction at the summit was the launch of INTTRA Rates pilot programme on schedule with 11 freight forwarders participating. INTTRA intends to launch a fully digitalised rates solution in the first half of 2019 based on the results of the pilot. The current system for managing rates and rate changes is inefficient and error prone, leading to errors in 30-45 per cent of all freight invoices due to the manual nature of today's rate management processes. A digital solution will address this issue.

Avantida expands into North America.

Avantida, which recently launched in Mexico, has plans to launch in the US by the end of the year. Avantida continued to grow in 2018 with 43 per cent more registered users compared to the same period in 2017. In addition to the US, Avantida plans to expand to Scandinavia and Canada in the coming months. Transactions have also enjoyed substantial growth, more specifically in the area of depot services increasing by 61 per cent and triangulation services by 62 per cent in 2018 so far. [img](#)

Q&A



Inna Kuznetsova, President and COO, INTTRA

Q Regulatory authorities in India are still not accepting the digital interface. How can they be brought onto the bandwagon?

We actually want to invite regulators to participate with us in the discussions, so that they listen from industry experts and understand what is better for the industry and act accordingly. We welcome regulators joining CONNECT and get advice from our members.

Q What is the roadmap for CONNECT?

Today we have identified few work groups to tackle initial questions. We have identified steering committee groups who have control over the final outcome. Any company working in ocean shipping or IT for ocean shipping can join as member and contribute in whatever way it specializes by joining the work groups. The steering committee members chair the work groups and will steer the discussions and the work groups can find solutions to questions relating to APIs or EDIs. It is an initiative to solve things together.

Q How do you motivate stakeholders to come on such an open-ended initiative?

We have no shortage on the amount of participation as we have the credibility and there is enthusiasm among the industry to come together as it helps them in charting their strategy. This initiative is only to develop standards and does not require participants to share data.

Q Does the predictive analytics also help inland ports and CFS?

As of now we only look at the port-to-port delays, but it's time we try to connect with more stakeholders in the industry who are ready to share data and make our solutions useful to them.

DEVELOPMENTS THAT DEFINED THIS YEAR

The year passing by has seen the industry quickly catch up with digitalisation, in spite of being a late entrant to it. The focus was on infrastructure development and improving connectivity not only within the country, but also with neighbours

As we look back now, 12 months on from the start of 2018, it is amazing to remember the atmosphere of optimism which hung over us at the start of the year, guided by growing containerised trade, rising volumes at the ports, improving trade relations with neighbours, better connectivity and the efforts put in to rise on the ease of doing business ranking. Despite protectionist policies of the super powers that triggered trade wars, trade flourished and India was better positioned for trading across borders. Flipping through the back issues of the magazine we have tried to compile some of the key developments that redefined the maritime and logistics landscape in the year passing by.

CONNECTIVITY

Coastal shipping

The government has extended the period of Coastal Berth Scheme beyond the 12th Five Year Plan, i.e. from April 1, 2017 to March 31, 2020. The scope of the scheme has also been enlarged to cover the cost of preparation of Detailed Project Report (DPR) and capital dredging at major ports.

SCI Mumbai V386 of Shipping Corporation of India called at Kandla International Container Terminal, marking the first coastal service call into Kandla. On a separate note Karaikal Port berthed MV Chowgule 8 RSV through coastal movement from Chennai Port.

Cargo movement on Brahmaputra flagged off

Union Shipping Minister Nitin Gadkari flagged off cargo movement on the Pandu-Dhubri route along the Brahmaputra.



First parcel cargo train from Guwahati to Maharashtra

Indian Railway connected Northeast to West Coast (Mumbai/Gujarat), by commencing operations of a parcel cargo express train for transportation of agricultural produce of Northeast from New Guwahati Yard to Kalyan in Maharashtra.

Krishnapatnam Port launches rail service to Central India

Krishnapatnam Port and Concor launched a new weekly direct container rail service connecting ICD Nagpur.

Dedicated train from Mundra Port to ICD Sanhwal

GatewayRail started a weekly dedicated train service for Khanna Paper Mills Ltd from Mundra Port to ICD Sanhwal, Ludhiana.

CONCOR starts container train from Sukhpur Rail Terminal

Concor started container train from Morbi-Rajkot to Shalimar, Kolkata. CONCOR will initially run services to destinations such as Shalimar (Kolkata), Kanpur, Patna,

Amingaon (Guwahati), Bangalore, Hyderabad, etc.

Indo-Bangla trade

The Bangladesh cabinet has allowed India to use the Chittagong and Mongla ports to transport cargo to its north-eastern states. India has called upon Bangladesh to use Kolkata and Haldia for transshipment. To decongest border points, minimise interventions at the border and provide speedier clearance to exports for Nepal and Bangladesh, the government of India through Customs Notification No. 52/2017 has notified the ICDs in Kanpur for export clearance to these countries.

An inaugural consignment was sent from Tripura through the Agartala-Akhaura Integrated Check Post to Bangladesh. Concor flagged off a container train to Bangabandhu West station in Bangladesh to explore the techno-economic feasibility for commercial operations. Haldia International Container Terminal (HICT) commenced a new Bangladesh service under the Indo-Bangladesh Coastal Protocol.

Bangladesh and India signed an agreement to establish a 130 km oil pipeline aimed at pumping Indian oil to Bangladesh with a capacity of 1 million tonnes per annum. The pipeline connects Numaligarh in Assam to Parbatipur in Bangladesh.

DIGITALISATION

PCS 1X developed by Portall

PCS1X is developed after close examination of the application architecture and systems architecture of the existing PCS 1.0. PCS 1X is Cloud-based with frame design that eases use of value added systems.

Maersk & IBM launch Blockchain solution

Known as TradeLens, Blockchain-enabled shipping solution designed to promote more efficient and secure global trade, bringing together various parties to support information sharing and transparency, and spur industry-wide innovation.

ECTS for Nepal-bound containers

Visakhapatnam Customs implemented the Electronic Cargo Tracking System (ECTS) for Nepal-bound containers. The new procedure is much simplified as against the long processes of documentation followed earlier, resulting in delay in moving containers from the terminal.

Railways launches SFOORTI application

In a major digital initiative to help plan the traffic flows and optimise freight operations, the Ministry of Railways has launched Smart Freight Operation Optimisation & Real Time Information (SFOORTI) app for freight managers, which provides features for monitoring and managing freight business using GIS views and dashboard.

E-transport at JNPT

JNPT started an online transport solution through four logistics companies. Importers can book online transport of their cargo directly from the port with customs clearance on the port premises.

Digitalisation at APM Terminals Pipavav

APM Terminals Pipavav has developed an online version of Form 13 (gate-in permits issued by terminals) required for each import/ export container. Known as e-form 13, it will save close to 3 million km of road trips and their associated carbon emissions each year.

Evergreen launches new electronic documentation

Evergreen has introduced two new Intelligent Services – the intelligent i-B/L (Bill of Lading) and i-Dispatch, a solution that delivers documents associated with such transactions.

IWAI launches dedicated portal

IWAI has launched a dedicated portal to connect cargo owners and shippers with real time data on availability of vessels.

Nirayat Mitra mobile app launched

Developed by FIEO the app provides wide range of information required to undertake international trade right from the policy provisions for export and import, applicable GST rate, available export incentives, tariff/preferential tariff, market access requirements - SPS/TBT measures, etc.

REGULATORY ENVIRONMENT

Infrastructure schemes for railway yards

To develop freight terminals through private investment, the Ministry of Railways has launched following schemes:

- Private Siding - The private siding policy enables rail connectivity at the party's doorstep
- Private Freight Terminal (PFT) Scheme - The scheme facilitates rapid development of a network of freight terminals with private investment

Inter-state e-way bill

Ferrying goods across states got quicker as electronic-way billing was made compulsory pan India from February 1. Ferrying goods worth more than Rs50,000 within or outside a state now requires securing an e-way bill by prior online registration of the consignment.

E-sealing of containers

Like other global ports, officials armed with handheld RFID readers clearing boxes started at Indian ports as well with the introduction of e-Sealing. CBEC had introduced the new procedure for sealing of containerized export goods with effect from October 2017, however, only those exporters permitted for self-seal of their export containers are eligible to avail the benefit of the electronic sealing facility.

Logistics policy for Uttar Pradesh

The Uttar Pradesh government for the first time is drafting its own logistics policy. The policy will entail the establishment of at least five industrial parks across the state with an investment of Rs.200 crore.

Revised MCA for major ports

The union cabinet approved amendments in the Model Concession Agreement to make the port projects more investor-friendly and make investment climate in the port sector more attractive. The amendments in the agreement envisage constitution of a Society for Affordable Redressal of Disputes - Ports (SARODPORTS). The agreement provides exit route to developers by way of divesting their equity up to 100 per cent after completion of 2 years.

Cabotage relaxation

In a bid to check outflow of Indian exim cargo to foreign ports and to boost transshipment at Indian ports, the government has declared new policy giving relaxation for coastal movement of exim transshipment containers and empties on foreign carriers.

INFRASTRUCTURE

The Finance Minister announced increase in budgetary allocation to infrastructure for 2018-19 to ₹5.97 lakh crore against estimated expenditure of ₹4.94 lakh crore in 2017-18. This marks an all-time high allocation to rail and road sectors.

Sagarmala projects picked up steam as a total of 224 projects worth ₹1.85 lakh crore were awarded till March 2018 and 59 projects worth ₹11,299 crore have been completed till March 31. Further 196 projects worth ₹71,868 crore are expected to be awarded in 2018-19. The government also introduced ₹4,000-crore Financial Assistance Policy for Indian shipyards for a period of 10 years, for contracts secured between April 1, 2016 and March 31, 2026.

Project UNNATI for major ports

The Ministry of Shipping initiated project UNNATI to boost all-round performance of Major Ports. A total of 116 initiatives have been identified for major ports, of which 86 have been implemented so far. The project benchmarks operational and financial performance of the 12 major ports with selected Indian private ports and best-in-class international ports for identifying improvement areas.

Indore-Manmad new railway line project

An MoU was signed between JNPT-Ministry of Shipping, Ministry of Railways, govt of Maharashtra and govt of Madhya Pradesh for implementation of 362 km Indore-Manmad New Railway Line Project.

Chennai Port grows bunkering business

Chennai Port is developing a 181-metre long and 15-metre wide berth as a multi-user facility near the oil dock that can handle two 5,000 DWT medium-size barges or tankers of up to 10,000 DWT for handling liquid cargoes.

Krishnapatnam Port's drive through container scanners

The port installed 'Rapiscan Eagle P 60' drive through x-ray container scanner and radiation portal monitors. The scanner will increase the volume of import containers handled by at least 5,000 teus per month.

Blue Dart launches aviation hub in Chennai

Blue Dart has developed aviation hub at the Blue Dart Aviation Terminal, Meenambakkam, Chennai, with both air and land side access. Spread on 4,912 sq. metres the hub boasts BCAS-approved security screening with its own X-Ray machines, equipment and dedicated manpower.

APM Terminals opens ICD

APM Terminals Inland Services inaugurated a new ICD and supply chain solutions facility to serve the Pune district. Located around 150km inland from Mumbai, the ICD covers an area of more than 12 acres and is designed to handle more than 60,000 containers annually.

Adani Ennore Container Terminal commences operations

Adani Ennore Container Terminal at Kamarajar Port commenced operations. The terminal capacity in the first phase involves 0.8 million teus with quay length of 400 meters, 15 mtrs draft, 4000 ground slots, four super post panama cranes, 12 e-RTG's and on-dock rail connectivity.

Adani bags Bhavanapadu Port

Andhra Pradesh government approved APSEZ Ltd as the developer of Bhavanapadu Port project. The port would serve the hinterlands of Odisha and Chattisgarh and nearby districts in AP.

JNPT adds 4th terminal

JNPT doubled its container handling capacity with addition of its new 4th terminal. The container terminal will add capacity of 24 lakh containers per year in Phase-I and after completion of Phase-II in 2022 the capacity of JNPT will be 100 lakh containers per year.

APM Terminals' integrated cold chain solutions

APM Terminals inaugurated its first state-of-the-art cold storage warehouse for fish, fruits, medicines, and specialty chemicals which require strict temperature control.

New MMLP in Goa

A MMLP at Balli Station near Madgaon in Goa on the Konkan Railway route has been inaugurated with an investment of ₹43 crore through MoU between Konkan Railway and CONCOR.

APSEZ expands Dhamra Port capacity

APSEZ inaugurated the Phase II expansion of Dhamra Port, increasing cargo handling capacity of the port to over 100 million tonnes per annum (mtpa), up from 25 mtpa currently.

NSICT and JNCH improve ease of doing business

The Nhava Sheva International Container Terminal in collaboration with Jawaharlal Nehru Custom House has become India's first terminal to introduce 'on-wheel examination and sampling' for Full Container Load shipments under the DPD scheme.

FSRU based LNG Terminal at Jaigarh Port

H-Energy Gateway Pvt Ltd launched India's first FSRU-based LNG terminal at JSW Jaigarh Port in Ratnagiri District. It has annual capacity of 4MTPA.

Essar Vizag Terminal commissions iron ore handling complex

Essar Vizag Terminal commissioned 24 mtpa Vizag iron ore handling complex, upgrading cargo loading capacity of the facility to 24 mtpa.

Railways launched double stack dwarf containers

Indian Railways introduced double-stack dwarf container services. The first such freight train was flagged off from Western Railway's Rajkot railway station to Haryana.

Raxaul-Birgunj Integrated Check Post

The check post on the outskirts of Raxaul brings relief to Nepal's exim trade, removing congestion on the highways

Liquid cargo handling terminal at KoPT

Kolkata Port Trust (KoPT) signed a concession agreement with Hooghly Oil & Gas Terminal Pvt. Ltd for setting up a Liquid Cargo Handling Terminal at Shalukkhali.

GMR bags port near Kakinada

GMR secured the contract to build a port near Kakinada. It will be 30km north of Kakinada and touches Visakhapatnam-Chennai Industrial Corridor.


Essar Vizag Terminal commissions iron ore handling complex

Essar Vizag Terminal Ltd dedicated to the nation its newly-commissioned 24 mtpa Vizag iron ore handling complex. It can berth Super Capesize vessels up to 200,000 DWT.

Mundra LNG terminal inaugurated

Mundra LNG terminal, the Anjar-Mundra pipeline project and the Palanpur-Pali-Barmer pipeline project, at Anjar were inaugurated

Multimodal terminal on Ganga

Multimodal terminal on Ganga in Varanasi has been inaugurated and received first cargo from Kolkata. 



A promise of faster and better connectivity

The Kattupalli Port and Ennore Terminal will create a major difference in the way trade moves to and from South India

In a major foray into south India APSEZ inaugurated the Adani Ennore Container Terminal. “This is the day for Adani ports to venture into South India to bring a change in terms of value addition, as APSEZ enters into two ports – Kattupalli Port and Adani Ennore Container Terminal. In this growth journey, Maersk has been our business partner and it has grown from 50,000 teus in 2004 to 350,000 teus currently, which signifies the type of growth South India is witnessing,” announced **Ennarasu Karunesan, CEO, Adani Ports & SEZ, Southern Ports.**

Adani Kattupalli Terminal has 1.2 million teus of container handling

capacity with 2 berths having 14 meters draft. It is served by 6 cranes and 15 RTGs, more than 5000 ground slots and 24X7 navigation. Some of the largest vessels with more than 14 meters draft call the port.

Detailing on the Adani Ennore Terminal Ennarasu said, It has an investment plan of ₹1,270 crore, of which ₹820 crore has been invested in the first phase for creating 800,000 teus capacity. The phase II will add capacity of 600,000 teus and the total capacity will reach 1400,000 teus in the next couple of years. The terminal is being planned such that in future 18,000 teus vessels and 6th generation S class vessels will be able to call at the terminal. The terminal is in close proximity to vast hinterland in Andhra Pradesh, Karnataka, Kerala and Tamil Nadu and is well connected to all national highways and internationally to about 300 global ports.

“The launch of Ennore Port is a real momentous occasion for the state of Tamil Nadu as it opens yet another gateway for the growing trade in Southern India. The addition of port capacity at Ennore is world-class and the supply chain benefits will translate into reduced logistics cost and time for shippers,” revealed **Capt. Sandeep Mehta, President - Business Development, APSEZ.**

Capt. Sandeep Mehta
President - Business Development, APSEZ



The addition of port capacity at Ennore is world-class and the supply chain benefits will translate into reduced logistics cost and time for shippers.

Ennarasu Karunesan
CEO, Adani Ports & SEZ, Southern Ports.



The Ennore terminal is in close proximity to vast hinterland in Andhra Pradesh, Karnataka, Kerala and Tamil Nadu and is well connected to all national highways and internationally to about 300 global ports.

Steve Felder
MD, Maersk Line (India, Sri Lanka, Bangladesh, Nepal, Bhutan, and the Maldives).



We are excited to be the pioneer and key customer to the port of Ennore. We are committed to play a larger role in southern India's growth story.

“We are committed to play a larger role in southern India's growth story, by connecting buyers and sellers in the region with markets across the globe. Ennore provides a number of advantages to our importers and exporters. We are excited to be the pioneer and key customer to the port of Ennore,” shared **Steve Felder, MD, Maersk Line (India, Sri Lanka, Bangladesh, Nepal, Bhutan, and the Maldives).** Over the years we have strengthened our presence on the east coast of India and also have been the pioneers across ports on the coast. [img](#)

CONTAINER HANDLING INFRASTRUCTURE		
	Present	Future
Berth quay length	400m	730m
Annual capacity	0.8 million teu	1.4 million teu
Draft	15m	15m
Equipment	4 QCs with 22 across outreach	7 QCs with 22 across outreach
Equipment	12 e-RTGs	21 e-RTGs
Ground slots	4000	7070
Reefer points	150	290



(L to R) **Ramprasad Ravi**, Editor in Chief and Publisher, Maritime Gateway; **Vivek Aiyar**, Director, SATTVA Logistics Group; **P Raveendran**, IRTS, Chairman, Chennai Port Trust; **Shiva Shanmugam**, Former President, Federation of Karnataka Chambers of Commerce and Industry; **S Krishna Prasad**, General Secretary, Federation of Indian Granite & Stone Industry

Logistics infrastructure to meet future demand

Issues with hinterland connectivity and infrastructure availability were flagged in this session. Port operators detailed on plans to ease out congestion and measures to enable quick cargo movement

The Smart Logistics Summit series has now become a benchmark event for facilitating dialogue between shippers and service providers in an endeavour to find solutions to some of the most compelling issues of the trade. Following on these lines, the third edition of SLS Bengaluru organised on November 2 at Le Meridien Hotel saw a congregation of shippers, service providers – CHAs, freight forwarders, chief executives of major and private ports serving the hinterland, all geared up to take a note of the issues raised by the exim community and resolve them in the interest of the trade.

Ramprasad, Editor-in-Chief and Publisher, Maritime Gateway, set the conference in context, by quickly touching upon key aspects including the exim cargo movement, key industrial sectors contributing to the state's cargo, seaports and CFSS serving the shippers with prompt logistics services and he concluded

summing up the requirements of the trade community in terms of more warehouses, cold storages, MMLPs and better logistics infrastructure.

Karnataka's exim trade witnessed about 15 per cent growth during FY2017-18 by clocking about 260,000 teus. Looking at the port-wise share, New Mangalore Port contributes 10-15 per cent of the volume, Chennai takes the major share with 70-80 per cent, Krishnapatnam Port is about 12-15 per cent and Kattupalli being a recent development bags 10 per cent, followed by Tuticorin with a share of 3-5 per cent.

Connectivity-wise, Chennai Port terminals are connected with daily two rakes from Concor ICD Whitefield. Kattupalli Port has twice weekly connection, Krishnapatnam Port connects to the state thrice a week through rail, Vallarpadam Port provides a weekly service, Mumbai and Tuticorin Ports are connected through only road as there is no rail

service operational yet and Mangalore Port handles mostly domestic cargo movement.

Karnataka is served by four CFS and ICD, sharing the 260,000 teus with a distribution share of approximately 8 per cent going to CWC CFS that has posted a cargo growth of 20-30 per cent annually. Marigold CFS has 4 per cent share, growing by about 10-15 per cent, ICD Whitefield takes the major share of 50 per cent with exports and imports growing roughly by about 13 per cent. The HAL Cargo Complex has 3 per cent share of the total cargo and it has grown last year by 10-20 per cent.

Highlighting the infrastructure gaps Ramprasad pinpointed at: More cold chain facilities needed by the Pharma industry, engineering goods need technology enabled warehouses to be developed, liquid storage trailers are required for the chemical industry and textile processing zones need to be developed for the cotton industry. Improved road connectivity needs to be provided for CFSs. Temperature controlled warehouses are required by food and perishable commodities.

Logistics parks need to be strategically located to decongest this growing city. While Karnataka has been a fore-runner in announcing a truck terminal policy, but only one truck terminal has come up so far and more such facilities are needed, in addition to MMLPs, cold storages and warehouses.

"Karnataka has been the foremost state in exporting granite for the past 40 years," highlighted **S Krishna Prasad, General Secretary, Federation of Indian Granite and Stone Industry**. The state has been leading in terms of production as well, but in the past few years the state has stepped down to the fifth position. Taking a note of the export scenario he said, granite exports have been down for the past few years due to competition from other countries like Brazil, China and Africa. Artificial stones made from alternate material like Quartz, ceramic and glass have taken over the market. International markets like US and Australia which used to be the major markets for granite are now finding more demand for artificial stones. Lack of policy support from the governments further adds to the woes of the industry.



Gaurav Gupta, IAS, Principal Secretary to the Government, Dept of IT, Biotechnology and Science & Technology, Government of Karnataka.


Rajasthan and Gujarat are now leading in granite production with a lot of new varieties coming up. Quarries are located in remote locations with poor infrastructure and connectivity. The last 10-20 km of road is mostly very damaged and is sometimes developed by the miner themselves. Railways can be used as an alternative but they are not available easily and a miner needs to move about 100km by road before connecting to a railway rake.

"One of the constraints for the mining-based industries in Karnataka has been the severe regulatory regime that has come into play," remarked **Gaurav Gupta, IAS, Principal Secretary to the Government, Dept of IT, Biotechnology and Science & Technology, Government of Karnataka**. The issue is not limited to granite as iron ore, cement and tiles industries are also facing similar problems. The defence, aerospace and machine tools industries have flourished in the state very well. Karnataka has more than 160 industrial areas and providing logistics services to them are cargo airports in Bangalore and Mangalore, cool port recently developed in Bangalore International Airport, ICD facilities in Bangalore and Belagavi, CFS facilities in seven locations, cold storage facilities at 11 places and 191 private cold storages. A MMLP is being developed in Dabaspet that will provide seamless connectivity to Chennai Port.

"A problem Karnataka faces is last-mile connectivity. The connectivity from the point of production to

the highways is something we have requested the government, railways and the ports to address," shared **K. Shiva Shanmugam, Former President, FKCCI**. Flagging the logistics issues faced by members of FKCCI, Shanmugam said, congestion at Chennai port and lack of proper logistics facilities between Bengaluru and Mangalore were the biggest logistics issues. But the opening of Jollarpettai terminal which is just 140km away from Bengaluru and connects Chennai Port in just 2 hours, is a relief for cargo movement. Addition of another gate at Chennai Port will also ease congestion. FKCCI has requested the railways to provide container movement from Whitefield to Mangalore.

"Bangalore region hinterland is the most lucky in terms of logistics infrastructure connectivity, as there are 8 ports ready to serve," commented **P Raveendran, IRTS, Chairman, Chennai Port Trust**. Chennai Port can handle 130 million tonnes, Kamarajar Port has 60 million tonnes capacity and in another four years it will reach 150 million tonnes, Krishnapatnam has huge capacity, Adani is expanding and Bangalore, Cochin and VOC port, each have excellent marine facilities. Road development is in progress, especially in the Chennai-Bengaluru corridor connecting Chennai and Ennore Ports. The Ennore Port for northern and southern connectivity is initiating road projects. A dedicated railway line is coming to Krishnapatnam Port connecting interior Karnataka and Bangalore.

Addressing the congestion issues at the port, Raveendran said, "While additional roads connecting the port and rail connectivity from Jollarpettai junction are long-term plans, a short-term solution is the DPA facility enroute to Chennai Port managed by CWC which has a capacity to take 300-400 trucks. The duration of entry from CFS or Madhavaram point has come down from 14 hours to 7 hours. Some reorganisation has been done within Chennai Port to provide truck parking area within the port. Cargo trucks arriving with incomplete documentation will be diverted to this truck parking area, so that waiting time for trucks is shortened. By January 2019 the port plans to ease out congestion completely. 

(L to R) **Jitin Singh Kampani**, DGM - Chartering & Marketing, OSL Group; **N Girish**, Member, Bangalore Custom House Agents' Association Ltd; **Ennarasu Karunesan**, Chief Executive Officer, Adani Ports & SEZ Ltd Southern Ports; **Srinivas Rao K**, General Manager - Logistics, Gokaldas Exports Limited; **Ajay E**, Dy Chief Executive Officer, HAL Cargo Complex CFS



Discussions in this session focused on issues faced by shippers and the evolving role of Customs and CFS. Bringing to the fore challenges faced while importing and exporting, **Srinivas Rao, General Manager - Logistics, Gokaldas Exports** said, "The freight forwarders sometimes charge exorbitantly for imports that are prepaid or on FOB terms." He expressed the need for an agency to monitor the charges charged by freight forwarders. Another issue he raised was about the lack of transparency in billing by the CFS, as in certain occasions the fee charged by the CFS exceeds the value of the commodity. Again the pricing strategy is not uniform among the CFS. **N Girish, Member, Bangalore Custom House Agents' Association** focused on measures implemented by CBIC. Starting of EDI, ICEGATE, RMS facility, 24/7 operations, implementation of SWIFT and e-Sanchit platform are some of the e-business initiatives of Central Excise and Customs Board. CBIC has also rolled out an integrated risk management system for all the partner government agencies (PGAs) to ensure the consignments are not selected by the agencies on routine basis for examination, but based on the principles of risk management. Detailing on the extended role of Customs Broker **Girish** said, the broker ensures smooth passage of the exim cargo while complementing the cost as well. He is more of a facilitator and monitoring agency, rather than being an enforcer and collector of taxes.

Reviewing the logistics scenario, **R Srinivasan, Logistics Manager, H&M**, said compared to the past year, things are improving. With digitalisation dwell time has decreased, but if we compare to

EXIM Cargo growth in Karnataka

A highly interactive session brought to the fore logistics issues of shippers and operational challenges with Customs, CFS and ports

Sri Lanka, China and Vietnam, there warehouses have both vertical and horizontal stacking. Physical inspection of cargo is ruled out in these countries, while it is still in practice by Customs in India. If we want to reduce the cost and time, we need to switch to smart warehousing rather than expanding the warehousing capacity.

"Major commodity moving out from the CFS is garments and the industry is doing great," said **E Ajay, Deputy CEO, HAL Cargo Complex CFS**, as he proceeded to explain their role as a facilitator and representative of Customs. There is a lot of communication gap between exporters, freight forwarder, CFS and CHA. If you see the four CFS operational in the state there is nothing common in the rates offered and in fact the CFS compete to offer better rates to the shippers. **Ajay** detailed on the challenges faced by his CFS operating as a government entity. Operational and insurance costs are increasing but the CFS is not able to increase their charges due to competition.

Schemes such as AEO and DPD have tried to kill CFS. Even after introduction of AEO, HAL appoints freight forwarders for doing business, which underscores the lack of communication. Another ambiguity he pointed out was in use of e-sealing and RFID. HAL had appointed 18 e-seal vendors, but lack of compatibility among the e-seal readers has created issues and finally a group of e-seal vendors is jointly developing e-seal reader compatible for all.

"Six years back the cargo moving from Bangalore region was about 5000 teus and six years down the lane it has grown to 30,000 teus, which indicates the massive growth in this region's trade," commented **Ennarasu Karunesan, CEO, Adani Ports & SEZ, Southern Ports**. "Today we have enough ports, CFS and warehouses, so the focus has now come down to at what cost do we move the cargo?, at what speed and what is the reliability?" exclaimed **Ennarasu**. These three elements will matter the most in the next 10 years for our industry. 

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(L to R) **D Satish Kumar**, President, East Coast Logistics Pvt Ltd; **Dr Anup Dayanand Sadhu**, Group General Manager, Container Corporation of India Ltd; **N Krishna Kumar**, Vice President – South, MSC Agency (India) Private Limited; **Vinita Venkatesh**, Director, Navayuga Container Terminal Pvt Ltd; **Shivanand Rai**, General Manager, Central Warehousing Corporation

Digitalisation has brought in a paradigm shift in the logistics sector and riding on this digital tide is Cogoport offering cutting-edge solutions, introduced **Kunal Rathod, Co-founder** of the organisation. Cogoport is the Amazon of logistics connecting shippers with service provider to move cargo globally in a very transparent and cost-efficient way. The company aims to fill the technology gap in the entire global logistics eco-system and empowers shippers and service providers. At the click of a mouse shippers can get live freight rates and break up of their logistics cost along with available service options.

In a first major deal in India's nascent digital freight logistic startup space, Cogoport has raised approximately Rs 50 crore from Accel Partners. The fund will be deployed for product development and global expansion. The timing is right for disruptors in global logistics and freight category as the market is massive and growing.

Presenting perspective on Karnataka's trade and logistics, **N Krishna Kumar, Vice President – South, MSC Agency (India) Pvt Ltd** said, the state is a preferred destination for all the FDI that flows in. In the decade 2000-2018 the state got the largest FDI investments in India. Coming to exim, the state has an

Cargo movement solutions for Karnataka

Connectivity options for Karnataka hinterland along with shipping lines, ports and warehousing services offered for shippers of the state were discussed in detail

imbalance with imports dominating exports, as a result the state has become a huge repository of empties. Taking a broader view of South Indian logistics Krishna Kumar said congestion is a thing of past as the total capacity of all terminals in this region is about 7.8 million teus and the handling of empties alone amounts to about 3.5 million teus. Utilisation rate of these terminals is about 50 per cent, so congestion is ruled out. Taking a view of the wonderful connectivity offered by ports in this region he said, Krishnapatnam Port offers connectivity to China, Chittagong and Colombo. Chennai Port connects to Europe and Far East. Any urgent cargo can be routed through Tuticorin Port that connects to Colombo within few hours. Predicting about the future scenario he said, the future will be

of crewless ships and trucks moving cargo and the last-mile delivery will be done by drones.

Coming to the warehousing part, presenting a brief overview of CWC, **Shivanand Rai, General Manager, Central Warehousing Corporation** said, "CWC is operational since 1957 and has about 432 warehouses and 35 CFS all over India. We have capacity ranging from 7000 metric tonnes to 10 million metric tonnes all over India." In Karnataka the organisation has 5 lakhs metric tonnes capacity, but still there is growing demand for warehousing in this state and the demand is mainly coming from e-commerce. To meet this rising demand CWC is expanding and has got 14.2 acres of land near Bangalore International airport, where another CFS will be set up including airfreight

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cargo station. CWC is also into pest control services and fumigation offered for container ships. Karnataka State Transport Corporation mostly uses CWC services.

"Navayuga Container Terminal is the first in India to install drive through container scanner that can do 60 scans in an hour. Even though the scanner was originally installed for importers of scrap, it will help importers of a lot of other commodities such as furniture, machinery and automotive parts," informed **Vinita Venkatesh, Director, Navayuga Container Terminal Pvt Ltd** Talking about the connectivity to serve the Bangalore trade she said, a direct road to the port is on its west side, then a four lane road is being constructed towards the north of the port and towards the south of the port two new roads are being developed connecting it to the national highway. With this road network, the distance between Krishnapatnam, Bangalore and Chennai will reduce by 40 km and Krishnapatnam will be the closest port facility to Bangalore.

NH-16 connects from Chennai to Krishnapatnam and under the Sagarmala project there is a five road system approved to ensure cargo moving in and out of Krishnapatnam Port will not be delayed for a minute. The port has also increased its quay length by about 100 meters and has added extra cranes to accommodate




Shashidhar V Hebbar, President, Bangalore Custom House Agents Association Limited

“**Congestion is a thing of past as the total capacity of all terminals in South India region is about 7.8 million teus and the handling of empties alone amounts to about 3.5 million teus. Utilisation rate of these terminals is about 50 per cent, so congestion is ruled out.**”

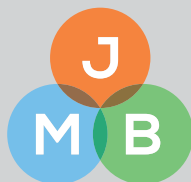
the transshipment traffic. By Q2 2019, the port will have 1km quay length and 8 QCs such that any number of vessels arriving to Krishnapatnam Port will compulsorily get berthing on arrival and the container yard will have capacity of 1.2 million teu which

will be expanded to 2 million teu as demand arises.

Coming to Bangalore cargo, the Port had started with just one train connecting to the city about 3 years back and now the frequency has increased to 3 trains with support from Maersk Line and very soon HMM will also start handling their cargo over Krishnapatnam Port. Detailing on the operations of ICD Bangalore, **Dr Anup Dayanand Sadhu, Group General Manager, Concor** said, Concor had commenced operations in 1989 and starting with 7 ICDs it has grown to 74 ICDs, in addition to 10 more ICDs operational in collaboration with private partners. Concor leads in rail based container movement in the country with 79 operational terminals and has a share of 75 per cent. Detailing on the operational performance of Concor Sadhu said, the organisation has operating turnover of ₹6,167 crore, which is 10 per cent more than previous year and gross turnover is ₹6,470 crore, which is 9.75 per cent increase over the previous year. Net profit is ₹1,049 crores, which is 22.26 per cent more than the previous year. Concor has a capital expenditure of ₹857 crores and in the next 5 years it will spend about ₹6,000 crores in infrastructure capex building.

In the southern region Concor has 9 terminals and ICD Whitefield is the biggest. The ICD grew by 9 per cent last year and this year the growth is expected to be 15 per cent. It operates 2.5 trains daily to HOM Chennai, 2 trains per week connect to Krishnapatnam Port and in the coming months the frequency can be increased to 4 trains, considering the growing liner connectivity to the port. For domestic cargo movement ICD Whitefield operates frequent trains to TKD, Kolkata, Shalimar and Guwahati terminals. The ICD operates 9 dedicated rakes for domestic and exim traffic. Recently the ICD has started offering 45 days free time for international loaded containers and 90 days free time for empty containers. Towards the conclusion Anup announced plans to commence coastal shipping, 5PL logistics, increase rail connectivity to more ports and double the turnover from ₹6400 crores to ₹12000 crores in 2 to 3 years' time. 





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Guest of Honour **A K Jyotishi**, Chief Customs Commissioner of Bengaluru, addressing the awards night



Actor, writer and film producer **R Madhavan**, at the awards night of Smart logistics Summit Bengaluru

Shipping greats serving the Karnataka region gathered in one of the finest ballrooms of Le Meridien in the evening of November 2, in Bengaluru to honour and recognise the star performers who made a difference in whatever services they offer, pushing the boundaries in everything from customer service, new products to using technology to disrupt the way business is done. It was a night when the movers and shakers of maritime sector stood up to celebrate excellence, innovation and best practice.

Twenty award categories were enlisted and all Indian shipping and logistic companies along with shippers, exporters and importers were evaluated by the Smart Logistics Awards Jury. The awards evaluation was done based on varied predefined parameters in each category and performance of nominees was analysed before coming to consensus on winners. Data received from first-hand survey, industry experts, government data and statistics authorities was handed over to the jury committee for review and selection of winners. Representatives of shipping lines, ports, dry ports, forwarders, logistic companies and EXIM fraternity cheered for the champions, while the recipients accepted the awards with a thunderous applause. The first set of awards were given by **Guest of Honour Mr A K Jyotishi, Chief Customs Commissioner of Bengaluru** who presented the awards and spoke a few words about shipping fraternity, progressive growth of EXIM, improvements, new initiatives for the speedy evacuation of cargo while improving the dwell times. One great personality made a grand entry while the first set of awards were being given, and elevated the level of the awards ceremony a notch higher. Ace Bollywood Actor and motivational speaker Madhavan walked on the red carpet and the majesty of his persona added the glitz to the ceremony, as he gave away the final set of awards. 

Best performers steal the show

It was an evening the industry chose to network and share lighter moments with their peer, while cheering for the best performers

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Smart Transporter Road: East Coast Logistics Pvt Ltd

Smart Exporter RMG: Gokaldas Exports Limited

Smart Importer Furniture: Urban Ladder

Smart Importer Electronics: Xiaomi Technology India Pvt Ltd

Smart ICD: CONCOR (White Field)

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Smart Exporter Engineering Goods: Incap Contract Manufacturing Services Pvt. Ltd

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(L to R) **Jaffrey Thomas**, Director at PricewaterhouseCoopers (PwC); **Jayyannnt L. Lapsiaa**, President, All India Liquid Bulk Importers and Exporters Association (AILBIEA); **Anil Yendluri**, Director and CEO, Krishnapatnam Port Company Limited; **C.P. Rao**, Chief Commissioner GST, and Central Excise, Tamil Nadu and Pondicherry; **SK Rahman**, IRS, Commissioner – Directorate General of Goods and Service Tax, Dept. of Revenue, Ministry of Finance; **Ramprasad**, Editor-in-Chief and Publisher, Maritime Gateway

Demand/supply scenario of liquid cargo: Regulatory framework, challenges

Demand supply scenario, regulatory challenges export and import industry faces and infrastructure solutions shipping companies can offer, were brought to the fore

At the beginning of the conference, **Ramprasad**, Editor-in-Chief and Publisher, **Maritime Gateway** gave an overview on the liquid cargo vertical. The ever-growing demand for energy needs a lot of infrastructure. The stakeholders need to take cognizance of changing oil movements and the need for moving LNG and other petroleum products into the country on massive scale make it inevitable to create dedicated and customized infrastructure facilities for liquid cargo.

Jaffrey Thomas, Director at **PricewaterhouseCoopers (PwC)** India detailed on the demand-supply scenario in liquid cargo. LNG has a share of 7 per cent in energy consumption and spans across various industries. The overall realistic demand for LNG is close to 500 MMC & SCME. This indicates a lot of latent demand already setting in the market. This can be converted by adding pipeline infrastructure and logistics capacities.

India has become the

fastest growing market for POL consumption in Asia. HSG, porter spirit and NAFTA together come for approximately 55 per cent and a little more than half of the POL consumption and this trend is expected to continue further, Jeffrey added. There's a positive demand in LPG space, and the consumption is expected to reach 36 mmt by FY 2028 from the demand of 22 mmts in FY 2017. LPG imports have grown to 9 mmt from 3 mmt over a period of five years, he elaborated.

Jayyannnt L. Lapsiaa, President, **All India Liquid Bulk Importers and Exporters Association (AILBIEA)** highlighted the challenges importers and exporters are facing in handling the growing volumes of liquid bulk cargo. The contribution of the liquid bulk to the port revenue is about 58 per cent and in case of major ports such as Mumbai, Chennai, Kandla, Kolkata, and Visakhapatnam the revenue can go up to even 75 per cent. But still, government and shipping companies are neglecting the easiest

to handle liquid cargo without laying proper procedures.


AILBIEA has been talking to the government and requesting for a holistic department for handling the liquid bulk and for dedicated ministry for the Exim trade.

Anil Yendluri, Director and CEO, **Krishnapatnam Port Company Limited** informed about the developments at his port for the liquid bulk cargo handling.

Krishnapatnam has become the second largest edible oil port with the handling capacity of more than two million tonnes after Kandla. To handle the growing volumes, KPCL has demarcated enough land wherein more than 4 jetties, berths for cargoes, and dedicated pipeline corridors can be built.

"Through such deliberations trade bodies can get to know what the government is doing for the industry and government also understands the requirements of the trade and the challenges of stakeholders," shared **SK Rahman**, IRS, Commissioner – Directorate General of Goods and Service Tax, Dept. of Revenue, Ministry of Finance. He detailed on the government's initiatives for the players in liquid cargo sector focusing on GST related issues.

GST has brought 95 per cent of supplier goods below 18 per cent tax bracket. In GST, the tariff rates on bulk liquid cargo are very less. Tax returns filing has also been simplified. Earlier, exporters and importers used to file GST1, GST2, and GST3 returns separately, but now they need to file only GST3(b) and GST1.

Taxes on liquid cargo are fairly simple; however, the complications related to the procedures may be there, clarified **C.P. Rao**, Chief Commissioner GST, and Central Excise, Tamil Nadu and Pondicherry region. POL is the major chunk of the liquid cargo, which is not in the purview of the GST system. States get more tax percentage on petroleum products than the centre, so they don't want to lose their hold on them. However, the consensus is building up and once it's brought into the GST system, businesses in shipping, exporters, and importers will have a number of benefits. 



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(L to R) **K Vasudevan**, Director, Liquidgaz Energy; **P Anil Kumar**, Head-Infra Task Force, BPCL; **N Jithendra**, Krishnapatnam Port Company Limited; **Jayyannt L. Lapsiaa**, President, All India Liquid Bulk Importers and Exporters Association (AILBIEA).

Storage infrastructure: Tank farms, safety and security

SOPs need to be followed while developing and operating tank farms to ensure safety. Government should bring stringent regulatory norms for building shore tank farms

Jayyannt L. Lapsiaa, President, AILBIEA raised concerns on scanty safety measures some seaports and businesses are taking while setting up shore tank farms. "Some people build shore tanks without realizing the possible dangers, safety concerns, and various nitty-gritties involved in the tanking business" he highlighted when moderating a session in the India Liquid Cargo Summit 2018.


Building tank farms and giving them to someone else to operate, not keeping separate tanks for edible oils and industrial chemicals and hazardous liquids are some of the unethical practices that are going on. The government should bring stringent regulatory norms for building shore tank farms infrastructure as liquid bulk cargo volumes are surging significantly in all segments, Jayyannt opined.



Plot area, facility design, equipment or hardware used for storage, Standard Operating Practices (SOPs), and compliance rules followed, all these aspects need to be considered while talking about the safety and security of shore tank farm infrastructure, **K. Vasudevan**, Director of Liquid Gas explained.

His company Liquid Gas is going to set up LPG storage terminal in Krishnapatnam Port in association with National Gas Company, Oman. In this context, Vasudevan shared the major safety aspects to consider when setting up a storage infrastructure for liquid cargo. However, he confined his talk specifically to LPG storage, as an expert in that field. "Scope of safety is much wider these days. When you say safety, we look at it as HSSE – Health, Safety, Security, and Environment." Vasudevan said.

Safety always starts from the concept stage of a project. When setting up an LPG storage terminal, design plays a crucial role in safety and security. If the storage capacity is up to 10,000 tonnes refrigerator design works best and if it's more one should go for pressurized storage design, he said.

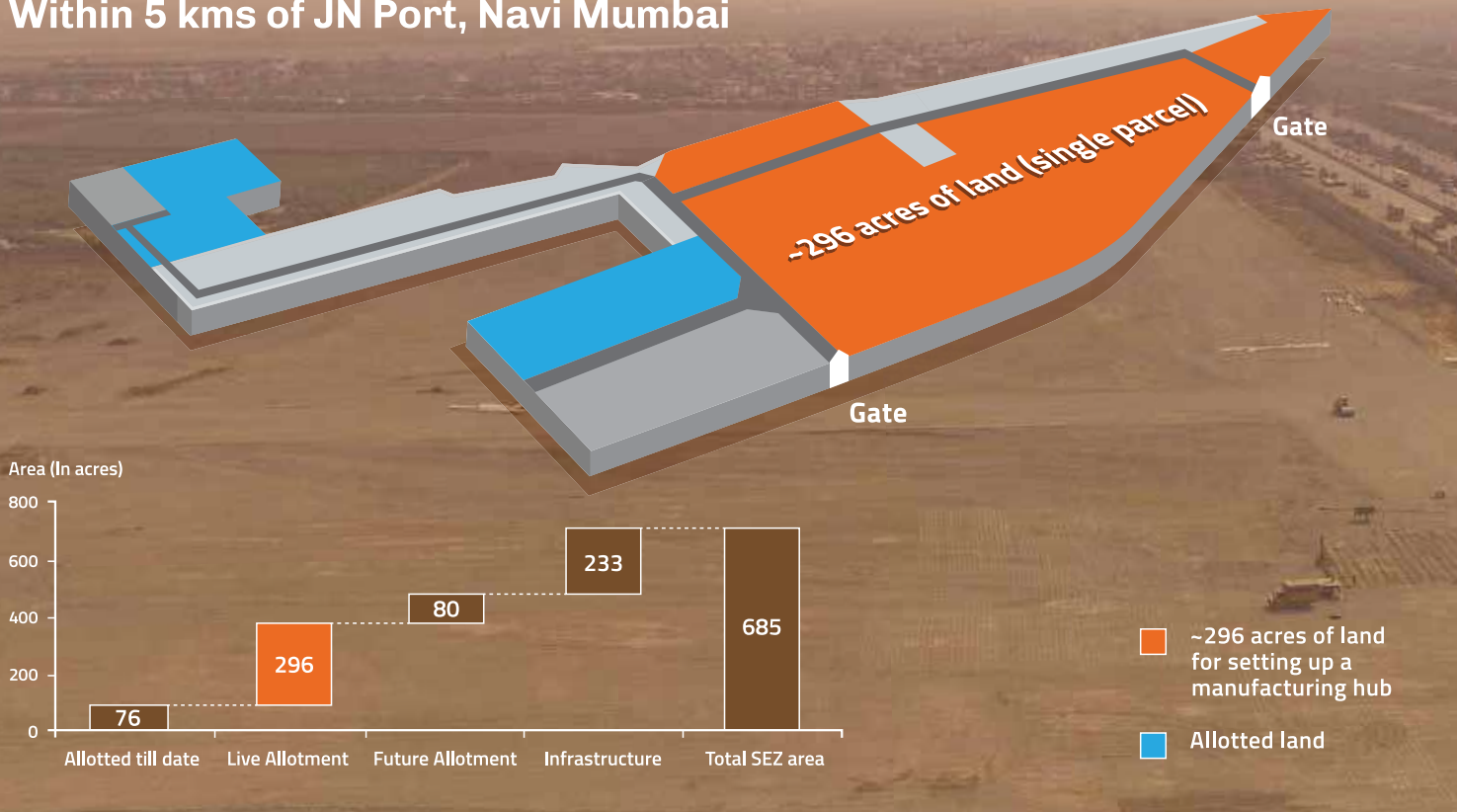
When it comes to LPG storage equipment or hardware, cylindrical or spherical steel tanks which may be above ground, underground or mounted, can be used based on the geological conditions. He informed the delegates that Standard Operating Practices (SOPs), and compliance rules and regulations to be followed at every stage to ensure zero incidents. 

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(L to R) **Sashi Kaladhar**, Consultant and Trainer; **Shashi Bhushan Shukla**, IRS, Member (Traffic), Inland Waterways Authority of India (IWAI); **Harish S. Lalwani**, Joint Managing Director, SUN Logistics; **T Venkataraman**, MD, Goodrich Maritime.

Liquid cargo logistics: Bulk, break-bulk and containers

Using multimodal logistics and the potential in waterways for moving liquid cargo were discussed. The need for stringent compliance of regulatory mechanisms was voiced.

To handle the growing volumes of liquid cargo, bulk, and break-bulk, the government is planning to renew the development of five national waterways, **Shashi Bhushan Shukla, IRS, Member (Traffic), Inland Waterways Authority of India (IWAI)** said.

Shukla gave the presentation on 'Utilizing the Inland Waterways for Efficient Handling of Cargo' in India Liquid Cargo Summit 2018 held in Chennai. The Indian government had declared 106 waterways as national waterways in 2016. This decision helps to renovate and develop all these and make ready for cargo transportation in a big way within the nation and to neighboring countries.

Waterways are the most beneficial but not sought after mode of transportation because of no infrastructure. Now the government is addressing this issue on a priority basis to make waterways potential and attractive for various stakeholders in shipping, logistics, and export-import players.

Government is completing Ganga-Bhagirathi-Hooghly river system as national waterway 1 on a priority basis and it will be ready by November this year. It starts from Allahabad and goes up to Haldia in West Bengal with a stretch of 1680 KM. GOI is developing three multi-modal terminals for rail-road connectivity from this waterway. One inter-modal terminal is coming up at Ghazipur for exclusive LNG terminal. Multi-modal terminals are coming in Varanasi, Sahibganj and at Haldia.

"We are planning the traffic in the strip between Varanasi to Haldia which will be uniform, so that vessels up to 2000 tonnes can sail throughout the year. To gain the logistic efficiency, it's going to be operational for 365 days, and we are making this stretch navigable in the night to use it for 24 hours without stopping the vessels movement" Shukla explained.

The government is going to develop multi-modal logistics hub in Varanasi alongside multi-modal terminals to provide various

infrastructure facilities such as transit, warehousing and more.


He also said that national waterway 1 can be extended from Haldia to Sundarban, from there it can be connected to Bangladesh river systems for seamless connectivity to trading players in both countries.

Containerized form came out of various necessities of the end users or customers. Unitized form is inevitable for the sake of convenience and handling the liquids better and safer, **Harish S. Lalwani, Joint Managing Director, SUN Logistics** said. He shared the importance of handling liquid cargo in a unitized form in India.

"Now a number of products are coming from chemicals and the customer needs are changing, to cater to various players in the supply chain, it's become important for logistics to serve them as per their requirements. Tank containers, flexitanks, bitumen tanks or bitutainers and other unitized forms play a vital role" Harish explained.

"With all the infrastructure and facilities that are coming up, we can handle the high demand for liquid cargo, but when it comes to dangerous goods - the awareness and preparedness is NOT there" **Sashi Kaladhar, Consultant and Trainer, Dangerous Goods by Rail and Port** opined. He shared his views on handling dangerous goods, quoting the Maersk Honam fire accident on March 6, 2018, which killed five, and Indian Coast Guard suspected the blaze was a chemical fire.

Misdeclaration, undeclared goods, accidents by potential causes, underestimating the possible threats, growing casualness and a host of reasons for accidents on cargo ships, panelists R. Venkataraman and Haresh Lalwani shared.

They said that taking ownership, stringent compliance regulatory mechanisms, proper declaration of goods and verification, defining and following the safe handling standards and protocols can help accident-free handling and transportation of liquid cargo in long term. 



- Shippers' Council of Bangladesh (SCB) was formed in 1979 aiming at promoting and protecting the interests of the exporters and shippers by coordinating local agents of the ocean going vessel owning companies operating in Bangladesh.
- SCB coordinates with the representatives of the port, road transport and railway authorities as well as shipping companies for the speedy and cheaper transport of export and import cargoes.
- This organization has been putting forward recommendations to resolve problems arising from goods transport at different times. It places its proposals through seminars and meeting.

We facilitate our members to be more competitive, by the following :

- Being the APEX Body, protect the interest of our members and being a strong Advocate to the Government.
- Ensuring cost effective strategies are developed and implemented in the logistics and value chain to make our members more competitive.
- Facilitating greater efficiencies in logistics by reducing logistics barriers and simplifying trade.
- Facilitating a level playing field by developing and promoting a code of conduct / ethics for our members.



শিপার্স কাউন্সিল অফ বাংলাদেশ

Shippers' Council of Bangladesh



(L to R) **Chris Hayman**, Chairman of Seatrade, H.E. **Sultan Ahmed Bin Sulayem**, Group Chairman and CEO of DP World, Chairman of Ports, Customs & Free Zone Corporation and Chairman of Dubai Maritime City Authority and H.E. **Eduardo Fonseca Ward**, Ambassador of the Republic of Panama, witnessed the agreement that was signed between **Amer Ali**, Executive Director, Dubai Maritime City Authority and **Alejandro Agustin Moreno Velasquez**, Vice Minister of Maritime Affairs, Panama Maritime Authority.

Seatrade Maritime Middle East 2018

The three day event saw maritime professionals network, engage in business, strengthen existing ties and nurture new relationships

The 9th chapter of Seatrade Maritime Middle East in Dubai closed in October after successfully bringing together more than 7500 attendees from 86 countries.

The biennial event, which attracts ship owners and managers, port operators and cargo owners, C-Suite stakeholders, financiers, and other maritime professionals under one roof to network, engage in business, strengthen existing ties and to nurture new relationships, was an integral part of the UAE Maritime Week and was held under the patronage of **His Highness Sheikh Hamdan bin Mohammed bin Rashid Al Maktoum, Crown Prince of Dubai, UAE**.

The exhibition opened with an announcement of a bilateral agreement between The Dubai Maritime Cluster Office of the Dubai Maritime City Authority and the Maritime Cluster of the Panama Maritime Authority and led the way for a busy few days which included a high level conference programme,

which included seminars, panel discussions, and roundtables.

The seminars on the first day focused on the optimisation of the digital ecosystem for the supply chain and hosted the much-awaited Seatrade Parliamentary Debate on the readiness of regional shipping industry in embracing smart shipping.

The Debate - Motion: 'This House believes that the shipping industry is not ready to embrace smart shipping' emerged as the most important highlight of the event, as it explored the potential of smart shipping in redefining the fundamentals of ship operation. Debating the question were two teams of leading industry figures, one led by **Precious Shipping's Managing Director Khalid Hashim** and the other by **René Kofod-Olsen, CEO of Topaz Energy and Marine**. With **Jasamin Fichte, Managing Partner, Fichte & Co**, as the Debate Chairman, the session examined the industry's readiness to embrace emerging technologies and the efficiencies they offer, while also

taking into consideration the regulatory framework.

The other seminars included a session titled 'Original Intelligence: Maritime's Human Backbone,' which examined the importance of the human element in maritime safety, security and environmental protection. As the International Maritime Organization (IMO) continues to ramp up its sustainability efforts to regulate merchant shipping, a panel deliberated shipping's ability to continue to provide a dependable, low-cost means of transporting goods globally during the session titled 'Can Going Green Save the Green.'

A highlight of the last day of seminars was the 'Power of Gender Diversity,' endorsed by **HRH Princess Sarah Al Saud, WISTA UAE's Ambassador**. The session featured several high-profile speakers, who examined whether the shipping industry is still reluctant to give jobs to women, in what has largely been a male-dominated industry. It also discussed ways to empower women in the maritime sector.

Chris Hayman, Chairman of Seatrade, said: "Government authorities in the UAE are constantly renewing their efforts to improve the nation's maritime industry, with a focus on its future. These efforts are in line with the UAE's Maritime Vision 2030, which aims to further enhance the country's reputation as the region's foremost maritime hub. Increased footfall we are witnessing at SMME this year reflects the success of these efforts. The seminar sessions in particular, are garnering tremendous appreciation. Through engaging the participants in meaningful dialogues, we seek to collectively contribute to the sector's progress by addressing challenges within the shipping industry with an aim to develop more efficient and modern solutions to mitigate their impacts." 

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