



**Direct Connectivity to Eastern Hinterland**

Dheeraj Bhatia, Regional Managing Director,  
ISC- Middle East and Africa for Hapag-Lloyd

Coastal Cargo Conference  
**Coastal Shipping: The  
Game Changer**

Hinterland Heroes: Daxer  
Trading Pvt Ltd: **Craving  
for Branded Furniture**

Hinterland Heroes:  
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**Veggies on Your Platter**

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# maritime gateway

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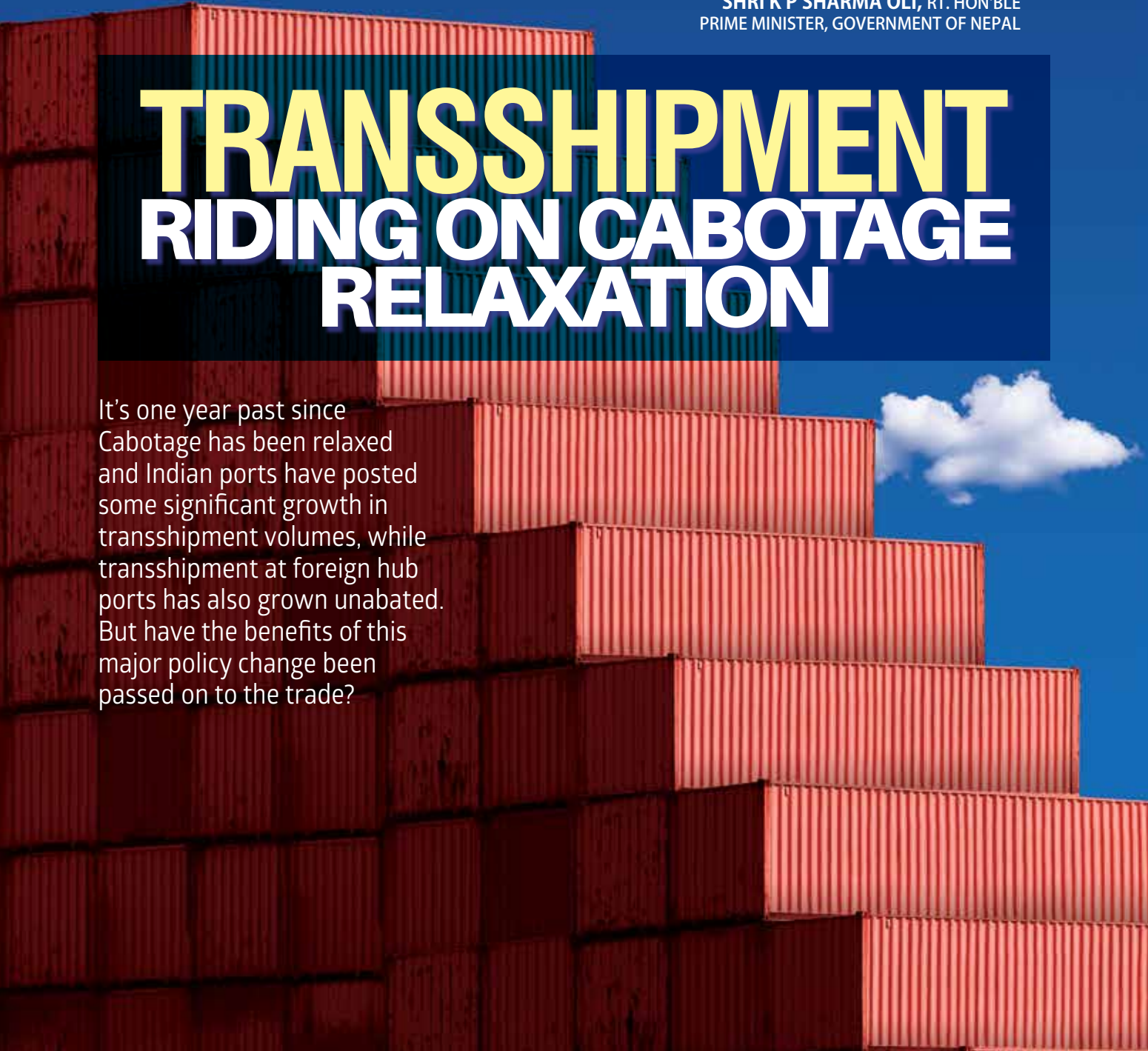
INDIA NEPAL LOGISTICS SUMMIT

**"SEIZE THE OPPORTUNITY  
AND INVEST IN NEPAL"**

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PRIME MINISTER, GOVERNMENT OF NEPAL

# TRANSSHIPMENT RIDING ON CABOTAGE RELAXATION

It's one year past since Cabotage has been relaxed and Indian ports have posted some significant growth in transshipment volumes, while transshipment at foreign hub ports has also grown unabated. But have the benefits of this major policy change been passed on to the trade?





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## Global Slowdown Weighs on Industry Growth

Amid raising concerns over global slowdown, the voyage of global maritime industry seems challenging. The latest reports suggest that USA is going to witness a recession or slowdown in 2020 or 2021, if not in the current fiscal, is a shock to the world as 'Uncle Sam' is the largest consumer of all goods and services in the world. At a time when two largest economies of the world – USA and China are fighting on trade front, the updates coming out from both these countries are frightful.

In sync with the global maritime industry which has been reeling under pressure from the last couple of years due to consolidation, subdued cargo volumes, new regulations to curtail pollution etc., the Indian shipping industry has also seen slowdown in growth in the first four months of the current financial year.

Almost all the major ports except Visakhapatnam Port have reported a single digit growth in cargo traffic and even negative growth for Chennai, Ennore, New Mangalore, Mormugao Ports during April to July this year. Certain private ports led by Adani group are able to withstand the turmoil by registering double digit growth. So this trend might be continued for the rest of the year as new set of indigenous problems are also looming large in automobiles, steel etc. which may weigh on overall growth in cargo volumes and profitability of port operators.

Having admitted that the challenges remain in the economy, Reserve Bank of India Governor, Shaktikanta Das, asked the citizens to go positive with an optimistic approach in view of opportunities available for the country. In contrast, Raghuram Rajan, former Governor of RBI, warned that the problem is serious and unless the government intervenes with stimulating measures, things would go worse.

Job losses in automobile industry, NBFC fallout, slowdown in manufacturing sector will definitely pose serious implications on the allied sectors thereby hitting shipping industry directly or indirectly is imminent. Therefore, the government's urgent role is to accelerate investment flows into infrastructure, especially in roads, railways, ports and airports to save the economy. Prime Minister Narendra Modi's Red Fort announcement of investing over ₹1,00,000 crore in building world class infrastructure should immediately be translated into action for a better tomorrow.



Job losses in automobile industry, NBFC fallout, slowdown in manufacturing sector will pose serious implications on shipping industry.



A handwritten signature in black ink, appearing to read 'Ramprasad'.

**R Ramprasad**

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# Taking maritime gateway to ascending heights

Vision: 200 MTPA by 2021



## JSW Infrastructure

Sustainable growth is our motto of progressing towards a successful tomorrow. JSW Infrastructure is proud to be at the forefront of India's push for infrastructure development. It's an opportunity for us to leverage our potential and contribute meaningfully to our nation's economic development. As an integral part of the US\$14 Billion JSW Group, we build and function strategically located eco-friendly ports along the coastal belts of India and abroad. We believe in consistently delivering world-class services to our customer and help them grow exponentially.



### BUILDING CAPACITIES

We constantly endeavour on expanding strategically by venturing into new avenues in the field of ports and logistics

### DEVELOPING CAPABILITIES

We operate highly sophisticated ports, compliant with large-sized vessels and focus on greener shipping solutions

### ENHANCING CONNECTIVITY

We are dedicated towards strengthening connectivity, leveraging our expertise in movement of cargo via coastal shipping and inland waterways

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**UPCOMING PORTS:** Paradip Coal Terminal | Paradip Iron Ore Terminal | Nandgaon Jetty

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## Quick turnaround at Chattogram Port

The new Patenga Container Terminal (PCT) will enable quick berthing of ships, easing vessel congestion at the outer anchorage of Chattogram port

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INDIA NEPAL LOGISTICS SUMMIT



Seize the opportunity and invest in Nepal

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RAIL LOGISTICS

## Shortage of rakes or congestion?

While the exim community puts the blame on Indian Railways and CONCOR for shortage of rakes, but the real culprit is congested and over utilised routes that slows down movement of cargo

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GST

## GST - PERMANENT SOLUTION IS NEEDED FOR INDIAN CARGO SHIPPERS



GST suffered on input services by the Indian cargo liners may become cost to them, which will ultimately be passed on to the exporters as a part of the freight charges

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HINTERLAND HEROES: INDO-SPANISH TASTY FOODS



## Veggies on your platter

Many of the processed vegetables cooked in the kitchens of US and Europe actually originate from Karnataka. Read on to know how Indo - Spanish Tasty Foods sources and supplies veggies on the platter

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HINTERLAND HEROES: DAXER TRADING PVT LTD

## Craving for Branded Furniture

“We majorly produce furniture ourselves in our Sri Lankan factories. Partly from east Asia countries and 30 per cent make in India as a statutory norm,” reveals Amal Priyantha, Operation Manger - AP & TS, Daxer Trading Pvt Ltd

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NEFFA CARGO DAY 2019



## A tribute to the freight forwarders

The role of freight forwarders in development of trade was once again brought to the fore on the 25th NEFFA Cargo Day



# TRANSSHIPMENT RIDING ON CABOTAGE RELAXATION

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COVER STORY

It's one year past since Cabotage has been relaxed and Indian ports have posted some significant growth in transshipment volumes, while transshipment at foreign hub ports has also grown unabated. But have the benefits of this major policy change been passed on to the trade?

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Capt. Dheeraj Bhatia, Regional Managing Director, ISC- Middle East and Africa Hapag-Lloyd



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# OIL SPILL RESPONSE TECHNOLOGY

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MARINE & OFFSHORE

INDUSTRY

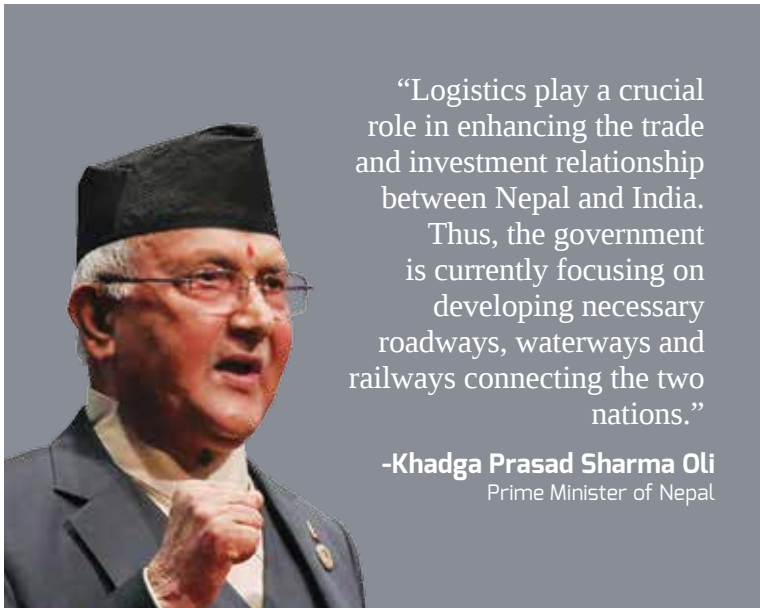
OIL SPILL RESPONSE

DEFENCE & FUEL

UTILITY

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“Logistics play a crucial role in enhancing the trade and investment relationship between Nepal and India. Thus, the government is currently focusing on developing necessary roadways, waterways and railways connecting the two nations.”

**-Khadga Prasad Sharma Oli**  
Prime Minister of Nepal



“Efficient and well-connected container ports enabled by frequent and direct shipping services are key to minimizing trade costs and fostering sustainable development.”

**-Shamika N. Sirimanne**  
Director of Technology and Logistics, UNCTAD



“Other than oil, one-third of the global LNG trade goes through the Strait of Hormuz. India is one of those countries which will be affected most if there is a supply disruption.”

**-Fatih Birol**  
Executive Director,  
International Energy Agency



“The Logistics sector will play a key role in positioning India as a \$3 trillion economy over the next 5 years. Trained personnel with sector-specific skills will play a key role in sustaining the exponential growth of Indian logistics.”

**-Sharda Prasad**  
Advisor, Sagarmala Project,  
Ministry of Shipping



“Expanding digital collaboration is critical to the evolution of the container shipping industry. Now, with five of the world’s six largest carriers committed to the TradeLens Blockchain platform, not to mention many other ecosystem participants, we can collectively accelerate that transformation to provide greater trust, transparency and collaboration across supply chains and help promote global trade.”

**- Martin Gnass**  
Head of Information  
Technology,  
Hapag-Lloyd



# SPEEDWAYS LOGISTICS PVT LTD



## WHO WE ARE

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.

## 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...

## WHY SPEEDWAYS

Standing firm in the sector for about four decades, we have gained mass success and reputation standing on the pillars - GOOD SERVICE, RELIABILITY, TRUST, DEDICATION AND PROFESSIONALISM, experiencing the services, one does say - DEFINITELY SPEEDWAYS!!

## WHO WE ARE

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.



1. LOGISTICS
2. TRANSPORT OPERATOR
3. CLEARING
4. WAREHOUSING
5. CRANE

**Excellence is an art won by training and habituation. We do not act rightly because we have virtue or excellence, but we rather have those because we have acted rightly. We are what we repeatedly do. excellence, then, is not an act but a habit.**

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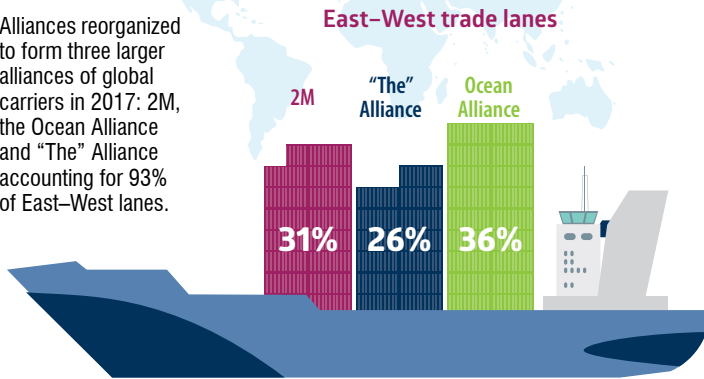
# NUMBERS & GRAPHS

## ALLIANCES

Alliance restructuring and larger vessel deployment are also redefining the relationship between ports and container shipping lines.

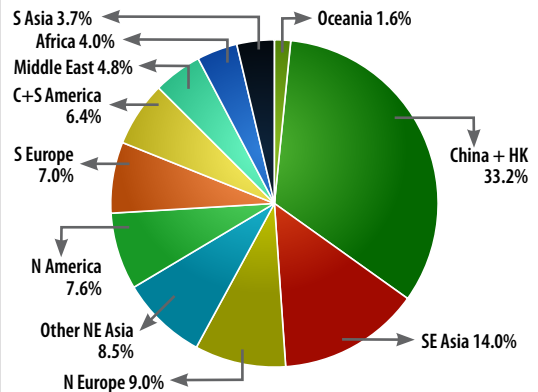
### Alliances

Alliances reorganized to form three larger alliances of global carriers in 2017: 2M, the Ocean Alliance and "The" Alliance accounting for 93% of East-West lanes.



Over the last five years, the top 10 container shipping lines increased market share from <70% to >90% while capacity deployed has risen from some 55m TEU to +95m TEU

## Regional Share of Global Container Activity (2018F)



**SOUTH ASIA**  
>3.7%

World - 814m teu's  
India - 17.0m teu's  
Bangladesh - 2.7m teu's  
Pakistan - 3.5m teu's  
Colombo - 7.0m teu's

SOURCE: ALPHALINER

## FORECAST: 2018-2023

### WORLD SEABORNE TRADE GROWTH FORECAST : 2018-2023

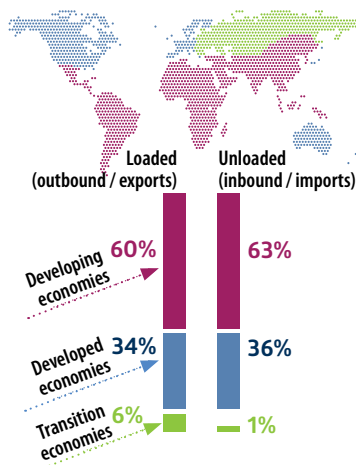
Volume projected to grow  
+3.8%



Volumes across all segments set to grow: **containerized and dry bulk** cargoes projected to grow the **fastest**

Tanker volumes to grow at a slower pace

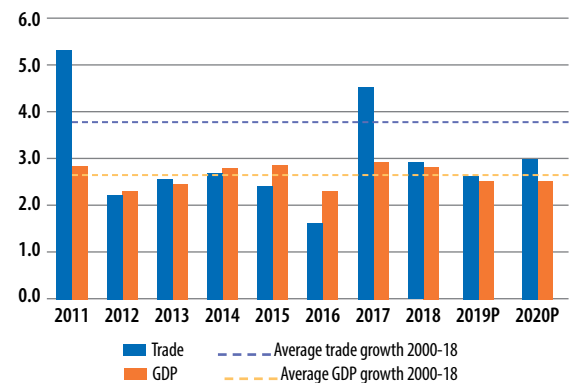
Seaborne trade 2.7% (average 1970-2017 - 3%)



## World merchandise trade volume and real GDP growth, 2011-2020

(Annual % change)

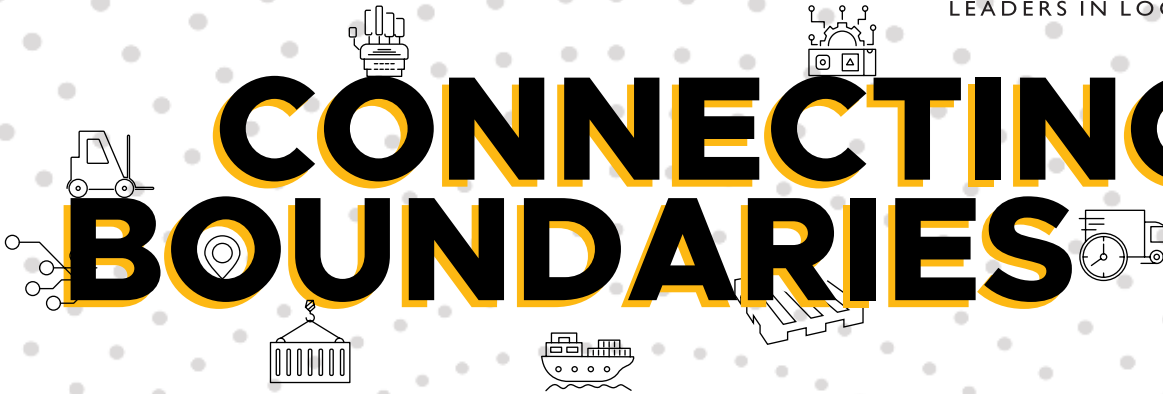
World GDP growth slowing from 2.9% in 2018 to 2.6% in both 2019 and 2020.



## Regional Share of Global Container Activity (2018F)

Million TEU by Region	2012	2013	2014	2015	2016	2017	2018F	Annual Growth		
								2016	2017	2018F
China & HK	200.6	212.6	224.7	231.6	239.9	259.2	270.6	3.6%	8.0%	4.4%
Other NE Asia	58.7	60.3	63.0	62.6	63.7	66.7	69.2	1.8%	4.7%	3.8%
SE Asia	89.1	91.8	97.4	97.3	100.8	106.4	114.0	3.5%	5.6%	7.1%
Middle East	35.4	35.2	37.0	38.3	39.3	39.9	39.3	2.4%	1.5%	-1.3%
S Asia	17.9	18.8	21.1	22.4	24.7	27.6	30.4	10.4%	11.8%	10.0%
N Europe	62.8	63.9	67.3	65.9	67.5	71.1	73.6	2.4%	5.4%	3.5%
S Europe	44.9	46.6	48.2	47.8	50.6	54.0	57.3	5.9%	6.8%	6.0%
N America	49.0	50.0	52.0	54.2	54.7	59.1	62.2	0.9%	8.0%	5.3%
C+S America	45.3	45.7	46.4	47.2	46.4	49.8	51.9	-1.8%	7.4%	4.3%
Africa	---	29.6	30.6	30.1	29.2	30.9	32.5	-3.0%	6.1%	5.0%
Oceania	---	10.9	11.3	11.6	11.9	12.7	13.3	2.0%	6.6%	5.2%
Total	641.0	665.3	699.0	709.0	728.3	777.2	814.2	2.7%	6.7%	4.8%
Growth (YOY)	4.7%	3.8%	5.1%	1.4%	2.7%	6.7%	4.8%	--	--	--

SOURCE: ALPHALINER



# CONNECTING BOUNDARIES

## About SAARC

TCI SAARC, a business vertical of TCI group has a strong presence in the SAARC, especially BBIN countries. It provides logistics services to Nepal, Bangladesh, Sri Lanka, Bhutan, etc. with offices at borders & capital cities.

## Our Subsidiary Companies in SAARC countries

**TCI BANGLADESH**  
LEADERS IN LOGISTICS

**TCI NEPAL** **TCI LANKA**  
LEADERS IN LOGISTICS LEADERS IN LOGISTICS

## Our Certifications

- Govt. Approved CHA License
- Govt. Approved Courier License
- IATA Certified
- IBA approved Transport Service
- AEO Certificate (under process)



## Services under SAARC/BBIN/Port Logistics

1. Road & Rail movement to SAARC nations (FTL & LTL)
2. Sea and Air movement to Bangladesh, Nepal & Sri Lanka
3. Express distribution
4. Warehousing & Yard Management at either borders
5. Customs Clearance (Both side of borders)
6. Consultancy on documentation/licenses
7. 3rd Country movement from Kolkata / Vizag port to Nepal
8. Domestic Transportation within SAARC countries
9. Handling SRO & IP based import shipment in Bangladesh
10. Import handling through New ICPs
11. Export under BBIN
12. End-to-end movement delivery inside Sri Lanka

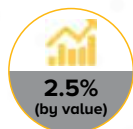
## TCI Group Information



Year of Establishment



Group Revenue



Moving India's GDP



Employee Strength



IT Enabled Own Offices



Warehousing Space



Trucks in Operations



TCI Foundation & TCI Institute of Logistics

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### **Vacation home made of shipping containers**

The pardiwala family living in Mumbai's posh Cuffe Parade area was in dire need of a lifestyle that promised clean air, water, and organic food. So, they decided to build a 'vacation' house that was cosy, aesthetic and most importantly eco-friendly, in their one-acre plot in Alibaug. While the family had a lot of options, like construction debris, for example, they zeroed in on shipping containers. Compared to other recycled or eco-friendly materials, shipping containers are more durable and tough. Every time a container is recycled, thousands of kilos worth of steel is repurposed. The best part is that when using a container, no other building materials like bricks or cement is required, which reduced the overall carbon footprint. Six 40 feet containers were procured from the Panvel container yard to construct the dream house consisting of three bedrooms and a high ceiling, 1500 sq feet terrace and a central courtyard. Since Alibaug town has red soil and mango wadis (orchards), the house is known as 'Orange box.'

### **World's first digital type approval awarded to Hyundai Heavy Industries Co., Ltd (HHI)**

Hyundai Heavy Industries Co., Ltd (HHI) has received type approval from Lloyd's Register (LR) for the network security digital component of its Integrated Smartship Solution (ISS), confirming that the approved component performs its functionality seamlessly. This is the first ever type approval of a digital component. Digital type approval delivers an assurance system to provide confidence in the market for the supply of digital components and offers all the benefits of traditional type approval; reassurance on supply chain quality and robustness within the marine environment. Digital type approval can apply to both components within information technology (IT) and operational technology (OT) systems.

### **Visakhapatnam Port handles more cargo in Q1**

Visakhapatnam Port has registered a cargo throughput of 23.70 million tonnes in the first quarter (April-June) of 2019-20, up from 21.52 million tonnes in the corresponding period of the previous fiscal, highlighted P. L. Haranadh, Deputy Chairman of Visakhapatnam Port Trust, in his address to port stakeholders on Independence Day. The growth in cargo handling was driven by volume increases in iron ore and pellets, crude and petroleum products, coking coal and container cargo. One of the ongoing projects undertaken at the port is extension of the container terminal with ₹633 crore, which is expected to be completed in another two years, other infrastructural development projects include construction and strengthening of berths, covered cargo facilities, and pollution control measures.

### **Slowdown in auto sector hits logistics**

The fortunes of India's logistics industry are closely tied with those of the automobile sector. With the auto sector in the midst of a slowdown for the past 10 months, the logistics sector is facing the heat. There has been an increase in loan defaults by fleet operators, who have bought new trucks. The automobile sector is not the only one to fault. With the Indian economy in the midst of a downturn, overall demand for other types of freight has also fallen, severely impacting the financial health of transporters and truck drivers. Those who had planned orders for new heavy-duty trailer trucks have deferred them. This has impacted sales at commercial vehicle makers such as Tata Motors, Ashok Leyland Ltd and Volvo Eicher Commercial Vehicles Ltd, as well as their parts suppliers.

### **Coal India to invest in conveyor belts**

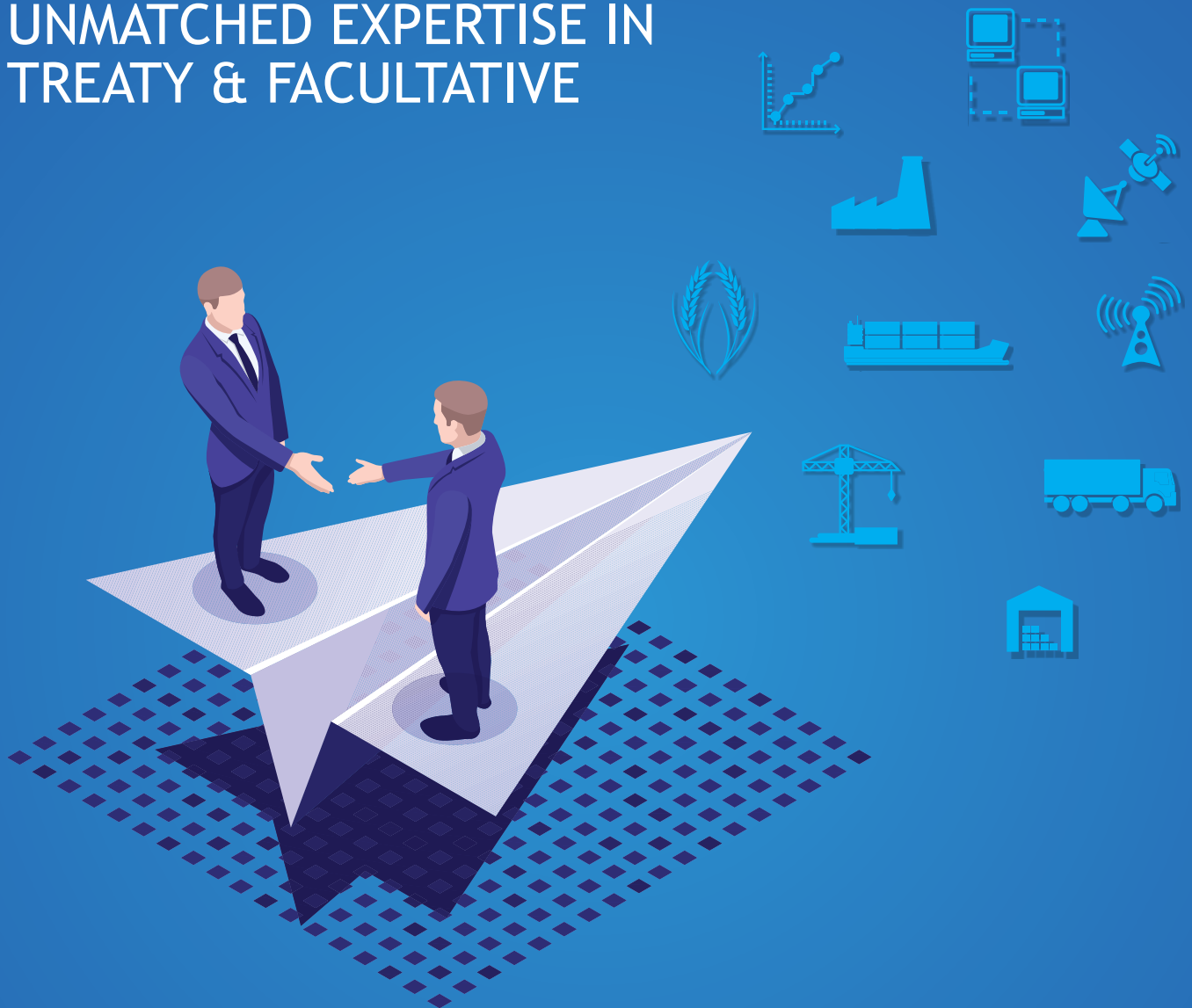
Coal India Limited (CIL) is planning a 10,000 crore investment in conveyor belts to transport coal directly from mines in a cheaper and cleaner way without using trucks. Customers will make the investment while CIL will provide land and facilities for the belts, which will be installed in mines that produce 4 million tonnes of ore. This will drastically reduce the number of trucks and reduce diesel consumption and emissions. Besides reducing accidents and increasing the turnaround time for coal supply, it will also cut down theft as well as diversion of coal and help maintain quality. CIL is in talks with Hindalco, Vedanta, Balco and Jindal Group for setting up such infrastructure.

### **Trade war could remove 0.5 per cent container demand in 2019 and 2020**

AP Moller-Maersk has warned that the ongoing US-China trade war is impacting growth, and it could "in isolation remove up to 0.5 per cent of global container demand" in 2019 and 2020. While global container trade grew by around 2 per cent in the second quarter of 2019 compared to the year-ago period, there has been a broad-based slowdown in all major economies with negative effects from escalating trade restrictions also weighing on trade growth. "So far, US importers have shifted imports away from China to other countries such as Vietnam, Korea, Thailand, India and Mexico," Maersk stated in its latest second quarter results report.

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### MSC Gülsün completes first voyage from Asia to Europe

Mediterranean Shipping Company announced that MSC Gülsün, the world's largest container ship, has arrived in Europe after completing its landmark maiden voyage from the north of China on August 19, 2019. MSC Gülsün is the first of a new class of 23,000+ teu vessels to be added in 2019-2020 to the global shipping network of MSC. Built at the Samsung Heavy Industries (SHI) Geoje shipyard in South Korea, MSC Gülsün sets a new standard in container shipping, in particular in terms of environmental performance. At some 400 metres long and more than 60 metres wide, MSC Gülsün has a record-size capacity for a container ship: 23,756teu.

### Largest containerised movement aboard MV Bhavya on Haldia-Patna journey

MV Bhavya, the first ever containerised movement from Haldia International Container Terminal (HICT), kickstarted its journey via inland waterways - National Waterway 1 at the Haldia Dock



Complex (KoPT) on July 30. The vessel, operated by Adani Logistics, left from Haldia in West Bengal for Patna in Bihar. It was flagged off by G Senthilvel, Deputy Chairman of Haldia Dock Complex and Captain Anil Singh - CEO of Adani Inland Waterways in the presence of Haldia Dock Complex officials and Captain Sudeep Banerjee, head of HICT. MV Bhavya was loaded with 48x20' laden containers and 4x20' empty containers. Adani Wilmar's edible oil in its packaged form was shipped in the containers.

### Warehousing demand growing in India

As per a report, logistics leasing in India crossed a record 13 million sq ft in the first half of the calendar year 2019. This figure corresponds to a 31 per cent year-on-year growth. Around 60 per cent of the space leased was in major Tier I cities of Mumbai, Bengaluru and Chennai. Demand in the sector was largely pushed by third-party logistics companies and firms involved in engineering and manufacturing. The report says supply addition in the logistics and warehousing sector recorded a growth of 54 per cent in the first half of 2019 as compared to the previous year.

More than 11 million sq ft of logistics space was added to the inventory during the first half of 2019 owing to timely completion and delivery of projects across all segments of the real estate industry.

Leading real estate players, several among them having presence in the global market, have already entered the sector and as per an estimate, around 60 million sq ft of logistics space will be in various stages of handover in the next two years. Yet another report estimates that the projected stock of warehousing space in the country is expected to cross 300 million square feet over the next four years in eight major cities alone.



In the near future, demand for logistics and warehousing space is largely expected from Tier II cities including Coimbatore, Ludhiana, Lucknow, Jaipur and Guwahati. NCR towns of Noida, Ghaziabad and Gurugram are also expected to be key drivers of demand in the logistics leasing market.

### Port of Antwerp shares its philosophy on facilitation of export logistics from a land locked state



The Federation of Import Export Organisations (FIEO) organised a symposium titled, "Hinterland connectivity & efficient logistics: Antwerp Port model" on the 6th of August at Hotel Taj Vivanta in Hyderabad. Several stakeholders linked to exporting and facilitation of exports from the state of Telangana attended the session.

The event opened with an address by G V Prasad, Honorary Consul General Belgium in Hyderabad. In his role as the Chairman and CEO of Dr Reddy's Laboratories, he presented an overview of key challenges for export logistics in the region. Unnikrishnan K, DDG SR of FIEO opened the discussion by highlighting some major logistics challenges in the region and left the floor open to exporters, forwarders and transporters to discuss issues and possible course of action. Other key participants at the event included Mark Van de Vreken - Hon'ble Consul General, Belgium, Chennai and EVV Narasimha Reddy, MD&VC Telangana State Industrial Infrastructure Corporation Ltd who was the Chief Guest at the event.

The Vice President International Relations and Networks of Antwerp Port Authority, Luc Arnouts, shared insights on initiatives taken by the Port of Antwerp for export facilitation. Antwerp Port, being a riverine port located 80 kilometres inland, by undertaking various proactive measures to develop its hinterland offers a very interesting reference case for the inland state of Telangana. The event was well attended by senior decision makers from leading companies in Hyderabad.





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## SHIPPING

## Gateway Rail starts EXIM operations at ICD Viramgam in Ahmedabad



Gateway Rail Freight Ltd has started EXIM operations at its Viramgam Inland Container Depot (ICD) in Ahmedabad, Gujarat on July 26, 2019.

The first export train service from ICD Viramgam to Pipavav Port was flagged off by Deepak Kumar Jha, Divisional Railway Manager, Ahmedabad Division of Western Railway. This service carried the first export consignment of Honda Motorcycle and Scooter India for Maersk Line and was cleared by Tiger Logistics India Ltd. In addition, the first export reefer container of Deepkiran Foods, on Evergreen Shipping Line, which was Customs-cleared by JBS Group of Companies, was also flagged off for road movement to Mundra Port on the same day.

## COGOPORT adds refrigerated shipping services



Cogoport has announced a major boost for shippers with the launch of refrigerated (reefer) cargo services to and

from destinations across the globe. Customers requiring cold storage shipping can now compare rates and book reefer containers through a host of partner shipping lines on the Cogoport e-freight booking platform. India has experienced rapid and sustained growth in refrigerated exports during the past decade. Refrigerated exports from India grew by 27 per cent in 2018, with shrimp the principal seafood export growing by 20 per cent, with demand for seafood and Indian organic food driven from the North America, Europe, Saudi Arabia, Israel and Vietnam. The export of onions also rose by 15 per cent year on year in 2018 over 2017.

## Shipping Ministry appoints committee to promote coastal shipping

The Ministry of Shipping has appointed a committee under the Chairmanship of the Additional Secretary (Shipping) to examine ways and means to promote coastal shipping in India. The committee will have as members the Director-General, DGS; Joint Secretary (Shipping), Joint Secretary (Sagarmala), representatives of INSA, CSLA, ICCSA, Managing Director, IPA, IPPTA and ADB. The terms of reference of the committee will be to identify the issues impacting the competitiveness of coastal shipping, identify the commodities and routes where coastal shipping can be efficient and cost-effective, identify infrastructural problems at ports, suggest policy interventions, and finalise an action plan to boost coastal

shipping. The committee has been asked to submit its report within three months of its constitution.

## FDI can boost coastal shipping



Director-General (Shipping) Amitabh Kumar said that there is an imperative need to bring in foreign direct investments (FDI) into the maritime sector. He said this could help boost coastal shipping, as the cost of finance is high in the country. For this purpose, he added that the regulatory regime has to be relaxed. He said the regulatory framework could be relaxed to facilitate 49 per cent FDI to stimulate coastal shipping, with 51 per cent remaining with the Indians and with it the ownership of the vessel. Further, overseas Indians should also be allowed to invest in the sector for the purpose and the vessels could be registered in the country.

## GAIL hires LNG ship from Mitsui for ferrying US gas



GAIL India, a State-owned gas firm, has hired a newly-built LNG ship from Japan's Mitsui OSK Lines for ferrying gas from nations

such as the US for three years beginning 2021, and plans to charter hire additional vessels. GAIL in its latest annual report said it has contracted long-term LNG from the USA (5.8 million tonnes per annum) and Russia (2.5 million tonnes) and is now actively trading the gas in international market. The company in 2017 chartered hired the vessel Meridian Spirit from Total for three years, extendable by one year, to transport the LNG sourced from the USA.

## Wista India & Women Offshore sign MOU at UNITE, 2019



Reshma Nilofer Naha, is India's first and only woman Marine Pilot and recipient of the Nari Shakti Puraskar, 2019, the highest civilian Honor for Women in India presented by the Honorable President of India. She works as a Ship Pilot with the Kolkata Port Trust and had an opportunity to attend 'UNITE' the yearly conference held by Women Offshore on the 12th and 13th July, 2019. She had been invited to speak at one of the panel discussions about Maritime Pilots. Five Women Pilots from around the world including Reshma, discussed about this elite profession with Capt. Robert Carr, a San Francisco Bar Pilot as the moderator of the Panel.





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## Global container market facing headwinds



Today's container market is confronting more than its fair share of headwinds. The recently published Container Forecaster from Drewry highlights concerns of a slowing global economy stoked by the ongoing US-China trade war, escalating geo-political tension in many regions of the world and an industry grappling with challenging new emission regulations. Beyond these, however, a series of existential fears are also beginning to present themselves that could dent demand for shipping in the future; namely, the regionalisation of manufacturing supply chains and growing momentum behind a low carbon, environment-first campaign that has the potential to fundamentally change global consumption habits.

## Container train from Suranussi, Jalandhar

CONCOR and Indian Railways have joined hands to commence container train operations from Suranussi, located near Jalandhar in Firozpur Division of Northern

Railway. A land licence agreement was signed at Firozpur Division between the Railways and CONCOR. This new facility shall give impetus to transportation of domestic and exim cargo in containers from the catchment areas of Jalandhar, Hoshiarpur, Kapurthala and Amritsar. Earlier, this container rail terminal was opened on trial basis in March 2019 during which a total of 540 teus in six container trains were handled, moving 12,690 tonnes of cargo to various parts of the country on multimodal basis by CONCOR.

## Ichiro Oshima is the new CEO at DMICDC Logistics Data Services



NEC Technologies India (NECTI) announced that DMICDC Logistics Data Services Limited (DLDS), a joint venture between Government of India represented by National Industrial Corridor Development and Implementation Trust (NICDIT) and NEC Corporation, has appointed Ichiro Oshima as the new CEO with effect from April, 2019. Prior to this new appointment, Oshima was Director of DLDS, while concurrently serving as Associate Vice President, NEC Technologies India. He will continue in his current role at NECTI after this new appointment at DLDS.

## Sri Lanka Ports Authority celebrates four decades of journey

Sri Lanka Ports Authority (SLPA), which began its voyage way back in 1979, is completing four decades of its remarkable journey in 2019. SLPA has played a pivotal role in the development of maritime industry in the country ever since its establishment on August 1, 1979 through enactment of Sri Lanka Port Authority Act. SLPA has developed Port of Colombo and other ports and harbours in the country as part of national development plan. In the history of Sri Lanka, Port of Colombo the most dynamic development was witnessed during 1980s. The expansion of the port using the master plan was initiated with the assistance of government of Japan in 1980. The first ever Gantry Crane named Tango-80 was commissioned at the Port of Colombo in 1982. The port began operations using many transfer-cranes and construction of a fully equipped container terminal began by the end of 1982. Construction of Jaya Container terminal was completed in four stages with a capacity to handle about 2.5 million containers per annum. More terminals were added during late 1980s and 1990s and Port of Colombo is currently operating five terminals to handle container ships and passenger cruises.



"I see amazing potential to serve the Indian and other South Asian markets as a value-adding partner."

- Kavan Ratnayake,  
Chairman, SLPA

In order to overcome the challenges in global logistics and supply chain management SLPA constructed East Container Terminal (ECT). SLPA has also undertaken many more developing plans as part of the newly formulated National Port Master Plan launched this year with an objective to guide the port sector and strengthen its capacity and competitiveness in global market. The current SLPA chairman, Kavan Ratnayaka says "I see amazing potential to serve the Indian and other South Asian markets as a value-adding partner."

SLPA has a long journey ahead, as it has got several future development projects lined up including expansion of south port project in Port of Colombo to handle about 11 million teus by 2050, modernization of Jaya Container Terminal by adding LNG handling and storage facility, modernizing the warehouses, and establishing the port community system by centralizing proposed headquarters of SLPA and constructing port access elevated highway.

जब आप उत्कृष्टता में विश्वास रखते हैं तो यह आपके जीवन का अभिन्न अंग बन जाता है। यह वह प्रेरणाशक्ति है जो कॉनकॉर को लॉजिस्टिक ऑपरेशन के प्रत्येक क्षेत्र में उत्कृष्ट कार्य करने की प्रेरणा देती है। हमारा आधार भारत के रेल नेटवर्क के साथ हमारी दीर्घकालीन पार्टनरशिप रही है जो इसको वैल्यू फॉर मनी मल्टीमॉडल लॉजिस्टिक सलूशन की पहुंच एवं विश्वसनीयता को नई उंचाईयों पर ले जाती है। रेल द्वारा इनलैंड लॉजिस्टिक तथा डोर-टू-डोर लॉस्ट माइल डिलीवरी के अतिरिक्त हम पोर्टों, एयरकार्गो परिसरों एवं एक कोल्ड चेन का भी प्रबंधन करते हैं। इन सबके माध्यम से हम ग्राहक केंद्रित, परफार्मेंस प्रेरित और परिणामोंमुख, सतत नवीनता की प्रक्रिया के माध्यम से हम अधिक उत्पादकता लाभ अर्जित करते हैं।

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**SOUTH KOREA**



## South Korea unveils cargo-handling capacity master plan



South Korea unveiled a plan to inject 41.8 trillion won (\$35.2 billion) by 2040 to boost the country's cargo-handling capacity at 12 ports across the country. The investment would increase the capacity to 1.85 billion tons per year in 2040 from the 1.32 billion tons in 2017, according to the Ministry of Oceans and Fisheries. A key part of the plan is to transform the country's southern port of Busan into a "mega port" that can accommodate several 25,000-teu vessels.

**SRI LANKA**



## Sri Lanka commence construction of \$2.2bn LRT project

The Ministry of Megapolis and Western Development has commenced phase one of the construction work of the Malabe and Colombo Fort Light Rail Transit (LRT) project in August 2019. The Ministry has commenced the borehole testing of 200 locations to start construction of the pillars required for the LRT. Five specialised companies have been contracted for work, and

the project is scheduled to be completed in four years. The total investment for the project is \$2.2 billion and \$1.85 billion will be provided by the Japan International Cooperation Agency (JICA) as a soft loan. It covers a distance of 17 km and there will be 16 stations along the route which covers the Borella, Rajagiriya, Battaramulla and Thaladena areas.

**JAPAN**



## Yangzijiang and Mitsui's JV shipyard starts operations

Japan's Mitsui E&S Shipbuilding says Jiangsu Yangzi-Mitsui Shipbuilding, its shipbuilding JV with China's Yangzijiang Shipbuilding, commenced business operations in Taicang, Jiangsu province in August 2019. Jiangsu Yangzi-Mitsui Shipbuilding will integrate Mitsui's sales force and Yangzijiang's productivity as well as Mitsui E&S Shipbuilding's technology to realize an internationally competitive shipbuilding business. The JV will be developed as a major base for providing customers with products that have high technology and high quality, which will have the ability to provide customers with higher performance and higher quality products at better prices.

**MALAYSIA**



## Malaysia to develop \$480 million oil storage, ship refuelling site in south

The Johor Port Authority in Malaysia is working to develop a 2 billion ringgit (\$477 million) oil storage and ship refuelling site in the country's south. That marks the latest step in a push to turn Malaysia's southern peninsular state of Johor into an oil and gas hub that could one day rival Singapore, currently Asia's main oil centre. The "Bunker Island Development" is set to have the capacity to store about 1.2 million cubic metres of various oil and gas products, the transport ministry said. It will be used for storage, blending and redistribution. The project would also be used to promote cleaner marine fuel in accordance with International Maritime Organization (IMO) rules that will require lower sulphur content in shipping fuel from 2020.

**VIETNAM**



## Vietnam moves to modernise shipping fleet

Vietnam's sea transport sector has maintained good growth recently with the volume of goods transported by the Vietnamese fleet reaching more than 81 million tonnes in the first half of 2019, a year-on-year increase of 16 per cent. According to the Vietnam Maritime Administration (VMA), the structure of Vietnam's shipping fleet is developing towards specialisation, with the container fleet growing from 19 ships in 2013 to 39 in 2019. Additionally, Vietnam's average fleet age is 15.6, 5.2 years younger than the global average of 20.8. Statistics from the United Nations Conference on Trade and Development (UNCTAD) show the Vietnamese fleet ranks fourth in ASEAN and 30th in the world in terms of dead-weight tonnage.

**INDONESIA**



## Indonesia gets back in line with sulphur cap introduction

Indonesia's Ministry of Transportation has reversed its decision to delay the International Maritime Organisation's (IMO) low sulphur fuel regulations, and has now said its domestic fleet must be ready for the January 1 start of the sulphur cap. In July, the ministry caused uproar when it said domestic vessels would be allowed to continue to burn heavy fuel oil (HFO) within local waters beyond January 1 next year in order to get through existing stockpiles of high sulphur content fuel. Since then, however, Jakarta has had a change of heart, much to the relief of top brass at the London headquarters of IMO.

**QATAR**



## 18 per cent increase in arrival of vessels at Qatar ports

The ports in Qatar have registered a significant growth in July 2019 regarding number of vessels calling at Hamad Port, Doha Port and Ruwais Port when compared to June this year. The three ports also handled more cargo in July this year when compared to June 2019 on month-on-month basis. A total of 377 vessels called at Hamad Port, Doha Port and Ruwais Port in July this year, compared to 318 vessels in June 2019 which is an over 18 per cent increase in vessels movement on month-on-month basis. In July 2019, the ports handled 90,752 tonnes of general cargo while the quantity of general cargo handled in June 2019 was 46,764 tonnes.



# QUICK TURNAROUND AT CHATTOGRAM PORT

The new Patenga Container Terminal (PCT) will enable quick berthing of ships, easing vessel congestion at the outer anchorage of Chattogram port

Chattogram Port, located on the bay of Karnaphuli River handles about 90 per cent of Bangladesh's exports and imports. The port handled 8.52 crore tonnes of cargo and 26.67 lakh teus of containers in 2017. In 2018, the numbers stood at 9.63 crore tonnes and 29.03 lakh teus respectively. The cargo and container handling registered a rise by 13 and nine per cent respectively.

Currently a ship has to wait seven to ten days at the outer-anchorage of the seaport for berthing and for everyday a ship has to count \$8,000 to \$12,000 in demurrage for waiting at the outer-anchorage.

According to the Chattogram Port Authority (CPA) Chairman, **Rear Admiral Zulfiqar Aziz**, "A new jetty is a must to cope with the ever increasing



volume of cargo and vessel traffic. However, our port has been experiencing 16 to 17 per cent growth in cargo and container handling over

the last few years."

In order to meet the growing volume of cargo at the port, CPA has initiated the construction of Patenga Container Terminal (PCT). Construction of the terminal was inaugurated on September 8, 2017, by then-Shipping Minister, Shajahan Khan.

The 600m terminal is being built on 32 acres of land located between Chittagong Dry Dock and the Boat Club in Patenga of which 16 acres of land will be used for a specialised dolphin oil back-up jetty where 4500 teus of containers can be accommodated. The terminal will also



include back yards, road and rail links, plus other facilities. The terminal can accommodate three container vessels of 180m length, with 9.5m draft and one oil tanker in Dolpin Jetty to take berth at a time.

A total of Tk.1,869 crores will be spent for PCT funded by Chattogram Port Authority and about Tk.650 crores have been advanced to Army Engineering Core against the works. Seven contractors under the supervision of Engineering Core of Bangladesh Army are implementing the project.

The project will involve construction of about 1,12,000 cft RCC pavement, a 2,128cft freight station and a 1,750m long bonded customs wall. The ground improvement works involve the construction of 420m long flyover, 1000 concrete piles with a length of 38m and 0.09m in diameter. The concrete piles construction contract was given to a Chinese construction firm based in Malaysia, which will bring the piles in six shipments to Chattogram port. CPA already procured over 60 equipment including six quay gantry cranes (QGC) for use at the terminal. It will also be equipped with Rubber gantry cranes.

PCT may be partially opened for operations in June 2020, and it is expected to be fully operational by the end of 2020. Once the new terminal is completed, berthing will be faster, as vessels will no longer need to cross a lengthy bend on the Karnaphuli channel to reach the port.

## PATENGA CONTAINER TERMINAL (PCT) – KEY STATISTICS

Total area of PCT	32 acres
Dolphin Jetty area	16 acres
Length of the PCT	600m
PCT accommodates	180m long vessels with 9.5m draft and one oil tanker in Dolpin Jetty to take berth
Dolphin Jetty accommodates	4500 teus of containers
PCT construction completion	Partial operations will begin in June 2020, and full-fledged operations expected to begin by the end of 2020



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# TRANSSHIPMENT RIDING ON CABOTAGE RELAXATION

It's one year past since Cabotage has been relaxed and Indian ports have posted some significant growth in transshipment volumes, while transshipment at foreign hub ports has also grown unabated. But have the benefits of this major policy change been passed on to the trade?

Omer Ahmed Siddiqui

**I**t's one year past since Cabotage has been relaxed and there are visible signs of growing transshipment through Indian ports. Sailing against the winds and making a departure from the centuries old tradition of routing cargo through hub ports, ports on either coasts of India have proven their mettle in posting a decent growth in transshipment which clearly underscores their capability to snatch away significant volumes of cargo from the teeth of traditional transshipment hubs. More container liners are using this opportunity to reposition empties in deficit locations, optimise ease of doing business for exim community and increase transshipment through ports in India.



While Mundra has emerged as the shining star outperforming all the ports on the west coast in terms of transshipment volumes, on the east coast Krishnapatnam Port is leading from the front. It should be noted that Chennai port, which had no domestic transshipment business previously, saw more cargo movement on direct connections and fewer containers through foreign transshipment in fiscal 2018-2019 compared with the prior year.

Foreign container liners have been taking full advantage of this policy,

as **Steven Mark Felder**, Managing Director (India, Sri Lanka, Bangladesh, Nepal, Bhutan and Maldives), Maersk, reveals, “A year into the



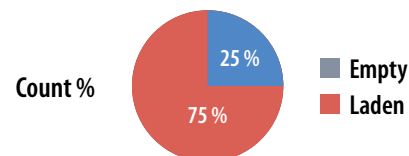
implementation, there has been a meteoric increase in transshipment volumes in India by shipping lines with foreign flags. We are using this opportunity to increase transshipment at ports in India, position empty containers in deficit locations, and optimise the ease of doing business for importers and exporters. We see a greater opportunity for growth in transshipment on the east coast, as it is predominantly served by feeder services, and is thus fragmented. The scope for one of the ports to act as a transshipment hub relatively is higher on the east coast.”

### Growth in transshipment volumes

In May 2019, transshipment at Indian ports totalled 100,395 teus, of which 25,469 teus (25 per cent) were empty containers and 74,926 teus (75 per cent) were laden containers. Now compare this with 3,583 teus transhipped through Indian ports in May 2018, of which, 2,965 teus were empties and 618 teus were laden containers. During the twelve months period (May 2018 –

## Transshipment Volumes for the month of May, 2019

Empty / Laden	Count	Count %
Empty	25,469	25%
Laden	74,926	75%
<b>Total</b>	<b>100,395</b>	



May 2019) a total of 807,932 teus were transhipped through Indian ports, of which, 625,858 teus were laden and 182,074 teus were empties.

The ports on the west coast alone recorded 63,816 teus in transshipment during FY-2018-19, of which 52,613 teus were laden and 11,203 teus were empties. This was a marginal increase over 62,446 teus transhipped during FY-2017-18, of which, 56,220 teus were laden and 6,226 teus were empties. Mundra clearly stands out in port-wise comparison with a transshipment volumes of around 40,000 teus in May 2019, of which, around 7,500 teus were empties and the remaining 32,500 teus

were laden containers. In FY-2017-18 Mundra posted transshipment volumes of 6,07,000 teus, of which, 4,48,000 teus were laden containers and 1,59,000 teus were empties. Now compare this with the performance in FY-2018-19 wherein total transshipment volume increased to 7,38,000 teus, of which, 5,80,000 teus were laden containers and 1,58,000 were empties.

The jewel on the east coast, Krishnapatnam Port was the runner up with transshipment volumes of about 26,000 teus, of which around 7000 teus were empties and the remaining 19,000 teus were laden containers.

Tuticorin Port notched the third

## Monthly Transshipment Trend: May'18 to May'19

Month	Empty	Laden	Total	% Change Monthly
May' 18	2,965	618	3,583	--
Jun' 18	9,271	2,318	11,589	223.4%
Jul' 18	12,407	4,136	16,543	42.7%
Aug' 18	13,436	14,315	27,751	67.8%
Sept' 18	14,100	32,900	47,000	69.4%
Oct' 18	17,302	38,955	56,257	19.7%
Nov' 18	17,475	43,788	61,263	8.9%
Dec' 18	13,416	67,632	81,048	32.3%
Jan' 19	12,532	81,114	93,646	15.5%
Feb' 19	11,662	83,324	94,986	1.4%
Mar' 19	16,793	89,480	106,273	11.9%
Apr' 19	15,246	92,352	107,598	1.2%
May' 19	25,469	74,926	100,395	-6.7%
<b>Grand Total</b>	<b>182,074</b>	<b>625,858</b>	<b>807,932</b>	--

slot with transshipment volumes of 17,000 teus, of which, around 8000 teus were empties and the remaining 9000 teus were laden containers. Chennai, Cochin, Pipavav and Ennore Ports grouped in the below 5000 teus category. Hazira Port moved approximately 6000 laden containers and Nhava Sheva posted transshipment of about 7500 teus, comprising of about 2000 teus of empties and the remaining 5500 teus were laden containers.

In FY-2018-19, Kolkata Dock had 168 coastal calls for container vessels from and to the upcoming transshipment hubs on eastern coast and Bangladesh. About 47 calls were to Bangladesh Ports of Chittagong and Pangaon. 101 calls were from/to Krishnapatnam Port and the rest were to/from Vizag Port. Kolkata Port has seen foreign vessels doing coastal runs after the Cabotage relaxation. Presently about 4 services performed coastal runs on foreign flagged vessels per month to other eastern ports from Kolkata Port. Overall in FY 2018-19, 57 coastal calls were made on foreign vessels to/from Kolkata Port.

The total number of containers (both coastal and exim) carried by both foreign carriers and Indian flag from

and to Kolkata Port in FY 2018-19 was 99,284 teus. Out of these 33,432 teus were coastal containers and rest were exim containers.

The biggest gain this policy change has brought is the reduced time for a vessel to complete a voyage, avers Kolkata Port Trust. In a call to eastern transshipment Ports the vessel completes a voyage in a week's time to return to Kolkata compared to 9/10/14 days if the transshipment had been through Colombo/Port Kelang/Singapore. This means that a vessel deployed in coastal sector performs more voyage during a month compared to those engaged with foreign transshipment hubs. Reduction in voyage time has enabled the feeder operators to optimize the fleet size and achieve the same volumes with lesser number of vessels in the fleet.

### If Cabotage was not relaxed?

If Cabotage had not been relaxed then it is estimated that in May 2019 about 41,162 teus would have been transhipped through Colombo, approximately 22,087 teus would have been diverted to Singapore, no less than 11,000 teus would have been transhipped through Port Klang and about 26,000 teus would have been transhipped through other ports.

### Is the purpose fulfilled?

But before we proceed any further and analyse the situation, let's take a quick flashback at the aim of Cabotage relaxation.

**Anil Devli**, CEO, INSA is quick to recall that the circular was issued for two purposes:

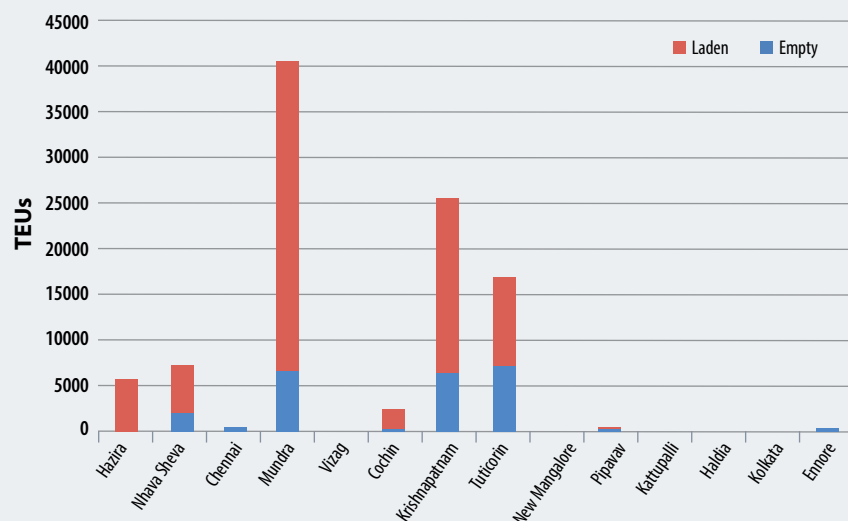


1. Reduce transshipment of cargo over Colombo
2. Increase movement of fertilizer and other products by foreign ships

Further, when the government had aired its intention to relax Cabotage, both supporters of Indian tonnage and foreign carriers placed forward their respective viewpoints in favour and against the policy change.

Anil Devli pulled out the flaws in the government policy as he said, "There is no Cabotage Law in India for shipping sector and if we take the example of domestic airline sector the passengers don't have the privilege to go for a foreign airline flying between two Indian cities as a result domestic airline operators in many instances charge exorbitantly. Even in case of railways, a foreign rail operator has to have an Indian registered company to move cargo in India. But Indian flagged vessels couldn't have a monopoly like

### Port Wise Transshipment Volumes: May '19



### If no Cabotage relaxation in India

If there was no Cabotage relaxation in India, then the following containers would have been transhipped to the below ports approximately in the following ratio for the month of May 2019:

Transshipment Ports	Ratio	TEUs
Colombo	41%	41,162
Singapore	22%	22,087
Port Klang	11%	11,043
Others	26%	26,103

domestic airlines or railways. For an exporter or importer if there is no availability of Indian flagged vessel, then the exporter has the option to charter a foreign flagged ship and transport cargo on the Indian coast. There are enough Indian ships to take care of Indian cargo and transshipment because Indian container vessels have grown by 100 per cent in past 2 years. Shreyas, Sima Marine India, and TCI are the three coastal container vessel operators that connect to 18 Indian ports, including all major ports. But despite that Indian vessels are not getting enough cargo and on many instances vessel slots are not getting utilised and have to run empty.”

Bringing out the disparities in right of first refusal (RoFR), Anil Devli had said, Indian vessels have to match the rate quoted by a foreign vessel, whereas Indian operators didn't stand on a comparative ground as domestic vessels have to incur much higher expense on each sailing due to taxes and other

statutory requirements, such as IGST and expensive bunker fuel, which are not applicable to foreign flagged vessels.

Foreign container liners had stood in favour of Cabotage relaxation,



**Capt. Deepak Tewari, Chairman, CSLA** had said, “Cabotage should be relaxed completely along the Indian coast.

Because it will facilitate clearing and shipment of exim cargo at Indian ports, and it will also ease the movement of empty containers. As a result it will translate to savings for the shipping lines and Indian trade as well. If we make a peer-to-peer comparison, there will be an average savings of 28-30 per cent in operating cost.”

Cabotage was relaxed in May 2018 and one year down the lane data from the ports reveals that transshipment at Indian ports has increased, but transshipment of Indian cargo through Colombo has not reduced. Further,

movement of fertiliser and agri-products continues on Indian flagged vessels, which clearly defeats the primary aim of the relaxation.

### Has transshipment through foreign hub ports dropped?



Not necessarily, says **Capt. Vivek Singh, MD, Shreyas Shipping and Logistics Ltd.** “Coastal shipping

as well as transshipments through Indian ports continued as usual. Domestic container volume grew by 21 per cent during the year where the contribution on account of Cabotage relaxation was virtually not there. Even for the transshipment we have not been able to divert any cargo from neighbouring foreign transshipment hub ports.”

Indian National Shipowners' Association (INSA) coincides with the views of Capt. Vivek Singh - transshipment of Indian cargo through foreign ports continues at the same pace as in the past and the exim community has not been able to realise any decrease in freight charges due to participation of foreign carriers in coastal trade. Moreover, unfavourable operating conditions and a complicated tax regime have hindered the growth of Indian tonnage – the Indian fleet saw a 2 per cent growth in 2018, compared to 10 per cent in 2017. “Noticing that there is no need of an Indian flag vessel to do this business, Indian companies chose to in-charter foreign flag vessels rather than buying ships under the Indian flag. India therefore lost tonnage, this has led to loss of jobs of Indian seafarers, loss of revenue by the exchequer in terms of GST and direct tax, and loss of training slots for Indian cadets,” says Anil Devli. The exim transshipment cargo that Indian flagged vessels were carrying to Krishnapatnam, Mundra and other Indian ports, is now being

### If no Cabotage relaxation in India: (Transshipment TEUs volumes from May'18 to May'19)

Month	PORTS			
	Colombo	Singapore	Port Klang	Others
May' 18	1469	788	394	932
Jun' 18	4751	2550	1275	3013
Jul' 18	6783	3639	1820	4301
Aug' 18	11378	6105	3053	7215
Sept' 18	19270	10340	5170	12220
Oct' 18	23065	12377	6188	14627
Nov' 18	25118	13478	6739	15928
Dec' 18	33230	17831	8915	21072
Jan' 19	38395	20602	10301	24348
Feb' 19	38944	20897	10448	24696
Mar' 19	43572	23380	11690	27631
Apr' 19	44115	23672	11836	27975
May' 19	41162	22087	11043	26103
<b>Total</b>	<b>331252</b>	<b>177745</b>	<b>88873</b>	<b>210062</b>
<b>Grand Total</b>	<b>807932</b>			



carried by third party foreign flag vessels. India, as an economy, lost revenue to that extent.

## No boost to coastal shipping

Coming to coastal shipping, the realm of Shreyas Shipping, Capt. Vivek Singh says, "Indian flag vessels continue to operate on coastal services as per the trade requirement. In the absence of required container volume on the coast, few of the Indian container vessels were even chartered out in the international market. This clearly indicates that the growth in coastal shipping was never hampered for the want of capacity, the issues are elsewhere."

The government needs to provide cargo support by industrialising coastal zone as per Sagarmala project and helping modal shift of cargo. Coastal shipping is economical for port to port service, but cargo necessarily moves on door to door basis where cost increases due to first and last mile handling as well as multimodal handling. Since coastal shipping is not the right solution for all cargo hence suitable cargo need to be diverted from other transportation mode.

"There is actually not much disparity when both Indian and foreign vessels are operated on coastal service since they follow similar norms but there is cost disparity when Indian vessels operate on coastal service while foreign vessels operate on foreign service but compete for same exim transshipment cargo between two Indian ports as both follow different norms and have different cost parameters. Since Cabotage has been relaxed, coastal vessels should be permitted to use similar norms like a vessel operating on foreign service and handling cargo between ports in India," opines Capt. Vivek Singh.

In coastal shipping the Customs procedures are still lengthy and combined with high import duties

## TRANSHIPMENT GROWTH UNHINDERED AT COLOMBO

In the first nine months of 2018, the Port of Colombo witnessed its highest ever growth in transshipment container traffic, with numbers up by 19.4 per cent year-on-year to 4.207 million teus. During the first half of 2018, the port witnessed tremendous year-on-year growth of 19.8 per cent in transshipment, handling 2,733,906 teus, as against 2,281,636 teus handled in the corresponding period in 2017. Following on the heels of India relaxing Cabotage Colombo had dropped its transshipment rates by 9.5 per cent.

on bunker oil and spares and high manning scales are still retarding the attractiveness of coastal shipping prospects. Another factor is the availability of quality officers on Indian coastal vessels compared to International mariners due to personal income tax liabilities.

### Repositioning of empties

Empties which were once moved by coastal carriers between ports are now being moved by mainlines. "Mainlines have been able to move empties on their own ships between Indian ports which must have resulted in cost reduction for them, but the advantage has not been passed to shippers and trade. On the contrary, Indian coastal shipping has lost the volume and revenue resulting in higher logistic cost for laden cargo," reveals Capt. Vivek Singh.

### Has the shipper benefited?


Since Cabotage has been relaxed no reduction in freight rates for exim cargo has been noticed, while services moved from Indian owned tonnage to foreign chartered vessels. "We do not see trade community have been benefitted in any manner by such relaxation. Cabotage

relaxation has only helped few foreign shipping lines and few private terminals for their own cost rationalization and not even helped the major ports. The benefit gained has not been passed to the trade and on the other hand trade has suffered since direct cargo changed to transshipment which increased the transit time," informs Capt. Vivek Singh. Cabotage relaxation has also resulted in revenue loss to the government as billing is not being done in India or contracts are being entered outside India, resulting in loss of GST for services rendered.

## How can Indian tonnage be made competitive vis-à-vis foreign ships

- Indian ships pay 5 per cent IGST on the first entry of an Indian flag ship. Foreign ships do not have to pay this.
- The bunkers sold to Indian ships are at almost 15 per cent higher prices than what foreign ships have to pay.
- Indian companies must, by law, apply TDS provisions on salaries paid to seafarers while operating on the coast. Foreign shipping companies give this the go by and do not apply TDS on salaries.

These issues need to be resolved, if Indian ships are to be made capable of competing with foreign ships. Either apply all these to foreign flag ships or remove these responsibilities on Indian flag ships. This will make Indian ships competitive vis-à-vis foreign ships.

As regards, market share of India's cargo on Indian ships, the same can be increased if access to Indian cargo is linked to flagging in India and, if FDI is encouraged, making it attractive for foreign shipping companies to flag in India. Operating a foreign ship in Indian waters is cheaper than an Indian ship by 26 per cent! So, once this disparity is corrected, it will encourage foreign companies to flag in India. 

# DIRECT CONNECTIVITY TO EASTERN HINTERLAND

Hapag Lloyd has a lot on offer including direct connectivity from Europe to the Indian eastern hinterland and Bangladesh without transshipment. Capt. **Dheeraj Bhatia**, Regional Managing Director, ISC- Middle East and Africa for Hapag-Lloyd, tells more about the services on offer and in the pipeline

Raji Reddy

**Q. In the backdrop of lower than expected global economic growth outlook by IMF, what is the current market scenario of global maritime industry in general and Indian shipping industry in particular?**

Based on its current forecast, the IMF predicts that the volume of global trade, which is key to the demand for container shipping services, will grow by 2.5% in 2019 compared

with the previous year. The institute has therefore cut its forecast from April 2019 again substantially by 0.9 percentage points. Growth of 3.7% is expected in 2020 (April forecast: 3.9%)

IHS Markit expects the global container shipping volume to increase by 3.8% in 2019, once again outpacing the forecast rate of growth for global trade. IHS has lowered its forecast by 0.9 percentage points compared to the last publication in January 2019.

For the period 2020 to 2024, IHS Markit is currently predicting an average annual growth of 3.2% in the global container shipping volume. As a result, container shipping will continue to be a growth industry.

According to IHS Markit, the anticipated growth will be spread relatively

evenly across the individual trades. The strongest growth is currently expected in the Middle East and Indian subcontinent and in the Intra-Asia trade.

**Q. Tell us about the connectivity Hapag Lloyd offers from India to the global market? What are the commodities being moved?**

We offer competitive services to most trade partner countries of India and have a reliable coverage to other smaller markets as well. We have about a dozen services connecting India to the world. We also like to ensure a good coverage of all commodities and believe in serving the needs of all Indian customers. In recent years we have seen a phenomenal growth in our reefer, hazardous goods and out of gauge cargo. This is also aligned with our focus on niche market segments as per our recently declared Strategy 2023.

**Q. Tell us about your connectivity into the Indian hinterland?**

HL has a very good offering to all Indian cities from various ports. We also run block trains from north India to the west coast. At the moment we are also testing door services within India as an offering to our customers. We believe there are several central and east coast Indian cities that can benefit from service from east coast ports which we are soon introducing.



**Q. Many economists expected that Indian trade could benefit from the trade war between the USA and China. Did you notice any such progress? How has the trade war impacted Hapag Lloyd and the shipping industry in general?**

So far the trade war has not had a significant effect on us. We published our H1 figures on 7th of August – and for Q1 and H1 we can say that we are satisfied with the results.

Indeed there is a lot of anticipation that the trade war could shift some manufacturing to India as well. However, we are yet to see any significant impact in India. Having said that, the Trans Pacific trade out of India is strong year to date, which indicates that demand is building up.

**Q. Hapag Lloyd has plans to launch a new direct container liner service IEX (South East India – Europe Express) from October this year? Which part of the Indian hinterland benefits from this service? How will be the connectivity/frequency of this service and what cargo will move through this service?**

Indeed, we have recently announced 2 unique products from east coast and west coast of India to Europe and South & West Africa respectively. The IEX will be a weekly service and offers direct product from east coast of India to several countries in Europe. With a possible call in Vizag combined with call in 2 other east coast ports, this will be the only service to connect the whole hinterland of Andhra Pradesh, Orissa, Telangana, Karnataka and Tamil Nadu to Europe without Transshipment.

**Q. Post Cabotage relaxation have you noticed any improvement in coastal cargo movement and transshipment at Indian ports?**

I believe the Cabotage relaxation was the right step and this has enabled us to improve our empty container flow using our own ships and also allowed to offer better solutions to our customers at times of operational issues. In the end

any efficiency that we can gain will help in reducing the cost of logistics for customers.

Hapag has been carrying out some transshipment in India and we are now looking at offering Indian port transshipment to Bangladesh exporters.

**Q. How is Hapag Lloyd gearing up to comply with the IMO – 2020 regulations?**

Early in 2019 we established a brand new, simple and causal formula for bunker costs.

- 95% of our ships will use compliant fuel as of 1st January 2020
- 10 ships of Hamburg Express class (13.200 TEU) will be equipped with exhaust cleaning systems – first three ships already out of yards with new systems
- One ship (“Sajir” – 15.000 TEU) will be converted to LNG – will go into service in Q3 2020.

**Q. Do you have any plans for launch of new services/solutions for the Indian market?**

Apart from the IEX, we are launching another new service from west coast ports which is again a weekly, direct service to South Africa and some important West African countries. It will offer non transshipment service to certain West African countries ex India.

**Q. How is Hapag Lloyd serving the Bangladesh market?**

Bangladesh is also a very important market for us which has traditionally been serviced via transshipment over Singapore, Malaysia or Colombo. However we intend to change this in coming months with the launch of our IEX service. We are working hard with

**IEX service between East India and North Europe**



our feeder suppliers and terminal partners to offer a new route to our Bangladesh customer via east coast of India ports.

This will drastically reduce transit time for customer who currently use Singapore, Malaysia and depend on space allocation on long haul service ex Asia towards the west. The IEX service in essence also a service for Bangladesh as it is solely concentrating on east India and Bangladesh markets.

**Q. Recently there was a news about Hapag Lloyd massively expanding its reefer containers inventory and bringing the entire fleet of reefers online. Could you elaborate on this strategy?**

Hapag-Lloyd has decided to equip all of its 100,000 reefers with the latest technology for remote monitoring to support its efforts to digitalize the container shipping industry. Main benefits for our customers: Increased cargo security and real-time control, increased cargo quality, reduced costs due to improved supply chain integrity, customized reefer monitoring applications that fit the customers' needs. We see continuously growing demand in exports out of South America – mainly driven by fruits and fresh meat. Moreover, The Indian Reefer exports have seen a higher than average growth every year in the past few years. 



# “SEIZE THE OPPORTUNITY AND INVEST IN NEPAL”

Mr Khadga Prasad Sharma Oli (KP Oli), the Hon'ble Prime Minister of Nepal, who graced the occasion as Chief Guest, invited the global community to invest in Nepal. He said, Nepal and India have tremendous trade, investment, tourism and people to people connections. We are good neighbours and we should be good neighbours. India is Nepal's largest trade partner, both in terms of import and exports. However, Nepal's trade deficit with India is very high. Nepalese exports are at 48.45 billion Nepali Rupee while the total bilateral trade stands at 862 billion Nepali Rupee. We are inviting investments from India and other countries as Nepal has liberal and attractive investment options with very limited negative list. Uncertainty and political instability has confined Nepal in the past, but, now it is replaced by certainty and clarity.

'Prosperous Nepal... Happy Nepali' is our national aspiration. Our goal is to emerge as middle income group country by 2030. Despite various challenges, we have been able to witness 7% economic growth in the country. Inflation is under control and macro-economic conditions remain sound. Abundant natural resources, demographic dividend provide opportunities for industrial progress. Seize the opportunity and invest in Nepal.

Connectivity remains a top most agenda in our bilateral cooperation framework. When I met Prime Minister Narendra Modi in April 2018 in New




Mr K P Sharma Oli, Rt. Honourable Prime Minister, Government of Nepal, addressing the gathering.

Delhi, we have inaugurated Motihari – Amlekhgunj petroleum pipeline which is going to be operational soon. Connecting Kathmandu with border city of Raxaul by railway line and developing inland waterways through rivers from Nepal to India. A shipping office has already been established in Nepal to study and implement the inland waterways possible in these two countries. It will be a game changer in our transport transit system. It will not only reduce the cost but also provides another channel of transport transit.

Route connects between India and Nepal today is much better than the years ago. Thanks to the massive infrastructure drive in India in the past few years, the routes in Uttar Pradesh where we are connected are being upgraded while the routes from our side also been widened. Hence, the travel time of trucks has been reduced. However, there are still a few bottlenecks in the routes which

connect the border points of Nepal. Cargo trucks are in big queues for long periods making transportation hard. It will be ideal to have dedicated and un-interrupted freight corridor between Indian ports and Nepal. I am of the view that trilateral trade agreements involving India – Nepal and Bangladesh can change the logistics landscape of this region. We can utilize the inland waterways in this sub-region.

Our logistics sector is facing enormous challenges. Ensuring international standards, it requires lots of legal and infrastructural upgradations incurring financial costs as well. Adaptation of newer technologies like automation, digitisation is another factor. We can come out with a solution as to how effectively the logistics cost could be reduced to the best level possible. Upgrading of roads and railways, reforms in Customs administration and procedures are must in order to facilitate smooth and fast movement of cargo. Hassles at border points need to be totally eliminated. Bilateral treaties require timely changes to accommodate requirements of the sector. Delivery of cargo at doorstep in Nepal from Indian ports can phenomenally help the country to reduce cost. Use of modern technology, digitisation is equally important. It will help movement of traffic, cargo seamlessly with less cost and time saving manner. Smart certification, services to ensure qualitative and hygienic products delivery is essential. 

# Transforming logistics landscape

The development of infrastructure should meet the future demand while it is serving the current needs. Conducive business environment and incentive based regulation would encourage the trade to grow further



L to R: **Julian Michael Bevis**, Senior Director, Group Relations, South Asia, A P Moller Maersk; **H.E. Eaknarayan Aryal**, Consul General, Consulate General of Nepal, Kolkata, Government of Nepal; **Capt Deepak Tewari**, Chairman, Container Shipping Lines Association; **Ramprasad Ravi**, Editor in Chief & Publisher, Maritime Gateway

As the whos who from both the nations settled down to participate in the first ever logistics conference in Nepal, **Julian Michael Bevis**, Senior Director, Group Relations, South Asia, AP Moller Maersk, voiced an urgent need for setting up an integrated logistics policy for each country. He said, the governments should provide importance in their policies with political and economic will. He observed that this trend is seen in the recent past across South East Asia as logistics has become the political agenda. He strongly recommended a less or no-regulation for rapid growth of the industry. According to him the marketplace is the prime determinant of regulation and sighted sea freight as the classical example for it. If the government offers choices to the industry, competition evolves and

efficiency will be improved and finally the end user will be benefited, he added.

Transparency in pricing, simplification of procedures and consistency in government legislation are the key factors which lead to betterment of trade. 'Inconsistency and complex procedures are detrimental for trade', Mr Julian said.

Suggesting Nepal industry to look for a change from transaction approach to solution based approach, **Capt Deepak Tewari**, Chairman, Container Shipping Lines Association, said that the proper due diligence is required when selecting a service provider. Unless the service provider adds value to the service there is no point in selecting the service provider. He batted for competition which brings in efficiency that can reduce cost and time. 'The port which you

are handling is immaterial until you get your product delivered at your door step. Whether it may be Kolkata port, Visakhapatnam or Chennai. 'The service provider must bring a solution which can add value right up to your door step and that solution must be a cost effective one', Mr Tewari said.

However, he opines that sometimes cost is not only the parameter when someone is getting right solution which covers everything that one requires. He asked the traders to prefer entering into long term consistent agreements where their costs are not affected for any incident for which they are not responsible.

Clearances must also be part of the comprehensive package solution by the logistics service provider. All the Nepalese trade associations which are dealing with imports and exports, especially through India should come under one roof by forming a single entity which can deal in all the matters concerned for the trade, he advised.

Deciphering how Nepalese economy has been suffering due to delays in transportation which leads to detention and demurrage charges, **H.E. Mr Eaknarayan Aryal**, Consul General of Nepal, Kolkata, Government of Nepal said the procedural hassles and haulage cost are further increasing the burden on economy which needs immediate attention. However, overcoming all infrastructure bottlenecks, the Nepal government is promoting trade connectivity, roads, railways, airlines, port and communication networks as prime agenda, he stated. He suggested that deployment of technology can bring in efficiency which makes Exim trade very smart and agile.

After the implementation of ECTS – he said they are disappointed with increased cost. Before its coming into force, traders used to pay high detention and high demurrage costs but, now there are so many hassles, he criticized. Mr Aryal sought shipping lines to reduce inland haulage costs in the days to come. [img](#)

# Logistics infrastructure needs upgrade

Dignitaries from both the nations identified grey areas in Nepal trade logistics and suggested optimal solutions



L to R: **Ramprasad Ravi**, Editor in Chief & Publisher, Maritime Gateway; **Kedar Bahadur Adhikari**, Secretary (Commerce and Supplies), Ministry of Industry, Commerce & Supply, Government of Nepal; **Ms Bhawani Rana**, President, The Federation of Nepalese Chambers of Commerce and Industry; **Mr K P Sharma Oli**, Rt. Honourable Prime Minister, Government of Nepal; **H.E. Manjeev Singh Puri**, Indian Ambassador to Nepal; **N Sivasailam**, IAS, Special Secretary (Logistics), Ministry of Commerce & Industry, Government of India; **V Kalyana Rama**, Chairman & Managing Director, Container Corporation of India Limited.

Nepal is transforming its logistics landscape, exploring with India to open inland waterways and has also requested access to Dhamra and Mundra Ports, in addition to the existing Kolkata and Vizag Ports, to fulfil the growing trade needs of the country. In this backdrop, Maritime Gateway organized the debut edition of India Nepal Logistics Summit at the Hyatt Regency in Kathmandu on July 28, 2019. At the outset, **R Ramprasad**, Editor-in-Chief, Maritime Gateway, detailed on how Nepal has been struggling in the area of logistics and elaborated the Nepalese Government's efforts to improve the overall ecosystem to prosper trade. He said, due to long detention and demurrage charges, the cost of goods is increased almost double making Nepal trade uncompetitive in the global markets. Traditional Customs procedures are creating hassles in movement of cargo and should be replaced with ECTS.

Elucidating the contribution of his organisation to Nepal, **Kalyana Rama**,

CMD, CONCOR said, as a valued partner in ICD Birgunj, CONCOR is playing a vital role in the business and trade activity in the country. ECTS has helped reduce delays in transportation to 3 days at Visakhapatnam Port and the situation has also improved at Kolkata Port. 32 rakes are being run in the Nepal circuit, making it one of the highest number of rakes handling circuit in this region. He pointed out that infrastructure at ICD Birgunj needs to be upgraded to handle the growing imports. Especially, quick de-stuffing infrastructure needs to be setup to handle 200 teus per day to send back empty containers to ports for better turnaround time.

Expressing confidence that this summit could help strengthen bilateral trade further, **Ms Bhawani Rana**, President, The Federation of Nepalese Chambers of Commerce and Industry (FNCCI) solicited trade partners to grab this opportunity. As connectivity and infrastructure development are the top priorities for the government of Nepal, a lot of reformative changes

have been taking place including establishing of shipping offices in Nepal, opening of rail operators etc. She disclosed that the government of Nepal is in the process of developing 4,000 kms long railway network in the country which can connect Tibet of China in the North and Ganga in India in the South. It is also contemplating to connect the east and west of Nepal and to connect Kathmandu valley in the future.

Having acknowledged the matters relating to Indo – Nepal are being given much attention, **N Sivasailam**, IAS, Special Secretary (Logistics), Ministry of Commerce and Industry, Government of India, said that the Prime Minister, Mr Narendra Modi and the Commerce Minister Mr Piyush Goel are concerned with this trade. There have been significant number of changes to facilitate bilateral and third party trade, he stated.

Elaborating the efforts of Indian government to ensure Nepal trade benefits, **H.E. Mr Manjeev Singh Puri**, Indian Ambassador to Nepal, said setting up an ICP at Birgunj and the upcoming similar ICP at Biratnagar would further ease bilateral and third country trade from Nepal. Motihari – Amlekhgunj petroleum Pipeline would rejuvenate Nepal and help the local industries to grow beyond leaps and bounds. He himself inspected the possibility of opening of inland waterways between the two nations by touring on river Gandak recently.

While delivering his vote of thanks, **Mr Kedar Bahadur Adhikari**, Secretary (Commerce and Supplies), Ministry of Industry, Commerce and Supply, Government of Nepal, invited private players to participate in the growth story of Nepal and informed that the government of Nepal has in-principally decided to establish Nepal Port Authority which will ensure private players' participation in operating CFS and multi modal logistics services. [MGB](#)



# India Nepal trade— Opportunities and challenges

Nepal has a distorted balance of trade which can be set right through revising treaties of trade, improving exports and introducing technology automation in Customs and logistics operations, opined the panellists



L to R: **Pradeep Kumar Shrestha**, Managing Director, Panchakanya Group; **Madhu Kumar Marasini**, Joint Secretary (Multilateral Trade and Trade Aid Division), Ministry of Industry, Commerce and Supplies, Government of Nepal; **Anant Swarup**, Joint Secretary (Logistics, Social Media and Supply Division), Ministry of Commerce & Industry, Government of India; **Rameshwar Dhangal**, Director General, Department of Customs, Ministry of Finance, Government of Nepal; **Kamalesh Kumar Agrawal**, Vice President, Nepal Chamber of Commerce; **Purushottam Ojha**, Former Commerce Secretary, Government of Nepal; **S Balaji Arunkumar**, IRTS, Dy. Chairman - Kolkata Dock System, Kolkata Port Trust.

The first business session focused on imbalance in Nepal's exim trade. Representing the government, **Madhu Kumar Marasini**, Joint Secretary (Multilateral Trade and Trade Aid Division), Ministry of Industry, Commerce and Supplies, Government of Nepal, described the logistics sector as lubricant of engine, he said that unless the country provides quality oil in the form of modern infrastructure, the engine will not rollout. Stipulating difficulty in competing with India he recommended a bit of protectionism to bring in balance.

Nepal trade with India in 2001 stood at 71.24 billion Nepali Rupees which includes 26 billion in exports and 45 billion Nepali Rupees in imports. In 2017-18 year, the total trade between India and Nepal was at 859 billion Nepali Rupee with Nepal's exports at 46 billion. If the inflation is taken into consideration, then Nepal is running into negative

in bilateral trade with India, Marasini explained. He called for review of bilateral treaties to resolve this situation and said that the government is in the process of implementing Trade Deficit Minimizing Action Plan.

Countering the remarks of protectionism, **Anant Swarup**, Joint Secretary (Logistics, Social Media and Supply Division), Ministry of Commerce and Industry, Government of India, explained that India also has a trade imbalance of about \$40 billion with China and that cannot be reduced overnight unless the competitiveness is improved. He said China has a higher cost of logistics to GDP than many countries including India. But its exports are more than India.

**Pradeep Kumar Shrestha**, MD, Panchakanya Group, described private sector as the driver of the economy and unless it believes in the economy and the government, the overall progress is not possible as expected. The Nepalese industry needs to increase trade despite

several deficits.

**Rameshwar Dhangal**, Director General, Department of Customs, Ministry of Finance, Government of Nepal, informed that his department has initiated measures towards automation in Customs procedures. Automation is already implemented at ICD Birgunj and ICP Biratnagar is at the last stage of implementation. Plans to open ICP in Bhairahawa and Nepalgunj are on the cards. Automation will not be limited to documentation, but will include yard management and office management.

**Kamalesh Kumar Agrawal**, Vice President, Nepal Chamber of Commerce said the GDP of Nepal is at \$32 billion and the external trade is estimated at \$14 billion. The total transit cost calculated at \$2.5 billion is approximately 18 per cent of the GDP. If we can exploit all the human and natural resources, we can be the highest per capita generating country in South Asia. [mg](#)

# Cross border cargo movement

Infrastructure upgrade to enable swift cross border Nepal cargo movement and the need to reduce logistics cost and time were voiced by the panellists



L to R: **Shyam Prasad Dahal**, Former Director, Department of Customs, Ministry of Finance, Government of Nepal; **R B Rauniar**, Director, Interstate Multimodal Transport Pvt. Ltd; **Vinit Kumar**, IRSEE, Chairman, Kolkata Port Trust; **Ashok Kumar Temani**, Chairman, Yash Group of Companies; **Naresh Agarwal**, Managing Director, Noble Logistics Nepal Pvt Ltd; **Rabi Shankar Sainju**, Former Secretary, Ministry of Commerce and Supplies, Government of Nepal.

**K**olkata Port Trust is the oldest trade partner to Nepal and has been serving the Nepal trade for a longer period than any other ports on the east coast. “Our ability to reach out to customers across the hinterlands covering the neighbouring countries of Nepal, Bhutan and Bangladesh has been our USP,” announced **Vinit Kumar**, IRSEE, Chairman, Kolkata Port Trust. He further detailed on the services and facilities the port offers to Nepal trade.

Nepal rail containers enjoy 20 days rent free time and Nepal road boxes are given 10 days rent free time at Kolkata Port. An additional discount of 10 per cent is given on handling charges for Nepal containers. For Nepal bulk shipments, 7 days rent free period is offered. Recently, a special cell for addressing Nepal’s grievances has been set up at the port. In financial year 2018-19, Kolkata Port Trust as a whole has handled 8.3 lakh teus of container and the share of Nepal containers is 82,037 teus, i.e. about 10 per cent. In overall tonnage Nepal traffic accounts for 2.5 million tonnes, both Haldia and Kolkata combined. The CAGR for

Nepal traffic at KoPT over the last 5 years has been an impressive 24%.

Detailing on the ECTS service to Nepal cargo he said, the new transshipment procedure under ECTS for movement of containers to Nepal greatly cuts down the documentation at Kolkata for the third country cargo. The containers that are discharged can immediately be moved to Nepal without waiting for original documents to arrive from the importers in Nepal. Hence, the importer saves significantly on detention costs. In the old system, the box used to be delivered at Kolkata and then taken to Nepal under the cost and responsibility of the importer. The new procedure is largely an end-to-end delivery mechanism where the shipping lines takes the onus to deliver the box from the overseas shipper till ICD Birgunj and returns the empty box after destuffing to Kolkata without engaging any middlemen. This is an upgraded product and hence the cost realised by shipping lines is inclusive of ocean freight, inland haulage and empty box. Detailing on the infrastructure upgrades, Vinit Kumar said, At Kolkata Dock System (KDS) about 40,000 sq. meters of additional hard standing area

was added in last FY which takes the total area of container terminal to 1.45 lakh sq.m. Another 45,000 sq. meters is to be redeveloped this FY. A 140 plug reefer park will be coming up soon at KDS taking total number of reefer plugs in the terminal to 300.

Other key speakers at the session were R B Rauniar, Director, Interstate Multimodal Transport Pvt Ltd; Ashok Kumar Temani, Chairman, Yash Group of Companies; Naresh Agarwal, Managing Director, Noble Logistics Nepal Pvt Ltd; Shyam Prasad Dahal, Former Director, Department of Customs, Ministry of Finance, Government of Nepal. The session was moderated by Rabi Shankar Sainju, Former Secretary, Ministry of Commerce and Supplies, Government of Nepal. Discussions during the session brought out the infrastructure and logistics issues at the integrated check posts on India-Nepal border, new ICDs being developed to reduce the dependence on Birgunj ICD and the current projects being implemented in Nepal for upgradation of road network. The panellists coincided on the need to reduce the time and cost of logistics for Nepal. [MEF](#)

# Changing landscape of shipping and logistics – Preparing for future

Nepal should defeat the geographical constraint of being landlocked as logistics ease will always prevail over the geography



L to R: **Mohan Bandaru**, President – Commercial & Operations, Indomatrix Logistics Pvt Ltd; **Capt Swaminathan Rajagopalan**, Commercial Director, CMA CGM Agencies (India) Pvt Ltd; **P L Haranadh**, IRTS, Deputy Chairman, Visakhapatnam Port Trust; **Prakash Tulsiani**, Executive Director CFS-ICD & Investor Relations, Allcargo Logistics Limited; **Shekhar Golchhaa**, Owner, Golchhaa Organisation; **Rajkiran Kanagala**, Sr Vice President & Group Head – Business Development, TCI Group; **Rajan Sharma**, Immd Past President, Nepal Freight Forwarders Association; **Julian Michael Bevis**, Senior Director, Group Relations, South Asia, A P Moller Maersk.

When the industries located several hundred kilometres in mainland India are viable, why can't Nepalese industries be viable? Questioned **Shekhar Golchhaa**, Owner, Golchhaa Organisation, as he correlated Nepal with Indian hinterland. Being landlocked is not a big constrain as we think. It's a mindset, we should not be mind-blocked.

He added, despite being a WTO signatory, there is no respite for Nepal and challenges remain. "Political instability and labour unrest made cost going up and we became un-competitive. Due to the WTO agreement, neither we protected our industry nor could we compete globally by exporting our products." Any improvement including technology should bring down cost and time significantly. Otherwise, there is no point in adopting newer

technologies, he suggested.

**Mohan Bandaru**, President, Commercial and Operations, Indomatrix Logistics Pvt Ltd acknowledged the significant role of railways in growing Nepal trade. Initially the volume was 3,000 containers that went up to 47,000 containers last year at Birgunj. Infrastructure upgrade at Birgunj ICD is pending for the last 15 years. Instead of having a single lane, he proposed to have 5-6 lanes for trains to park there.

**PL Haranadh**, IRTS, Deputy Chairman, Visakhapatnam Port Trust, explained how the port has been helping Nepal trade and what else it can offer to them. "When we started serving Nepal trade as a second gateway port, there were apprehensions as to how we would get the traffic. We are geographically almost double the distance from Birgunj, as compared to Kolkata Port.

Logistics ease will always prevail over the geography," claimed Haranadh.

"We are coming up with a new container terminal – 2 which will be operational by April, 2021. Our existing container terminal has a capacity of 0.7 million teus and has reached 70 per cent saturation. We will have 2 million teu capacity by 2021."

Logistics perspective is changed in the world as the customer is demanding more. The focus will be shifted towards customer centric than the current level of operator centric, suggested **Rajkiran Kanagala**, Sr Vice President, Group Head – Business Development – TCI Group. In ecommerce units are being talked about and not the boxes or cartons. So the service towards customer will be item specific. He added, "Nepal is a consignee market and it should decide the freight, time, transit and mode of transportation. Believe me, your cost will come down."

"We are developing technologies for promoting ease of business which may benefit all of our customers.

We are bringing in transparency in all the services we provide and the cost it involves," informed **Capt Swaminathan Rajagopalan**, Commercial Director, CMA CGM Agencies (India) Pvt Ltd. However, there will be additional charges at port of loading and port of discharge that anybody has to pay.

Elaborating how port operators, shipping lines and other companies are scouting for additional revenue sources, **Prakash Tulsiani**, Executive Director, CFS-ICD and Investor Relations, Allcargo Logistics Ltd said, data mining is leading any business to look at the adjacent businesses of downstream or upstream whichever way you like it. Even the shipping lines are looking for such solutions by directly tying up with customers as they are not earning what they were earning earlier. Business eliminations and mergers will happen due to the emergence of new business strategies. 









# Shortage of rakes or congestion?

While the exim community puts the blame on Indian Railways and CONCOR for shortage of rakes, but the real culprit is congested and over utilised routes that slows down movement of cargo

Raji Reddy



The shortage of rakes is a major concern for industry players across the country. Irrespective of the sector, importers and exporters who largely depend on ports have always been worried about short supply of rakes to transport cargo to and from the ports. The industry players criticize Indian Railways for the road block and CONCOR for shortage of container rakes.

However, if you go by the available facts and reasons for so called shortage, the answer is something else. The real culprit here is severe railway route congestion and not the shortage of rakes.

For example, South Eastern Railway, East Coast Railway and Eastern Railway are among the highest and most congested railway divisions in the country in terms of freight movement. Most of the routes are being over utilized. Bhadrak to Palasa main trunk route is the best example of it. This railway section has been divided into three sub-sections and each of the section is running trains at 104 per cent to 140 per cent utilization rate.

On Bhadrak to Jajpur route the utilization rate is 130 per cent,

Haridaspur to Nergundi is 126 per cent, Nergundi to Cuttack – 119 per cent, Nabarangpur to Bhubaneswar at 104 per cent, Khurda Road to Nabarangpur is 140 per cent and Nabarangpur to Palasa is 139 per cent.

As per Indian Railways standards, if any route is utilized for more than 80 per cent, it is called as congested. But, here in these routes, the utilization rate is so high and therefore the speed of the freight train is too slow. The average speed of freight trains in India is estimated at 25 KMPH. But, the freight trains are moving very slow than the average benchmark speed.

Another example for the route congestion is the Kolkata to Vedanta plant. The route distance is about 550 kms, but the train takes about 8 days to reach the destination making the route one of the slowest routes in the country with an average speed of just 3 kms per hour.

Upset industry is not only criticizing Indian Railways but, also demanding it to allow them to purchase rakes for captive consumption by relaxing the norms. The companies are ready to procure the necessary rolling stocks.

Considering the demand from the

industry, Indian Railways has of late relaxed the norms to allow the private players to purchase rakes to meet their requirement. Companies like TATA Steel is in the forefront and already in the process of purchasing 10 rakes for its usage. Several other companies are also actively pursuing the matter.


However, Railways experts with whom *Maritime Gateway* has spoken suggested not to invest in rakes and wagons instead they said the Railways should focus on expanding network drastically to decongest the routes.

According to them, we need to focus on commissioning the doubling, tripling line projects and electrification of lines across the sections. We can have more number of longer loop lines to facilitate double stack and python rakes while having more bypass routes.

Unless we provide better connectivity to ports, decongest the railway lines, no matter how many rakes you bring into the system, Indian Railways cannot run them on the tracks, a senior official of Indian Railways told *Maritime Gateway*.

Meanwhile, the Indian Railways has already started experimenting double stack and python rakes (Three rakes put together) in some sections of the country including Sambalpur in Odisha.

Indian Railways is in the process of easing congestion by improving network across the country. Doubling, tripling of lines and electrifying lines are being actively in progress. While Western side of the Railways has been successfully meeting the demands of industry by implementing innovative way of double stack container rakes in which it is also offering discounts to traders, the Eastern part of Railways is in the process of implementation.

To complete various projects, Indian Railways has borrowed about Rs 8,00,000 crore loans from Life Insurance Corporation of India and majority of the projects are about to complete in 2021. Some of them are being delayed due to issues pertaining to environmental clearance and land acquisition. But, in the next 2-3 years, most of the lines will be de-congested. 



GST suffered on input services by the Indian cargo liners may become cost to them, which will ultimately be passed on to the exporters as a part of the freight charges



## GST – PERMANENT SOLUTION IS NEEDED FOR INDIAN CARGO SHIPPERS

Bipin Verma & Satya Sai

The issue deliberated in this article pertains to the transaction of shipping of goods by India based cargo liners for export from India. The service of transportation of goods in a vessel attracts GST @ 5% with input tax credit (ITC) of only input services. However, if the service qualifies as a 'zero rated supply' as defined under IGST Act, then the said service would not bear this GST incidence of 5% and the incidence of GST suffered on input services can be claimed as refund also. Export of services is considered as a zero-rated supply under GST. The exporter of service has two options as follows:

- Pay IGST and then claim refund of the same. All ITC can be utilized for payment of GST under this option.
- Export without payment of GST under LUT and claim refund of ITC on inputs and input services. GST paid on capital goods is however not refunded.

For a service to qualify as export of service, one of the conditions is that the Place of Supply (POS) should also be outside India.


The incoterms for export of goods may broadly be categorized as on FOB basis or other, like C&F/CIF basis.

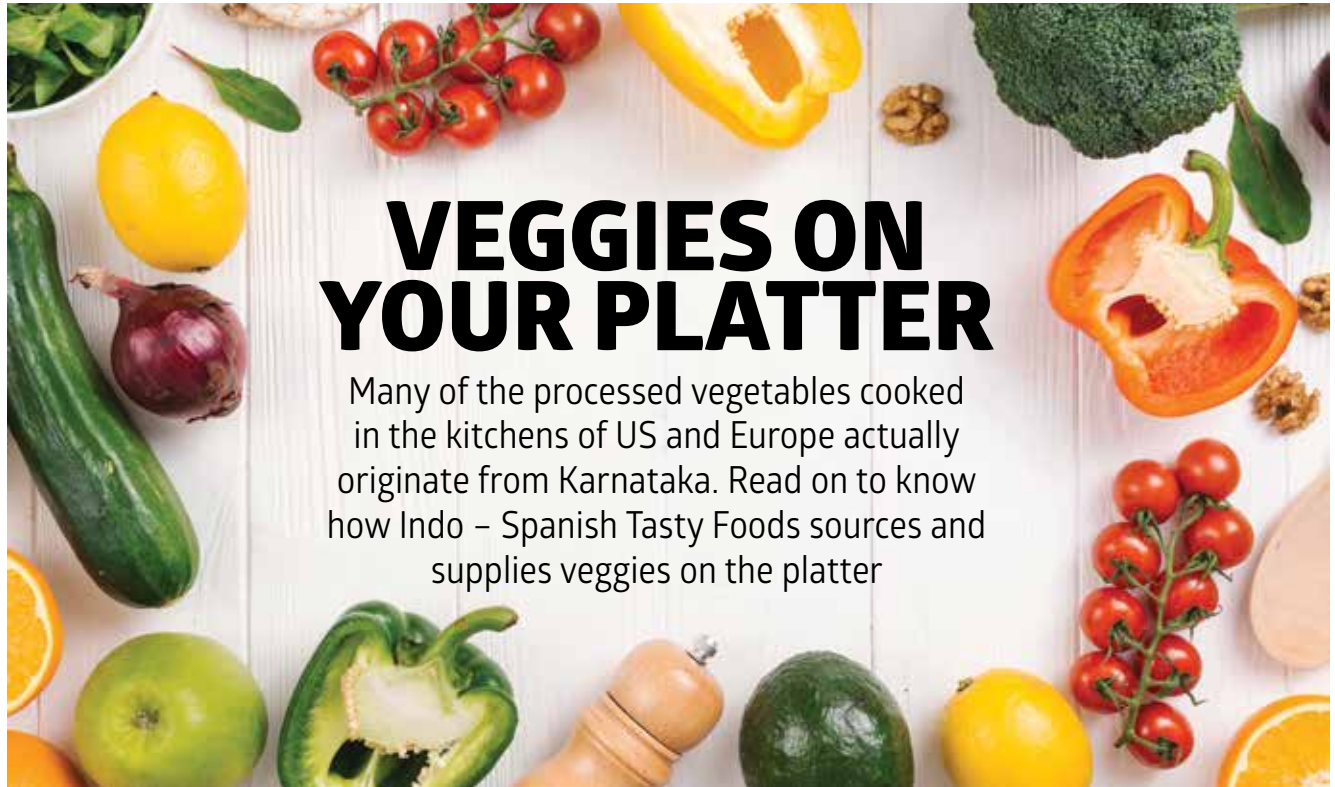
### Export of Goods from India on CIF/CNF Basis

In this case, the Indian exporter must charter a ship. If he charters an Indian shipper, then GST becomes chargeable by the shipper. The POS for such supply by Indian shipper as per the provisions of IGST Act prior to its amendment i.e. up to 1.2.2019, was the place where the Indian registered exporter was located i.e. in India. From 1.2.2019, the said POS is the place of destination of goods i.e. place outside India. Despite the POS being outside India, such service received by Indian exporter will not qualify as export of service as the recipient of service (Indian exporter) is located in India. Therefore, the above amendment in POS provision does not provide any relief as the service provided by the Indian shipper continues to be subject to GST. As the charging of GST by Indian shippers from the exporter of goods resulted into working capital issues for the exporters, the Government provided a temporary relief by way of granting an exemption from GST on the said service of transportation of goods to place outside India w.e.f. 25.1.2018. The said exemption was initially made available up to 30.9.2018 which

was then extended up to 30.9.2019. Simultaneously, the credit provisions have been amended to the effect that no reversal of credit would be required with respect to such exempted services. Thus, the said transporter would be able to avail the input tax credit with respect to such exempted activity. However, the input tax credit in the hands of shipper would be of no use if no other output taxable supplies are made by the shipper. Moreover, there is no refund mechanism available under GST law for such a scenario as the said transaction does not qualify as export of service.

So, GST suffered on input services by the Indian Cargo liners may become cost to them, which will ultimately be passed on to the exporters as a part of the freight charges. Therefore, in authors point of view, granting of exemption is not an ideal solution of the issue as while solving one issue it has created another. Thus, the industry should pursue for the appropriate and holistic redressal of the issue.

*(Bipin Kumar Verma, Executive Partner & Advocate, Satya Sai, Principal Associate, Lakshmi Kumaran & Sridharan Attorneys. They can be reached at bipin.verma@lakshmisri.com and satya.sai@lakshmisri.com respectively. The views expressed are strictly personal.)* 



# VEGGIES ON YOUR PLATTER

Many of the processed vegetables cooked in the kitchens of US and Europe actually originate from Karnataka. Read on to know how Indo – Spanish Tasty Foods sources and supplies veggies on the platter

One of the largest exporters of gherkins from India is actually based in Karnataka. Exporting packaged and preserved vegetables and related products since 2003 is Indo – Spanish Tasty Foods Private Limited. The company's primary exports include gherkins, babycorn, jalapenos and chilli. The company also imports olives to be repacked in jars and cans for exporting to various countries. It is also a major exporter of gherkins preserved in barrels as well.

Having a processing facility at Tumkur in Karnataka, the company exports around 1,000 teus throughput of gherkins, babycorn, jalapenos and Chilli every year, primarily to the US and Europe. Indo-Spanish Tasty Foods manages its supply chain using a customized ERP software.

India exported 35.88 Lakh tonnes of fresh fruits and vegetables whose value is estimated at ₹10,236 crore and about 11.77 lakh tonnes of processed fruits and vegetables at ₹9,052 crore in 2018-19, according to APEDA (Agricultural and processed food products export development authority). However, compared to the previous year, the exports have

fallen due to the oversupply in the international markets.


### Sourcing to exports

Venkata Shivaram Krishnaiah from the company explains how they source the materials, package and export it from their factory: "We source our raw materials from the small and marginal farmers in a radius of about 200kms around the factory through contract farming. The company provides the farmers with seeds, pesticides and fretilisers and whatever crop is grown the company buys back at a pre agreed price. The produce is collected at the door step of the farmer and is transported at the cost of the company to the factory. Once the produce arrives at the factory they are culled for all the defects, washed, graded and packed in various recipes and packages (jars/cans/barrels). The products produced in jars/ cans are pasteurised to ensure that no microbes are present in the product and are passed through x-ray to ensure that no foreign body is present in the product. The despatches takes place as per the delivery schedule through ICD Bangalore and through Chennai and Krishnapatnam Ports."

### Hassle free Customs process

The company manages logistics through ICD Bangalore from where it gets empty containers to the factory. Once the containers are stuffed and sealed through self-sealing mechanism they are moved to ICD Bangalore where it is Customs cleared and loaded on to the train in synchronisation with the vessel. The company uses Chennai port for Imports and Chennai or Krishnapatnam Ports for exports.

### Issues in procuring empty containers

Though Indo-Spanish Tasty Foods finds no problems at Customs as it is a 100 per cent Export Oriented Unit and having self-sealing permission, the company, however, finds it difficult to get enough empty food grade containers during the peak season. Sometimes, it faces issues relating to congestion at major ports during the peak export months. If these bottlenecks are eased, the company expects more and more exports can be possible from India to the international markets. 

Of late, there are many brands that have arrived in India following rising demand for branded furniture. Although demand for local artisan furniture still exists, but the growth is in imports as consumers seek contemporary designs. All these have made India a net importer of furniture and furnishing products. India majorly imports furniture from China, Vietnam, Indonesia, Italy and Thailand.

Despite of make in India initiative, nothing big has turned in furniture making segment so far. Though the data underline the same, where furniture imports have noted an increase of 2.5 per cent during FY 17-18. With a value increase of ₹11.5 crore the total furniture import has touched ₹473.10 crore in FY 2018 from ₹461.63 crore in its previous year. According to the Centre for Industrial Studies (CSIL) recent report, India is the 4th furniture consuming country and the 5th largest furniture producers at a global level.

Amal Priyantha, Operations Manager - AP & TS, Daxer Trading Pvt Ltd, which is one of the major furniture importers in the country said, "We majorly produce furniture ourselves in our Sri Lankan factories. Partly from east Asia countries and 30 per cent make in India as a statutory norm."

Amal said Daxer Trading is a customer centric organization with more focus on acquiring customers rather than Profit and Loss (P & L). The company has acquired 30 per cent more customers, and has achieved 20 per cent growth in business in 2018.

According to Amal, there is still a huge untapped domestic market for imported furniture in India. But there are certain bottlenecks in the form of government policies and unprofessional trucking and freight forwarding companies which are negating the massive growth of the market for imported furniture in the country.

# CRAVING FOR BRANDED FURNITURE

"We majorly produce furniture ourselves in our Sri Lankan factories. Partly from east Asia countries and 30 per cent make in India as a statutory norm," reveals **Amal Priyantha**, Operation Manger - AP & TS, Daxer Trading Pvt Ltd


ASL Narasimha Rao



Elaborating on how government can support furniture import in India Amal says implementation of single window system with lesser procedures can really help in the expansion of the business.

Amal feels that Customs documentation is one of the main obstructions they are currently facing on the way towards establishing a good furniture import business in the country. He further says that Cost and Freight (C&F) delays is a principal impediment for the growth of their business and it's mainly caused due to statutory and

procedural delays, and he also says that trucks are not available as and when they are required, moreover the trucking companies are also not very professional in their approach.

In order to cope with the persisting logistics problems associated with the furniture business the company has introduced its own fleet of trucks and uses an outsourced fleet for last mile delivery. Amal said that their company uses all major ports in India including Cochin, Coimbatore, Nellore, and Kolkata for their furniture import based on foot print and proximity. 



# COASTAL SHIPPING: THE GAME CHANGER

The first ever coastal cargo conference organized at The Taj Mahal Hotel in New Delhi, on 9th August 2019, saw a congregation of stalwarts from Ministry of Commerce, CONCOR, IWAI and a few coastal service providers. While the service providers detailed on the expanding connectivity and reach through coastal shipping and inland waterways, the shippers pulled out vital issues relating to priority berthing, lack of proper infrastructure, high cost and scarcity of cargo aggregators for coastal shipping.

As the nation races to up its score on the global logistics index, coastal shipping can be a game changer, provided it is evolved into a viable logistics option with adequate connectivity and infrastructure



L to R: **Mahesh Pothula**, Director, Vishwa Samudra Group; **Ramprasad Ravi**, Editor in Chief & Publisher, Maritime Gateway; **N. Sivasailam**, IAS, Special Secretary Logistics, Ministry of Commerce; **Dr. Amita Prasad**, IAS, Chairperson, Inland Waterways Authority of India; **Kalyana Rama**, Chairman cum Managing Director, Container Corporation of India.

**R**amprasad Ravi, Editor in Chief & Publisher, Maritime Gateway referred to the fillip given by the incumbent Prime Minister Mr. Narendra Modi during his first term. A modal shift of 5 per cent to Inland waterways and coastal shipping could result in a saving of ₹230 billion, he said.

**Mr. Kalyana Rama, Chairman cum Managing Director, Container Corporation of India (CONCOR)** was sanguine about their new venture into coastal shipping. It was a natural step, since they were already in other modes of transport. The occupancy of their coastal vessels was 100 per cent. CONCOR had signed a protocol with Bangladesh to move the cargo through inland waterways in the northeast region. This enabled them to reach places like Agartala and Guwahati and other areas in the northeast.

They were working on the concept of using containers as a temporary form of warehouse. It would not only obviate the necessity of bagging the commodities but also avoid extra handling, leading to reduction in logistic costs. Some of the commodities that could be moved in containers were cement, food grains and industrial minerals.

Currently they were working on a model connecting road, rail, coastal and Inland waterways. Coastal ships were not getting priority for berthing, which was sine qua non, for its success as a viable mode of transport.

**Dr. Amita Prasad, IAS, Chairperson, Inland Waterways Authority of India (IWAI)** said that they were focusing on three national waterways which were money spinners. The National Waterway 1 had in 3 years, grown steadily from 4.7 million tonnes to 7.5 million tonnes. This sector was expected to grow to 23 million tonnes. They were developing two freight villages, one in



L to R: **Kailash Kumar Aggarwal**, IRSE, Joint Secretary (Sagarmala), Ministry of Shipping; **Pradip Kumar Agrawal**, IRTS, Director (Domestic), Container Corporation of India Ltd; **Rahul Modi**, Managing Director, Pushpak Logistics Pvt Ltd.

Varanasi and the other at Sahibganj. The IWAI had been allowed to come up to 5 nautical miles in coastal areas. In Myanmar, IWAI has been involved in the construction two ports, and in fact, she has invited CONCOR to use these ports. Bhutan and Nepal could now be reached through waterways.

She is planning to have 10 workshops around the country where the stakeholders would also be invited. Prasad was of the opinion that there was a lot of scope and opportunities in inland waterways. She urged the stakeholders for their participation in improving connectivity and assist in creating sustainable policies concerning the inland waterways.

**N. Sivasailam, IAS, Special Secretary Logistics, Ministry of Commerce**, strove to emphasize that the various modes of logistics were not competitive entities. The competitiveness was not relevant because every logistics space was per se, monopolistic in nature. Waterways necessarily involved multimodality. The relevance and viability of waterways would become apparent once it could be demonstrated, as CONCOR had done in their first coastal operation from Kandla to Tuticorin.

Sivasailam said that according to reports, the movement of food grains on the waterways had brought down the logistics cost by about ₹550



per mt. Food grains transportation constituted a major logistic cost for the nation. He commended CONCOR for the aggregation of the cargo being done for movement through coastal waters. Aggregation of cargo at the ports was essential for coastal movement. Only if this was done, could every ship go full. He asked the stakeholders to start using the ports and in turn he would encourage aggregation of cargo at the ports. He appreciated the concept of using containers as temporary warehousing facility. He was of the opinion that NW1 is well connected. The game changers would be NW2, NW4 and NW5. NW2 had the potential to make IWAI ports international.

**Kailash Kumar Aggarwal, IRSE, Joint Secretary (Sagarmala), Ministry of Shipping**, dwelt on the various developments taking place in the Sagarmala programme which was focussed on port modernisation and capacity enhancement, port connectivity, port-led industrialisation and coastal

community development. About 600 projects had been identified, involving about 60 agencies, entailing an investment of ₹8.5 lakh crores. This was a 20 year programme spanning from 2015 to 2035.

₹3.1 lakh crores worth of projects were currently under development, of which projects worth about ₹1.1 lakh crore were related to port modernisation and port capacity enhancement. Eighty projects worth about ₹75 thousand crores were being handled by the Ministry of Railways. About 90 projects worth about ₹1 lakh crore was handled by roadways. The coastal development programme was worth about ₹7000 crores. Under this programme three technological centers were being set up. First one was a technological center set up at IIT Chennai which would focus on applied research on coasts, ports, and inland waterways. Another technological center had been set up at IIT Kharagpur for design and building of shallow water vessels for inland waterways and coastal ships. The third center was

a high level training center in Vizag and Mumbai, in collaboration with Siemens, relating to training for ship design, ship building and hull design.

Coastal shipping was being promoted in many ways. Ports were giving forty per cent concession on vessel related charges. Customs have also allowed some relaxation for use of exim containers for domestic purpose and vice versa. The Ro-Ro vessels have been permitted to carry exim vehicles along with domestic cars. The reimbursement of fertilizer subsidy for carriage in coastal waters had been streamlined. The movement of steel cargo through coastal waters have also been simplified.

Problems however continue to remain in coastal movement. Aggregators of cargo for various commodities for coastal movement were still few. Infrastructure were still found wanting in certain ports which needed to be addressed.

**Pradip Kumar Agrawal, IRTS, Director (Domestic), Container Corporation of India Ltd**, said that there was no dedicated infrastructure



L to R: **T K Ramachandran**, IAS, Chairman, V O Chidambaranar Port Trust; **Mahfuz Hamid**, Vice President, Bangladesh Container Ship Owners Association; **G Ravi Kumar**, IRTS, Executive Director, (Distribution, Logistics & Coastal), Container Corporation of India Limited; **Arun R Salvi**, President Logistics, UltraTech Cement Ltd.



facility for coastal vessels at the ports. He said there were gaps in the implementation of various policies at the ground level. Priority was for exim vessels. There was no uniformity in the application of tariff by different ports. Also there was no place earmarked in the ports for aggregation of cargo for coastal movement.

Higher GST was charged for multimodal transport as compared to single mode of transport. The imposition of GST charges in vessel and handling charges enhanced the cost of coastal movement. The Customs procedures also were cumbersome. There was a need for additional free days for cargo moving in coastal waters and uniformity in the application of port charges.

**Mahesh Pothula, Director, Vishwa Samudra Coastal Lines Pvt Ltd**, gave a private entrepreneur's view on coastal and inland waterways. He was happy to note that at Krishnapatnam Port, adequate focus was being given for coastal movement. There were dedicated berths for coastal vessels. As a transshipment port they handled close to 30,000 containers every month, out of which almost 20 per cent were coastal shipments.

Bangladesh is coming up with its own power plant. The coal for the plant is expected to move through Krishnapatnam Port. Out of 3 available berths at the port, one berth was dedicated for coastal vessels.

**Rahul Modi, Managing Director, Pushpak Logistics Pvt Ltd** said that they had started the coastal shipping forwarding company with just 50 containers per month. Today they were handling in excess of 20,000 containers per month. He was appreciative of the timely vessel schedule of their coastal vessels handled by CONCOR. The success of diversion of cargo to coastal shipping could be attributed to CONCOR for their good infrastructure.

Shipments from India to Bangladesh were being transhipped at Singapore and/or Port Klang and then sent to their final destination in Chittagong and Dhaka. Instead the Indian exporters should be encouraged to use the riverine transport. Since the shipments were on CIF basis, the Bangladesh importers did not have control over the routing. Here the role of IWAI and CONCOR was important to advise the exporters in India to use the coastal mode.

However, he felt that the 40 per cent rebate which was applicable on port charges should also be extended to storage charges. There was also the big burden of container storage charge. The cargo has to bear the ground rent charge as well as the line detention charges. In effect the cargo owner was being charged twice. He felt that there should be an extended free time of 7 days in all ports for coastal shipment. Further the role of Customs in coastal shipping was excessive which should be minimised.


**Mahfuz Hamid, Vice President, Bangladesh Container Ship Owners Association** said that shipments from India to Bangladesh were being transhipped at Singapore and/or Port Klang and then sent to their final destination in Chittagong and Dhaka. Instead the Indian exporters should be encouraged to use the riverine transport. Since the shipments were on CIF basis, the Bangladesh importers did not have control over the routing. Here the role of IWAI,

CONCOR and the other government agencies were important to advise the exporters in India to use the coastal mode.

**Arun R Salvi, President Logistics, UltraTech Cement Ltd** spoke about their experience in coastal shipping. The turnaround time of trucks and of vessels, detention costs and various other cost factors were essential components of supply chain logistics. However all these gets multiplied several times over, when it came to coastal shipping. Therefore the operational efficiencies was very important in coastal shipping.

This was evident when they made their trial shipment through coastal waters and compared the costs with the overland shipments. In comparison, they found that the overall costs were not much different, even though the cost incurred in the coastal stretch was much less than road or rail. The difference would be more marked, only if the operational efficiencies along the entire stretch of logistic chain of coastal route was high.

**G Ravi Kumar, IRTS, Executive Director, (Distribution, Logistics & Coastal), Container Corporation of India Limited**, said that in order to enhance business in coastal shipping it was very essential to maintain regular schedules. CONCOR had 83 terminals, out of which 23 had state of the art technology, which was comparable to any in the country. All this was made possible by taking valuable feedback from the customers. Kumar also highlighted the inequity in the application of GST in the different modes of transportation.

With regard to the future plans Kumar said that by next month they would be introducing coastal service from Krishnapatnam to Chittagong. They were also contemplating calling Paradeep, Visakhapatnam and Haldia. Also in the offing is the coastal service from Paradeep/Haldia to Maharashtra and Gujarat. 

# GEMALINK CAI MEP DEEP SEA PORT

Gemalink port, which is the gateway to the South of Vietnam with strategic location in Port Group No.5 will contribute remarkably to the release of congestion at Ho Chi Minh City (HCMC) port, and to meet the demand for cargo trading between Vietnam and other countries in the region



**G**emalink Port has the most competitive advantages in the area with a favorable location, as it is located right at the river mouth with the deepest draft and convenient turning basin. Moreover, Gemalink which has the longest main berth is the only deep sea container port in Cai Mep-Thi Vai having dedicated berth for feeder vessels connecting Ho Chi Minh City and Mekong Delta Area.

The ground breaking ceremony for the construction of Gemalink deep sea port located at Cai Mep in Thi Vai area was held on February 20, 2019. The terminal construction was delayed for a long time due to economic constraints. The project has a total investment of \$520 million including \$330 million in the first phase and \$190 million in the second phase.

According to the Vietnam Government's master plan, the introduction of Gemalink port, which is the gateway to the South of Vietnam with strategic location in Port Group No.5 will contribute remarkably to

## TOTAL SPECIFICATIONS OF GEMALINK CAI MEP DEEP SEA PORT:

Total area	72 hectares
Main Berth	1,150m
Side Berth	370m
Vessel Size	200,000DWT
Capacity	2.4 million teus/ year

the release of congestion at Ho Chi Minh City (HCMC) port, and to meet the demand for cargo trading between Vietnam and other countries in the region.

Gemalink, the largest and only deep sea container port in Vietnam, will have 33 hectares total area in the first phase of development, while in the second phase the port will expand its storage area to 72 hectares. The first phase of development includes 800m main berth for mother vessel, 260m side berth for feeder. While the main quay of the port will be expanded to 1,150m, and the side quay to 370m

in the second phase of development. The port which has a natural depth to take 100,000DWT vessels, can accommodate vessels up to 20,600-teu capacities (equivalent to 200,000DWT tonnage) upon the completion of construction. The port will be equipped with modern stevedoring equipment, and will be operated by a professional port operator. The quay is connected to the shore by three bridges.

Land reclamation, soil improvement and a number of improvements have been carried out since 2010 as part of the first phase of works. The port will tentatively be completed and will be put into operation in the middle of 2020. The consultant and construction supervisor is Royal Haskoning DHV Netherlands. Gemalink Cai Mep Deep Water Port is being developed by Terminal Link Cai Mep Terminal JSC, a joint venture between Gemadept Corporation and France-based container shipping giant CMA CGM. Gemadept holds 75 per cent of share. 

**THEME**  
**Inland logistics:  
 Streamlining  
 the Container  
 Supply Chain**

Shipping experience in India is still far from being ideal. For decades once a shipper hands over his cargo to a freight forwarder, the shipper neither has control over his shipping cost nor over the delivery time. During the journey of the cargo from the door-step of the shipper, till it reaches the seaport to be loaded onto the desired vessel a series of charges add to his logistics cost, many of which are unaccounted for and even remain unexplained.

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**Programme**

- 09.00hrs Onwards : **Registrations**
- 10.00hrs to 11.00hrs : **Inaugural Session**
- 11.00hrs to 11.30hrs : Refreshments Break
- 11.30hrs to 13.00hrs : Business Session One  
**Reducing Logistics Cost:  
 Are we looking at the  
 wrong tree?**
- 13.00hrs to 14.00hrs : Lunch
- 14.00hrs to 15.30hrs : Business Session Two  
**Empowering the end  
 customer**
- 15.30hrs to 16.00hrs : Refreshments Break
- 16.00hrs to 17.30hrs : Business Session Three  
**Digitalising Container  
 Supply Chain: The next level**
- 17.30hrs to 19.00hrs : Networking over cocktails
- 19.00hrs onwards : **The Gateway Awards**



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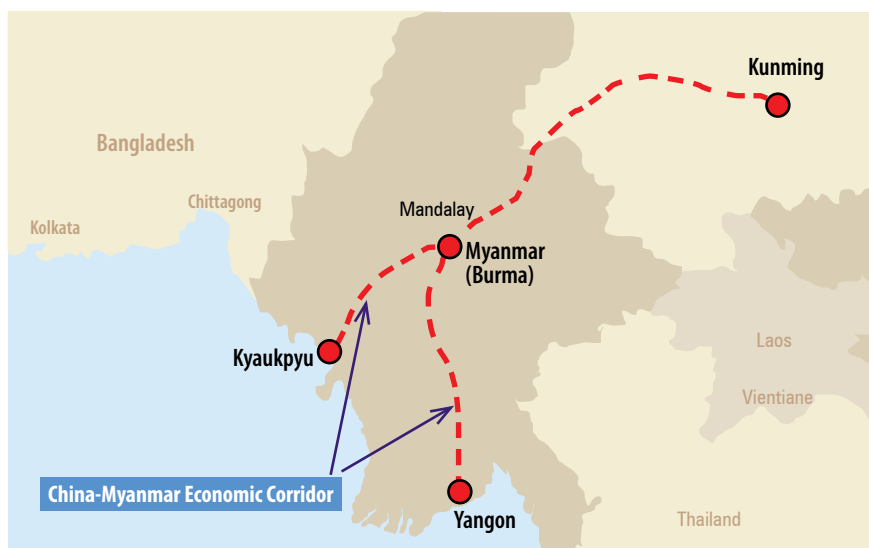
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# China-Myanmar Economic Corridor

China has proposed 30 projects under the CMEC, but Myanmar has only approved nine so far. Under the CMEC agreement, the Myanmar government agrees to build three border economic cooperation zones in Shan and Kachin states



The Myanmar government recently agreed to begin work on key projects under the China-Myanmar Economic Corridor (CMEC) agreement, part of China's Belt and Road Initiative. Under the CMEC project construction of basic infrastructure connecting key economic centres in Myanmar will be taken up which will include sectors like manufacturing, agriculture, transport, finance, human resources development, telecommunications, and research and technology. Both China and Myanmar have signed a 15-point MoU for the CMEC (2019-2030) in April 2019.

The 1,700-kilometer-long CMEC will start in China's Yunnan Province, goes through Myanmar's major economic cities – Mandalay in central Myanmar, the commercial capital of Yangon – and reaches the coast at

Kyaukphyu SEZ in Rakhine state. The proposal includes upgrade to three major roads through Mandalay and Muse on the Myanmar side of the border with China, and some other roads in Shan state.

China has proposed 30 projects under the CMEC, but Myanmar has only approved nine so far. The Myanmar government agrees to build three border economic cooperation zones in Shan and Kachin states.

Myanmar has proposed to commence work on six CMEC projects this year with Kyaukphyu Deep Sea Port being one of them. A framework agreement for the proposed \$1.3 billion deep-sea port was signed between the Myanmar government and China's state-owned CITIC Group in November 2018. The port offers China access to the Bay of


Bengal, and it covers a total of 520 hectares including 20ha for the port, 100 for housing and 400 hectares for an industrial park. The first phase of port will involve construction of two jetties.

An MoU with China was signed by Myanmar in October 2018 for studying proposed Muse-Mandalay railway line. The proposed rail line project will involve construction of a parallel expressway and railway line from Ruili (across the border from Muse in China's Yunnan Province) to Kyaukphyu. It will involve construction of 431 kilometres long pass through armed conflict areas in Shan state. It will also include construction of seven freight stations and five passenger stations along the Muse-Mandalay route.

A framework agreement has been signed between the New Yangon Development Company (NYDC) and the Hong Kong-listed China Communications Construction Company (CCCC) for the construction of the New Yangon Development project. The project involves construction of industrial parks and urban development projects.

Three Border Economic Zones is another CMEC project on the China-Myanmar border in Shan and Kachin states. Myanmar has approved three economic cooperation zones including Kanpiketi in Kachin State's Special Region 1, Chinshwehaw, in Shan State's Laukkai Township, and in Shan State's Muse Township. The project will include building trade centres and processing areas, small and medium-sized industrial facilities, a trade logistics centre and a packing centre.

Another important CMEC project is Myitsonne Hydropower project which is located at the confluence of Irawaddy River. The \$3.6 billion project is however still in limbo, as the dam site has some of the healthiest biodiversity in the world.

The 810km Kyaukphyu-Kunming Railway project will be next step after the Muse-Mandalay project. 

# AWARDS NIGHT IS COMING!

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# A tribute to the freight forwarders

The role of freight forwarders in development of trade was once again brought to the fore on the 25th NEFFA Cargo Day

Nepal Freight Forwarders Association (NEFFA) celebrated its 25th Cargo Day on July 29, 2019 in Kathmandu. The program was chaired by President of NEFFA Mr. Prakash Singh Karki. Rt. Hon'ble Vice-President of Nepal Mr. Nanda Bahadur Pun graced the occasion as Chief Guest. The Vice President acknowledged contribution of Freight Forwarders in development of trade. Despite being dependent on seaports of neighbouring country, the freight forwarders are making humongous effort to make a difference from which whole nation should be inspired. The government is making tremendous effort to increase exports through revision of Multimodal Act, development of warehousing and CFS, Inland waterways and ECTS. He also insisted that the government should give concessions and privileges to the freight forwarder companies to compete with the international market.

On the occasion, the NEFFA Annual Award 2019 for its member category was awarded to Mr. Pramod Prasad Pandey, Managing Director of Kumari Air Freight & Ex-Board Member of NEFFA for his untiring contribution for the development of the

industry. Similarly, the NEFFA Annual Award for government and non-government category was awarded to Mr. Bhisma Raj Bhungana, Ex-Executive Director, Nepal Rastra Bank for his contribution and encouragement for the development of logistics industry, export and import of the country. Mr. Pushpa Raj Acharya – President, Society of Economic Journalist of Nepal for his contribution in media coverage of cargo trade fraternity and Mr. Ram Bahadur Thapa, Ex-Officer of National carrier Nepal Airlines Corporation were presented a "Certificate of Appreciation" for their contribution and support to Cargo fraternity. Similarly, Mr. Bukar Omerogul – Vice President Cargo Sales Middle East & South Africa, Turkish Airlines was presented a "Token of Appreciation."

The NEFFA Annual Award 2019 for airlines carrying highest outbound load of cargo from Nepal for first, second and third position was awarded to Qatar Airways, Cathay Pacific Cargo and Thai Airways International PCL respectively. The award for off line airlines was awarded to Emirates Sky Cargo. Presenting his welcome note,

Mr. Prakash Singh Karki highlighted the revision of Multimodal Transport Act, Cargo Legal Liability Insurance Act, Value Added Tax and TDS problem in Nepalese Cargo Industry. Mr. Karki emphasized the need to construct CFS, warehouses, MMLPs and develop inland waterways in Nepal connecting Indian inland waterways NW1 and to review Trade & Transit Treaty and Railway service Agreement.

Mr. Manjeev Singh Puri, Ambassador of India to Nepal addressed the august audience about Indo Nepal relation having its uniqueness and assured Indian support for growth of Nepal trade. Mr. Kedar Bahadur Adhikari, Secretary, Ministry of Industry, Commerce and Supplies (GoN) highlighted the role of freight forwarders in development of logistics sector, supply chain, export and import of the country and efforts made by government for the development of this sector. Similarly, the program was addressed by President of Federation of Nepalese Chamber of Commerce, Mrs. Bhawani Rana, President of Confederation of Nepalese Industries, Mr. Satish Kumar More and Chairman of Federation of Freight Forwarders Association in India, S. Ramkrishna Rao.

The second session had a panel discussion on "Logistics Transformation & Opportunities for Future," wherein trade experts explored the current scenario of the logistics and way forward. The Third session saw certificate distribution to the participants of Dangerous Goods Regulation – Recurrent & Initial Category 3 organized by the association. [img](#)



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