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PROFILING CARGO & TRADE LANES FOR INDIAN CONTAINER BUSINESS

CONTAINERS INDIA 2014

2014 GALAXY OF MARITIME STARS

It was an evening where the famous and the familiar working at the sea and the shore came together to celebrate each other's strengths. The Gateway Awards 2014 was organised to recognise, cherish and honour the contribution of men and their machines to sea trade

SUNRISE STATE OF

ANDHRA PRADESH

WILL HOST THE

THIRD ANNUAL CONFERENCE

EAST COAST MARITIME BUSINESS SUMMIT

The annual East Coast Maritime Business Summit brings together industry leaders, infrastructure developers, bureaucrats and practitioners from across pan India to discuss the opportunities emerging on the east coast.

The goal is to advance the understanding of maritime infrastructure issues and facilitate business.

This conference will offer delegates a chance to update and sharpen their knowledge of newly born Sunrise State of Andhra Pradesh, immensely potential Orissa, rich hinterland of Jharkhand, Chattisgarh and parts of Maharashtra through stimulating intellectual discussions.

The event will also witness a gathering of thought leaders from across India who are engaged in maritime business, and thereby offer participants great networking opportunities.

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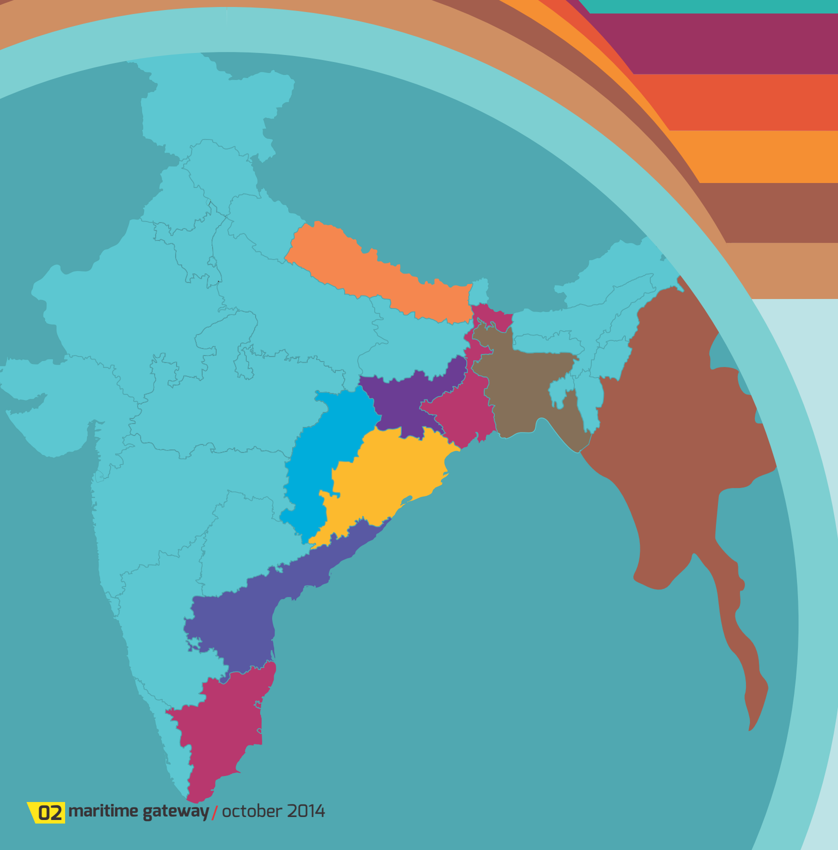

SAVE DATES

TO BE THERE

Detailed analysis of infrastructure challenges and solutions

Cargo profile on the East Coast

Updates on Sunrise State of Andhra Pradesh and immensely potential Orissa

Reviving hopes of resurgence at Tamilnadu and West Bengal Ports

Special Business Sessions on emerging opportunities in Myanmar, Nepal and Bangladesh

Focus on Green field and Brown field projects in the hinterlands of Karnataka, Jharkhand and Chattisgarh

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JANUARY 22-23, 2014 | HOTEL NOVOTEL VISAKHAPATNAM VARUN BEACH

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Feedback
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Sea Front Diplomacy

That New Delhi would engage closely with its neighbours was evident when the Prime Minister invited all the leaders of the SAARC nations for his swearing-in ceremony at the Rashtrapati Bhavan lawns. And when this intent was backed almost immediately by Modi and his foreign affairs minister's visits to Bhutan, Nepal, Myanmar and Bangladesh, India's Look East Policy 3.0 was coming to life.

The meetings between the premiers and high-level officials that led to inking several pacts is welcome, but undoubtedly, more needs to be done. India needs to be more aggressive in its pursuit of maritime security and reassert its freedom of navigation. Much water has flown since India first began talking of strengthening ties with its East neighbours in 1991 but little was done by successive governments. China, on the other hand, made up for India's strategic lethargy by cashing in on India's miss when Sri Lanka asked for assistance to build the Hambantota and Colombo terminals. China's act on funding and building ports in Myanmar and Pakistan also indicates the dragon has realised the importance of gaining control over the high seas.

Modi should take advantage of his government's majority at the Centre and enforce Control + Shift + Delete move

Modi should take advantage of his government's majority at the Centre and use the opportunity to enforce Control+ Shift +Delete move. Knowing that 40 per cent of the world's sea-borne crude oil and 50 per cent of the world's merchant fleet passes through the Indian Ocean Region, India should look at regaining control in the seas closest to its bays. There then has to be a modal shift in approaching bilateral ties by making maritime trade not just incidental, but the focal point of enhancing business relations with countries. This will help India up the maritime component of its ties and delete few pelagic mistakes done by previous ruling governments.

India's master plan on the India-Myanmar-Thailand trilateral highway and the HIT formula (Highways, I- ways and Transways) with Nepal and B4B (Bharat for Bhutan for Bharat) are all steps in the right direction. Shipping Corporations sails to Myanmar are just the way things should begin. Knowing that China is currently enmeshed in resolving disputes with its neighbours over the South China Sea, India should seize the opportunity and set sail in all directions possible. The fire-spitting dragon can surely be controlled by a gush from the elephant's trunk.

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Soon, a boat trip down the Buckingham Canal

The Inland Waterways Authority of India (IWAI) has been given a go-ahead by the Ministry of Environment and Forests (MoEF) to carry out an Environmental Impact Assessment (EIA) and Environmental Management Plan (EMP) report along the South Buckingham Canal.

The plan is to make this stretch of the canal suitable for navigation of cargo vessels of maximum 300 tonnes and movement of tourist and passenger vessels of reasonable size. Construction of three terminals for loading and unloading of cargo is planned. The canal needs dredging and banks be formed with excavated soil.

Sical Logistics may switch to handling coal at Ennore's Kamarajar Port

The board of Ennore's Kamarajar Port Ltd's (KPL) has consented to Sical Logistics handling private coal (other than the coal belonging to the Tamil Nadu Electricity Board) instead of iron ore at the private terminal, which has been idle for three years. However, this can begin only after February 2016.

At present, the Chettinad group is handling non-TNEB coal at the port and a competing facility cannot handle such coal till February 2016, according to sources.

Sical sells stake in MOL India auto joint venture

Sical Logistics Ltd, India's leading multi-modal logistics provider, is selling its 40.92 per cent stake in Ennore Automotive Logistics, an automobile port yard joint venture with Japanese shipping group Mitsui O.S.K. Lines

CMA CGM cruising in Q2

CMA CGM Group has recorded substantial growth in the second quarter (Q2) of 2014. In a press release, CMA CGM stated that it has consolidated revenue to $4.2 billion, a figure up 3.7 per cent when compared with 2013. The French shipper also recorded that volumes carried increased by 8 per cent to 3.1 million teu.

Visakhapatnam to get ₹30k-cr port project

Visakhapatnam Port Trust (VPT) and Gangavaram Port are likely to face competition as a project to set up a third port is on the anvil in Visakhapatnam district. According to industry sources, KSR Maritime Projects is looking at establishing a port capable of handling around 100 million tonnes of cargo around Nakkapalle area at an estimated investment of nearly ₹30,000 crore. The port project is expected to be developed in four phases.

Government plans to set up shipbuilding development fund

The shipping ministry has initiated discussions with financial institutions such as IFCI and IDBI to establish a fund of as much as ₹15,000 crore to extend low-cost loans to shipbuilders.

The shipbuilding development fund is a key part of a policy to promote local shipbuilding. Other features of the policy could include granting SEZ status to shipyards.

Coast Guards show readiness to contain oil spills

The Indian Coast Guard Station at Krishnapatnam Port demonstrated its readiness to contain oil spills in the day-to-day maritime operations during a mock drill conducted as part of the port's second pollution response exercise recently. It was conducted under the supervision of the pollution response officer and teams of Coast Guard at Visakhapatnam and Chennai, with the coordination of Coast Guard Station at Krishnapatnam.

The objective of the exercise was to reinforce response mechanisms at the respective ports and enable the stakeholders to fine-tune their responses that would be required in such eventualities by improving coordination and communication with different agencies.

Ministry pushes for long-term cargo support

After GAIL agreed to use India-made vessels to carry part of the liquefied natural gas it imports, the shipping ministry is pushing for long-term cargo support from sectors like petroleum, steel and fertilizer for local shipping companies. Recently, the ministry held a meeting with state-run companies such as Oil & Natural Gas Corp, Indian Oil Corp, Steel Authority of India and Fertilizer Corporation of India, urging them to give transportation contracts to Shipping Corporation of India or other Indian firms for 5 to 10 years.

India plans to corporatise major ports

Indian Government has started a process to appoint a consultant who will outline a plan to give corporate structures to the major ports. The consultant will be appointed by October 30 to prepare a draft for the amendment of Major Ports Trust Act. Currently, of all the 13 major ports, Ennore Port (now known as Kamarajar Port) is the only port that runs as a corporate entity.

SPV to improve major ports' rail connectivity

The Shipping Ministry plans to set up a special purpose vehicle (SPV) to provide last-mile rail connectivity to all major ports. Public sector undertakings (PSUs) governed by the Railways are being considered for developing the SPV, which will involve subscription-based equity from all major ports.

Chennai Port shelves plan for container terminal

The Chennai Port Trust has dropped its earlier plan of constructing container terminal at Jawahar Dock and instead opted for multi-cargo berth.

As per the new proposal, the project cost is scaled down to ₹365 crore from ₹475 crore. The multi-cargo berth is designed to handle 10 million tonnes per annum of cargo, instead of 0.8 million teu of containers.

APM Terminals booming towards a billion

APM Terminals has recorded an exceptional Q2 of the year, totalling a 14.2 per cent return on invested capital. The net operating profit for Q2 rocketed to 25 per cent when compared with the corresponding quarter in 2013, meaning the port operator has now hit a half-year total of around $438 million. APM's *Maasvlakte 2* in Rotterdam is set to open in November.

Court order adds urgency to India's coal crunch

India's Supreme Court has added urgency to the country's coal crunch. That may force the government to take steps to end the debilitating shortage which is holding back a much-needed manufacturing revival. The threat of an encore will cast a shadow over coal production, adding to the country's already serious shortage. At the root of that scarcity is the dominant but highly inefficient state-run producer Coal India.

A near-term option is for India to boost imports. Waning Chinese demand is keeping a lid on thermal coal prices, so buying more from South Africa and Indonesia is an option. Even then, losing control of the trade deficit could be risky for the Indian currency if US interest rates start to rise next year.

Shipping Corp cancels two more orders

Shipping Corporation of India Limited has cancelled orders to build two more new ships as it looks at ways to conserve cash and stay profitable amid a prolonged downturn in global shipping. The orders that were cancelled in the last few days include one 80-tonne bollard pull (BP) anchor handling, towing and supply vessel (AHTSV) ordered at ABG Shipyard Limited and one oil super tanker ordered at China's Jiangsu Rongsheng Heavy Industries Company Limited.

Chinese shipping operators missing out on global trade rebound

Chinese shipping operators are missing out on the global trade rebound, weighed down by excess shipping capacity and operating inefficiencies.

China Cosco Holdings Company and China Shipping Container Lines Co., two of the country's biggest shipping operators, posted weak earnings, with soft freight rates and high costs continuing to plague the companies, in contrast to strict cost controls that have buoyed competitors. China Shipping Container Lines will probably report a 43.6 million yuan ($7.1 million) net loss this year.

India to turn big importer of iron ore in FY15

After losing its status as the third-largest exporter of iron ore a couple of years ago, India is likely to turn a big importer of the key steel-making raw material by the end of this financial year. The country is likely to import 10 million tonnes (mt) in FY15, three times its previous record, 3 mt, in 2012-13.

Companies that will import iron ore or pellets are JSW Steel, Tata Steel and Bhushan Steel. JSW Steel, which has already announced its plans of importing 6 mt in FY15, is considering options to increase it further.

VOICES

Businesses do not need concessions. They only need the environment to grow. I understand well the importance of coordination between government and industry. It is the responsibility of the government and the leader to frame policy so that things start to move.

- **Narendra Modi**
Prime Minister of India

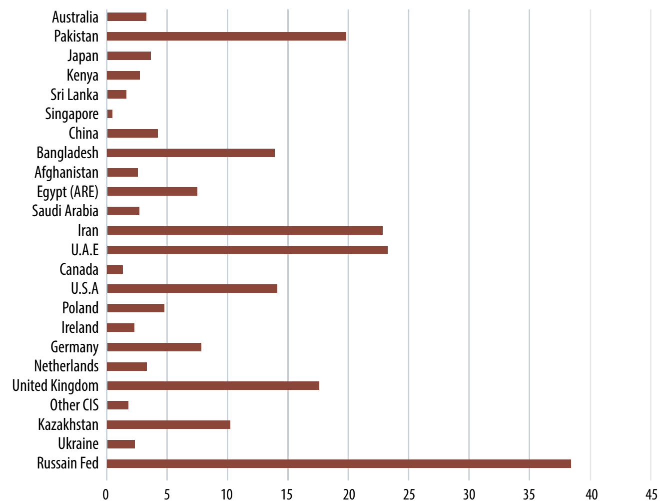
It is crucial for our Global Terminal Network to provide stable operations and constantly improve our efficiency and portfolio offerings. This November, we are excited to introduce the world's first fully automated container terminal with zero emissions from container handling equipment.

- **Kim Fejfer**
CEO, APM Terminals

The addition of new capacity and a pick-up in global trade has resulted in a return to robust volume growth, which has translated into an impressive financial performance. Our portfolio is well positioned to capitalise on the growth potential of this industry as we seek new opportunities in the faster growing markets.

- **Sultan Ahmed Bin Sulayem**
Chairman, DP World

India's Tea Export Destinations FY2013-14
(in Million kg)



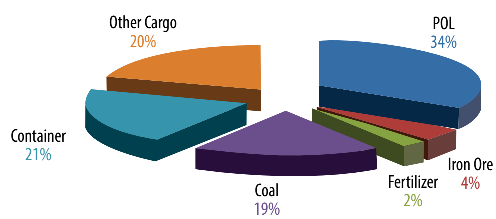
Major shift in Global / Indian Container business

Vessel sizes on different routes

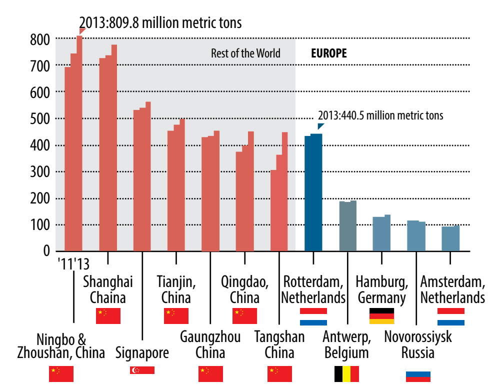
Route	Current Vessel Size (TEUs)	Future Vessel Sizes (TEUs)
East-West	10,000 - 14,000	14,000 - 18,000
Pacific	6,000 - 10,000	10,000 - 14,000
Intra-Asia	3,000 - 6,000	6,000 - 14,000
India subcontinent	3,000 - 6,000	6,000 - 10,000

- Currently vessels with a capacity of ~3,000 teu call at Indian ports
- Globally shipping lines are replacing their fleet with larger vessel size to reduce their operating costs
- Due to this mainline calls in India are expected to be of vessels carrying 6,000 teu
- This is likely to benefit ports with adequate draft, which are likely to get direct calls going forward

Composition of cargo at Major Ports during FY 2013-14



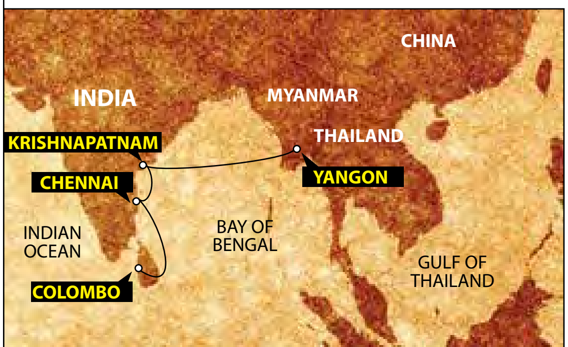
The world's biggest ports by cargo handled



Source: Port of Rotterdam

India to launch shipping services to Myanmar, Bangladesh to boost ties

NEW SEA LINKS



1. INDIA-MYANMAR SERVICE

- Shipping Corporation of India to launch regular container ships from October
- Ships will call at base ports every fortnight

ROUTE: Colombo (Sri Lanka)-Chennai-Krishnapatnam-Yangon (Myanmar)-Colombo

BENEFIT: TO PROMOTE EXPORT FROM BOTH COUNTRIES

2. INDO-BANGLADESH COASTAL SHIPPING PROJECT

- Both parties have agreed to commence service by year-end; Indian Registrar of Shipping to check compliance of Bangladeshi vessels

ROUTE & BENEFIT: River/sea vessels can operate between **Chittagong Port in Bangladesh and Paradip/ Haldia Ports in India; will reduce over dependence on road transport & boost trade**

India will soon launch regular shipping service to Myanmar and Bangladesh, a move that would help strengthen ties with the two immediate neighbours.

While Shipping Corporation of India (SCI) is likely to start fresh shipping lines to run container ships between India and Myanmar in October, sources said, commercial trial run of vessels on India-Bangladesh coastal routes will begin in the same month. Officials said that the regular coastal shipping between Bangladesh ports and India's eastern ports such as Paradip and Haldia may commence by this year-end.

With the commencement of India-Myanmar direct shipping service, the transit time for Indian exports to Myanmar and Indian imports from the eastern neighbour would reduce considerably. Sources said the SCI would get some subsidy for the first six months. At present, there are no liner services between India and Myanmar.

So, ships ply between the two countries only when there is full cargo. India and Myanmar have agreed to enhance their trade to $3 billion by 2015. Currently some coastal ships ply between Bangladesh and Tripura using the water way to transport rice to the Indian northeastern state.

According to KPCL Director and CEO Anil Yendluri, "The inclusion of Krishnapatnam Port in the new service is a testimony to our success, and this brings us on a par with major Indian ports. India and Myanmar need lot of things and this service would help all of us immensely."

The commencement of SCI's new service Colombo-Chennai-Krishnapatnam-Yangon-Colombo from October 1st week would enable the trade to reach these destinations quicker and at lesser cost. From KPCL, traders are exporting clinker, telecom equipment and cars and on return these vessels carried pulses, timber and garment.

In June, India and Bangladesh had signed an agreement to finalise the standard operating procedure (SOP) for coastal voyages between the two countries. Launching of the regular coastal shipping service will not only reduce burden on road network but will also increase trade between countries.

Dry dock may have takers now

In order to woo investors, Chennai Port Trust (CPT) has extended the submission of the bid date for development of dry dock facility at Port Basin and timber pond. The move is expected to bring positive response from two companies. ABG Infralogistics Limited and TEBMA shipyards who have shown strong interest in bidding for the dry dock.

After losing a major chunk of income because of the ban on coal and iron ore handling, the city port has been trying to attract investors to develop unused areas in the port and earn some revenue on a tenant-landlord model. Hundred years ago, the timber pond was used as a facility to store timber in wet conditions. Currently, there are no commercial operations and only the port's craft and tugs are sheltered in the Port Basin.

"The dry dock project cost is over ₹300 crore. We expect good bids this time. There is a lot of demand for ship repair docks in the country now," said CPT chairman Atulya Misra. The project has been planned in about 61,000 square metres of water area for repairing and building vessels of up to 10,000 DWT (dead weight tonnage). "There is a lot of scope and a huge demand especially from the Coast Guard. We only require funds to develop it," said a senior port trust official.

Goa-JN Port coastal container feeder service flagged off

Chairman of Mormugao Port Trust Cyril C George flagged off the maiden sailing of *MV Chowgule 7* from Mormugao Port to JN Port. The first vessel of the new Goa-JN Port coastal container feeder service loaded international containers for CMA CGM, destined for various ports in Africa.

The brand new vessel has capacity of 106 teu and can accommodate 20 refrigerated containers. The vessel will call MPT once every five days, thus offering six sailings a month. The service is operated and marketed by Shreyas Shipping and Logistics Limited, one of the leading coastal container operators in India.

Seaport duty-free shop at Mumbai Port Trust

The Mumbai Port Management is inviting interested parties for an allotment area of 100 sq. m on an 11-month license base. The duty-free shop will service passengers and tourists from international cruise vessels docking at the terminal as well as crews of the foreign vessels.

The International cruise terminal is located at BPX, Ballard Pier Berth, where passenger amenities are currently provided on a makeshift basis as visits are interspersed with long gaps. The port expects around 39 and 40 international cruise liners to call at the terminal as they have already informed of their advance schedule for the 2014-15 and 2015-16 seasons respectively.

In India, there are four major ports where passenger vessels call at–Kerala, Goa, Mumbai and Mangalore–out of which only Mumbai, Mangalore and Goa have a duty-free facility, with Flemingo International operating at the latter two.

Navratna status of SCI comes into red

The government has asked Shipping Corporation of India to cut its losses by 10 per cent this financial year in order to retain its Navratna status for one more year. The country's largest shipping liner which reported a net loss of ₹275 crore last year is now busy drawing up a plan to bring down losses, which it will present to the Department of Public Enterprises (DPE)

Losing the Navratna status would mean that SCI could lose the financial autonomy to take its own decision for projects costing up to ₹1,000 crore. SCI has been in the red for the past three years, reporting losses of ₹114.3 crore in 2012-13 and ₹428.2 crore in 2011-12. To tide over the current crisis, SCI plans to diversify into liquefied petroleum gas (LPG) and offshore business and globalise its vessel management business.

It also looks forward to make profits from a joint venture in Singapore through one of its consortium members, Mitsui OSK Lines, to manage LNG vessels, which is expected to generate revenues of ₹90 crore without any capital investment or gestation period. Presenting the state-of-affairs to DPE, SCI said, the global shipping sector is under stress and that the company has booked losses due to high depreciation of its assets and a drastic increase in fuel prices, which added to its operating expenses.

India to link Northeast with Bangladesh port

India has taken the first steps to construct a ₹70 crore bridge over the Feni river in Tripura to access Bangladeshi ports for transporting goods and heavy machinery from other parts of the country to the landlocked and mountainous northeast and to boost trade and tourism. Once the 150-metre bridge is constructed, India's northeastern states would be able to access Chittagong international port and other ports in Bangladesh to ferry heavy equipment and foodgrain.

Coal imports clog Vizag Port

Due to shortage of rail wagons, the Visakhapatnam Port is facing a serious difficulty in transporting imported coal. As a result huge stockpile is clogging port channels. According to K Ramabrahmam, President of the Vizagapatam Chamber of Commerce and Industry, the railways were able to supply only 9 rakes as against the requirement of 16 rakes each day, resulting in ships waiting at the anchorage for want of space.

Coal supply has increased at the port because the BOT operators made large investments in increasing the discharge rate to 75,000 mt each day and the port was bringing in bigger vessels. Importers prefer capesize and panamax vessels for coal import to achieve economies of scale. All these plans are being defeated due to lack of sufficient wagons to evacuate cargo, forcing vessels to wait and

resulting in huge demurrages.

K Ramabrahmam further said, the chamber had sent a letter to Union Shipping Minister Nitin Gadkari to take up the matter with the Railway Ministry and enforce remedial steps. The rail network linking the ports with the hinterland should be strengthened and the matter of idling coal should be accorded importance along with the expansion of port capacities and construction of new ports.

CMA CGM inks business deals with CSCL and UASC

The CMA CGM Group has signed three major agreements with CSCL and UASC. Termed as "OCEAN THREE," the agreements concern the following maritime trades: Asia-Europe, Asia-Mediterranean, Transpacific and Asia-United States East Coast. The agreements will complete the CMA CGM offering on the biggest global maritime markets:

- On the Asia-Europe trade: four weekly services, which complete the two existing services, thereby offering six departures per week
- On the Asia-Mediterranean trade: four weekly services, two to the Mediterranean, one to the Adriatic and one to the Black Sea
- On the Transpacific: four weekly services to California and one to the Pacific Northwest

Ministry calls for eliminating customs duty on bunkers

The shipping ministry has appealed to the government for the elimination of a 25 to 30 per cent customs duty on bunkers for vessels carrying cargo for transshipment. According to industry experts, removing the tax would encourage mainline container ships to serve the Indian markets, rather than berthing at Colombo, Sri Lanka and using smaller feeder vessels to move cargo to and from India.

Eliminating the duties would bring down government revenues by about ₹56 crore ($9.3 million) per year, but it would increase export-import handling operations, producing direct and indirect benefits of more than ₹700 crore ($116 million). The move could further encourage more transshipment even without changing cabotage rules that now restrict movement of foreign vessels on coastal routes. But these are just short-term measures; in the long-term the ministry would go for relaxing cabotage for all such cargo.

It has been reported that of late, the Shipping Ministry has realised that the tax norms do not provide us with a level-playing field for the movement of exim cargo on the coast.

Copper demand in China hinges on consumption in power sector

The power sector accounted for nearly half of copper demand last year in China, the world's top consumer and producer. A drop in orders from the sector could cut China's appetite for imports, a driving force of prices in the international market.

China's consumption of refined copper in the rest of 2014 may hinge on new orders from the power sector, where investment recorded a rare fall in the first half, and on bank lending, as tight credit conditions have cut demand from smaller end-users.

Investment in new power networks had been expected to rise more than 10 per cent this year, industry sources said, but in the first half investment fell 0.6 per cent from a year before, according to data from industry body, China Electricity Council. State Grid Corp of China, the dominant investor in power networks, said in May this year it was being audited, which industry sources said was likely to have slowed network investment.

Japan to setup deep seaports for Bangladesh

Japan has expressed interest to construct two deep seaports in Bay of Bengal at Matarbari and Kutubdia. Responding to Tokyo's willingness, Prime Minister of Bangladesh, Sheikh Hasina will request formally her Japanese counterpart Shinzo Abe to help build the deep seaports.

Japanese aid-giving agency – the Japan International Cooperation Agency (JICA) – had earlier come forward with nearly $3.6 billion soft loan for setting up a coal-handling seaport at Matarbari. Now it has also shown interest to set up a full-fledged deep seaport there.

According to government officials, the JICA has been discussing with the Power Division and the Prime Ministers Office for the last few months the issue of the deep seaport construction at Matarbari and Kutubdia. The JICA has also expressed interest to formulate a comprehensive development plan for southern Chittagong and Cox's Bazar districts which will cover expansion of the Matarbari deep seaport for multiple purposes and development of another deep seaport at Kutubdia Island. The preliminary survey shows that the deep seaport will cater to demands of northeastern India, Myanmar, Nepal, Bhutan and the southwestern Chinese province of Yunnan.

AMTOI re-elects office-bearers at 15th AGM

The 15th Annual General Meeting (AGM) of the Association of Multimodal Transport Operators of India (AMTOI), held saw the re-election of Sailesh Bhatia, Shantanu Bhadkamkar, Vivek Kele and R K Rubin as President, Vice-President, Honorary Secretary and Honorary Treasurer, respectively, for 2014-15.

Besides, Xerxes Master and Ravindra J Gandhi were elected to the Managing Committee of AMTOI.

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So are our commitments.

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Crude import policy to be revised

The ministry of petroleum and natural gas will now get the crude oil import policy reviewed by the public sector oil marketing companies (OMCs) on term basis for possible amendments towards relaxing the norms. The review has been started based on the recommendations of a standing parliamentary committee.

The amendments are aimed at imparting more operational freedom to the PSU oil refiners to negotiate crude prices and other transport procedures in the import at par with their private peers. This has become necessary as oil subsidy is getting capped and under recoveries are becoming a constant problem for the PSU companies. According to ministry officials, the policy is one of the steps to help build strategic crude oil reserves of 5.33 million metric tonne capacity besides bolstering other measures of oil exploration and production.

Under the current guidelines, PSU oil companies are not free to negotiate prices with crude sellers. Even in conditions where price negotiation is profitable, the whole procedure has to be approved by the board. By the time the procedure gets approved, the price fluctuations become unfavourable for the PSU buyers. In the process, the PSUs are paying exorbitant premium on their purchases as there is no scope for negotiating the prices of the derivatives which they enter for hedging the prices of crude purchases.

Sea port plan for each district in Andhra Pradesh runs into troubled waters

The much-hyped 14 sea-ports plan of AP government has been hit by 'exclusive zone' hurdle of existing ports. While the AP government wants to develop ports in each district, the existing ones like Krishnapatnam and Gangavaram have raised serious viability concerns stating that they are granted exclusive zones and the government's move to set up new ports will be a huge concern.

Experts say that traffic studies, revenue implication have to be studied and it is not possible to set up 14 ports in the current scenario.

Iron ore shipments from Australia to China reach record high in August

As mining companies in Australia increase production, Iron ore shipments to China from Port Hedland in Australia, the biggest exporter, advanced to a record high last month. As revealed by port authority data, shipments reached 32 million tonnes in August from 30.6 million tonnes in July and 22.3 million tonnes in August 2013. Total exports from Port Hedland also rose to an all-time high of 37.4 million tonnes from 36.1 million tonnes in July and 27.4 million tonnes a year earlier.

China is the top buyer of the ore. It has been reported that the total iron ore stocks on 41 major ports in China were 112.37 mt on Aug 29, up 1.57 mt from the number of last weeks.

Prices slumped 35 per cent this year as producers including Rio Tinto Group and BHP Billiton Ltd. (BHP) expanded output, pushing the market into oversupply. Global seaborne output will exceed demand by 72 million tonnes this year and 175 million tonnes in 2015, Goldman Sachs Group Inc. estimates.

ASX service started at Adani Hazira Port

Simatech, X-Press Feeders and OEL have started their ASX service from the container terminal at Adani Hazira Port Private Limited with the maiden call of *MV Ville D'Aquarius* on August 13, 2014. The service will provide direct connectivity to the Middle East and Persian Gulf markets from Hazira. It will have a weekly rotation comprising Hazira, Nhava Sheva, Jebel Ali and Mundra, and facilitates the exim trade based in south Gujarat, central India, northern Maharashtra and beyond with excellent service linkages to this strategic market from India.

Adani Hazira Port offers 2 berths with 650 metres quay length, capacity to handle 750,000 teu per annum, 4 post-Panamax quay cranes, 12 electric RTGs, 129 reefer plug points, RFID-enabled automated gates and on-dock exim yard with stuffing/de-stuffing and customs examination facility. DK Sensharma, COO of Adani Container Terminals said, the service will allow the cargo to move the most cost-efficient way from the above mentioned ports.

Shipping ministry may divest stake in Cochin Shipyard

The shipping ministry will soon float a cabinet note proposing the divestment of a 10 per cent stake in Cochin Shipyard. The move comes after the department of disinvestment wrote to the shipping ministry about the Cochin Shipyard stake sale plan. In the 2014-15 budget, Finance Minister Arun Jaitley announced a target of raising ₹58,425 crore, of which ₹43,425 crore would come from the divestment of stake in public sector companies and ₹15,000 crore from the sale of residual stake in erstwhile government companies.

Cochin Shipyard plans to expand operations to supply liquefied natural gas vessels to GAIL India Ltd, which will cost about ₹1,200 crore. The company wants to meet some of its fund requirement through the IPO and the remainder through taxfree bonds and internal accruals.

Global dry bulk cargo sector reviving

Since the worldwide recession had set-in in 2008, the drybulk cargo segment of the shipping industry was hit the most. This segment was affected by volatility in various commodity demand and supply. Capesize vessels, which are primarily used for drybulk goods, faced the major brunt of the recession along with severe intra-industry competition. In the spot market, capesize vessel rates fell below operating costs.

Since the beginning of 2014, the drybulk segment has been witnessing a turnaround albeit at a slow pace. The momentum is expected to gather speed in the second half of 2014. Drybulk vessels including capsize, panamax and supramax/handysize are experiencing rate hike. This is primarily owing to higher coal shipping demand from the emerging markets of China and India as well as from Europe. Also the substantial rise in coal and iron ore supply in the global commodities markets is generating significant cargo opportunity for marine transporters.

In Jun 2014, Chinese fixed asset investment grew 17 per cent year-over-year on the back of increasing investment in the railway, infrastructure, housing and construction sectors. Growing Chinese demand for imported iron ore is also a positive for drybulk shippers. The Baltic Dry Index (BDI) also increased more than 52 per cent in the last one month.

Apeejay's Kalinganagar ICD receives first ever exim cargo rake from Vizag Port

Apeejay Infralogistics Private Ltd has moved the first ever exim rake movement (a 80-teu import laden containers of Jindal Stainless Limited). The Rake was loaded directly from VCTPL (Visakha Container Terminal, Visakhapatnam on August 23 and arrived at Kapilash Road Rail Siding on August 26. The rake was operated by Boxtrans Logistics (J.M.Baxi Group). The entire operation was monitored by the Apeejay Infralogistics Pvt Ltd, CEO Rajiv Ranjan Kumar with the assistance from head operations Malaya Kumar Bal, head sales and business development Tridib Sircar and the entire Kalinganagar ICD operations team under the leadership of Ajay Kumar Sarangi. This was the first time in history of exim business in Odisha that exim cargo moved by rail directly from port and got cleared in ICD in Odisha. This will bring new revolution in the exim buisness for the trade community (importers and exporters) in Odisha.

This was the first major success in exim business for Apeejay Infralogistics ICD Kalinganagar.

Fast track Sagar Mala project: PMO to Shipping Ministry

The Prime Minister's Office has asked the Ministry of Shipping to hasten action on the Sagarmala project that was first conceived ten years ago and string port connectivity along India's coasts.

"The nodal point for Sagarmala project will be the Ministry of Shipping. This project needs to be expeditiously worked out by integrating all components, i.e. Port facilities, central ferry services, tourism infrastructure and inland water transportation," said an official communication from the PMO to various infrastructure ministries.

Prime Minister Modi, during his address at the Jawaharlal Nehru Port, emphasized the need to develop surrounding regions of a port than focusing on improving port infrastructure alone. The Government, he said, had conceived 'Sagarmala' envisaging not merely port development, but port-led development which would include ports, SEZs, rail, road, air and waterway connectivity with the hinterland, including linkages of cold storage and warehousing facilities.

Pointing towards the intense movement of container movement in the Indian Ocean region, he stressed that "ports can become gateways to India's prosperity".

India's FTA with ASEAN

Basking on Prime Minister Modi's successful visits to its neighbouring countries, India will soon sign a Free Trade Agreement with the ASEAN countries to deepen trade ties, the Commerce Secretary said. Two pacts on services and investments were signed in Myanmar to improve engagement of Indian professionals to these countries and increase quantum of trade.

The ten countries in the prestigious ASEAN club are Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand and Vietnam. India has proposed a circulation process with each member where the country will sign an independent pact with India after obtaining approval from its Parliament. Once signed, the FTAs will provide a fillip to India's initiative on promoting Regional Comprehensive Economic Partnership (RCEP) with its neighbours and ASEAN members.

Trade between India and South East nations' bloc ASEAN stood at about $76 billion in 2012-13. Both sides aim to increase it to $100 billion by 2015.

Petronet to lease Kochi terminal

Petronet will lease out its LNG terminal to international players after more than 15 firms evinced interest in operating and managing the terminal. The company's board approved this decision after its profits fell on account of this idle capacity.

Lack of connectivity has put brakes on the terminal's utilisation where just 0.66 trillion British thermal units of natural gas was regasified and sold to refineries.

"We hope to start leasing out the terminal by the third quarter of the current fiscal," AK Balyan, MD and CEO, Petronet LNG said. "Currently, the international gas market is not attractive with lower spot prices. Therefore, the Kochi terminal is an ideal opportunity for international players looking at arbitrage opportunities wherein they store the gas for now and sell later when the market improves," said RK Garg, Director-Finance, Petronet LNG.

JITF Ltd. and SULA announce project driven partnership

JITF Ltd and SULA Shipping & Logistics Private Limited,pioneers of transhipment and barging of coal at Sandheads for the Farakka transhipment project, announced a project driven partnership. This merger will increase the efficiency of the NTPC-Farakka waterways project which delivers imported coal to Farakka through barges.

The project is set to deliver three million tons of coal to Farakka via the Hooghly river and ease the congestion on rail rakes and roads. The Hooghly and Ganga waterway, under the new initiatives launched by the Government will soon form a major supply route to and from the hinterland of North and East Indian industrial areas. The waterway is expected to move a significant amount of coal in the next decade. It is further expected that Transloading offshore in the NE Bay of Bengal and barging inland will increase significantly to about 24 million tons in the next years bringing significant cargo volume directly to Haldia and Kolkata ports and riverine industries. Such potent and cost effective movement will bring about a paradigm shift lowering costs in an eco-friendly manner.

The Indian government has made the development of Inland waterways as a top priority. Inland Waterways Authority of India – IWAI is working on multiple projects that will need similar services that are already being provided by JITF and SULA. This partnership combines the complementary strengths of both the companies using their first mover advantage and primed ready for the expected surge in Inland waterways traffic as well as the offshore transshipment business. Both JITF and SULA have signed an MOU to give effect to this arrangement. The operations under this arrangement will be led by Capt. Shrikant Chandra - COO and Country Manager of SULA. Both JITF and SULA announced their satisfaction over the arrangement. The integration process of the assets and teams will commence immediately.

Gopalpur Port to resume operations by end of 2014

Odisha's Gopalpur Port will resume operations from the end of this year after recouping from the devastating cyclonic storm last year. The port's operations were halted and much of the infrastructure was displaced leaving its employees scurrying to save their lives and property.

"The start of repair work on the port was delayed due to the survey by different insurance companies on the damage caused by the cyclone," said Director (operations) of Gopalpur Ports Ltd (GPL), M M Moharana. The repair work, however, was in full swing and is likely to end by the end of 2014. "We hope the repair work on the port, with the enhanced capacity of handling of the cargo, will be ready by the end of December," he said.

Promoters of the port had assured the state government that the port would resume operations in November this year after the port was converted to an all-weather port. With this, the port's handling capacity was to be upgraded to handle 5 mt per annum from 3.5 mt previously. The port is said to invest ₹200 crore in bettering its infrastructure in deepening its draft. The berth would handle bulk and break bulk cargo. The first phase of development of the port was envisaged to have three deep-water berths with two dry bulk cargo berths and for break bulk cargo berth.

MSC set to oust Maersk as top carrier in 2016

Mediterranean Shipping Co. is set to overtake Maersk Line by 2016 as the world's largest ocean container carrier in terms of deployed capacity, with a fleet totalling 3 million teu, according to industry analyst Alphaliner.

The privately held Swiss-Italian carrier has embarked on an aggressive expansion which has swollen its order book to more 610,000 teu. This towers over the 1,82,000-teu order book of its Danish rival, which hasn't ordered any vessels since it contracted for 18,270-teu capacity 20 Triple-E class ships in February and June 2011.

MSC has recently been linked to an order for three 19,000-teu ships placed by China's Bank of Communications Financial Leasing Co. at South Korea's Daewoo shipyard and a maiden containership order by the Scorpio group for three 19,200-teu ships at rival Korean yard Samsung.

These orders bring the number of MSC's firm contracts for 16,000-19,000-teu ships to 17 units which could increase further if it exercises options.

MSC also has committed to some 35 wide-beam neo-panamax ships of 8,800-9,400-teu which will boost its fleet to 3 million teu by the end of 2016.

India pledges $100 million for Chabahar Port

After many rounds of diplomatic talks and agreements, India has pledged $100 million to build the Chabahar Port in Iran and improve trade relations with Central Asian Nations. "Ultimately the port connects the Central Asia with south Asia. And we have in-principle agreed. The draft has been circulated, and India has already pledged $100 million for upgrading the port," said Shaida Mohammad Abdali, Afghan envoy to India.

"The money has been pledged by the Indian government, and we are simply waiting for the technical committee to address some of the legal issues," he said during his recent visit to Hyderabad. While Afghan's goods reach India via Pakistan, the vice versa is not possible. "So we worked with the Indian government and all the three parties agreed that the Chabahar Port will be upgraded and the two countries (India and Afghanistan) can operate and also do business with Iran," Abdali said.

India is building this port in answer to the Chinese improving its maritime network in the subcontinent by building ports in Sri Lanka, Myanmar and Pakistan.

Maritime boom: More hands needed on deck

After a steep drop in activity that followed the great recession, the maritime industry is growing again. In 2012 global seaborne trade reached 9 billion metric tonnes for the first time ever, according to the United Nations Conference on Trade and Development. The growth in trade is translating into growth in jobs. A 2010 report from the International Maritime Organization forecast the industry could be short of 27,000 to 46,000 officers to man the world's tankers, cargo and container ships and tugboats over the next few years.

One of the key reasons for the labour shortage – the energy boom. "When the oil industry is doing well, you end up with shortages in the maritime industry," said Bart Rogers, assistant vice president at the Paul Hall Center for Maritime Training, a school run by the Seafarers International Union.

Along with the added demand for ships to move higher volumes of crude oil and natural gas over water, the maritime industry faces the challenge of managing an ageing workforce. Increasingly, the world's vessels are commanded by officers nearing retirement age, and replacing them has become more difficult. New regulations mandated by the 2010 Manila Convention mean all hands on deck, or below, need added training and more days at sea. This means it takes longer to move up a ship's ladder from a deckhand to the skilled positions of third, second and first mate, chief engineer and captain.

Fiscal incentives to boost China's shipping modernisation

The State Council has issued new guidelines for the development of China's shipping industry in the next five years that will include the introduction of tax incentives. The Council recognised that shipping has "an important role to play in safeguarding national maritime rights and economic security, and promoting the development of foreign trade and industrial restructuring and upgrading." However, it was also noted that, while it comprises more than 240 firms, China's present shipping fleet carries only around one-quarter of the country's total international trade, despite the fact that more than 90 per cent of that trade is carried by sea.

The reforms, to be carried out over the period to 2020, will be intended to "optimise the structure" of the industry, giving "full play to the decisive role of the market in allocating resources." Shipping firms will be encouraged to merge together and introduce energy-saving and cost-efficient ships, thereby restructuring and modernising their fleets, while international shipping hubs will be developed in, for example, Shanghai. The government will also look to create favourable fiscal and taxation policies related to international shipping, with the Council's guidelines also looking to encourage foreign investors and private companies into the sector.

China to use cleaner fuels

The first natural gas-fueling station for cargo ships is set to open on the mighty Yangtze River in October, as part of China's efforts to use cleaner energy sources and cut down on pollution. The ships that travel on China's longest river currently burn diesel and bunker fuel, and that helps to shroud cities along the waterway with smog.

China Gas Holdings Ltd. is building the fuel terminal as a pilot project in the mega city of Chongqing. While a few ships have converted their engines to use natural gas, most that travel the Yangtze haven't, so it could take years before the switch to gas from oil takes off and makes an impact on global energy markets.

CSG and PIL team up

China Shipping Group (CSG) and Pacific International Lines (PIL) have signed a "strategic cooperation framework agreement" to "enhance cooperation and create a win-win situation".

This agreement does not include specifics but serves as a guideline for the two to work together on several container-related businesses and explore further areas of cooperation. In a website statement, state-owned CSG said the two agreed to cooperate in container shipping, leasing and manufacturing.

Aurangabad entrepreneur on JNPT's board

In a bid to provide momentum to start the work of the first dry port in Marathwada between Aurangabad and Jalna on 500 acres of land, the Union ministry of shipping has appointed Vivek Deshpande as a trustee of the Jawaharlal Nehru Port Trust (JNPT).

The port will enable import and export of farm and industrial produce from across the world as it will link the road and rail network in Aurangabad with the Jawaharlal Nehru port, spurring investment in the surrounding areas.

The city, with three industrial estates at Shendra, Chikalthana and Waluj set up by the Maharashtra Industrial Development Corporation (MIDC), is home to major multinationals in the automobile and consumer durables sectors. The dry port would be a major boost to industrialization and trade and commercial activities in the region.

Six short-listed for JNPT liquid cargo terminal

Six parties including Adani Ports, SP Ports of Shapoorji Pallongi Group and United Liner Agencies have been short-listed for building the ₹2,500-crore liquid cargo terminal at Jawaharlal Nehru Port. Others in the race are IOT Infrastructure, IMC and Srei Infrastructure.

CFSAI completes 10 years

Container Freight Station Association of India (CFSAI) completed 10 years with a celebratory function recently held in Mumbai. CFSAI is an important association for the entire trade of logistics across Mumbai and surrounding regions, comprising leading CFS operators as its members.

CFSAI as a modal entity representing the industry, is in the forefront of facilitating awareness about trade related policies, clarifications, liaison with customs, port authorities, shipping lines, various government entities and other stakeholders, with the aim to create seamless environment for trade in the region and resolve challenges.

Also marking the occasion, CFSAI has brought back Adarsh Hegde as the President of the association to lead their charter through 2014-15. Speaking on the occasion Hegde said: "CFSAI will continue to play an active role to ensure that the entire logistics trade which is the backbone of India's economy, facilitates exim in our country. We will closely work with ports, custom, shipping lines, transporters and all stakeholders to make sure our economy benefits through the emerging growth opportunity and that we as an association play an instrumental role in achieving it."

PCPIR to propel growth between Vizag, Kakinada

Visakhapatnam-Kakinada Petroleum, Chemicals and Petrochemical Investment Region (PCPIR) appears to be all set to take off after experiencing long gestation period with the State government expressing its keenness to woo investors. Oil major HPCL, which has proposed a Greenfield refinery and petrochemical complex with an estimated investment of $8 billion has been offered a choice to finalise a site at Atchutapuram or Nakkapalli by the PCPIR Special Development Authority.

Petronet LNG Limited, which signed an MoU with Gangavaram Port for setting up two-phase 10 million tonne LNG terminal, has already obtained clearance from Ministry of Environment and Forests. The project envisaging an investment of ₹9,000 crore is all set to begin soon.

GMR is also contemplating a Greenfield refinery at Kakinada SEZ. Several minor ports are proposed between Visakhapatnam and Kakinada to cater to the huge demand for evacuating both liquid and bulk cargo.

Symphony plans unit at Kandla SEZ

Having entered the large-cap league, leading air-cooler manufacturer Symphony Ltd plans to set up an assembly unit, with a capacity of 2 lakh units per annum, at the Special Economic Zone at Kandla in Gujarat. Achal Bakeri, Chairman and Managing Director, told media that the company plans to start commercial operations at this new unit by December 2015.

Shashikiran Shetty buys Rajesh Khanna's bungalow

Shashikiran Shetty, Chairman and managing director of Allcargo Logistics Ltd had bought Vardan Aashirwad, the 603-square metre iconic Carter Road bungalow, for ₹90 crore; the paperwork for the deal was completed and the house is being vacated.

Wagon maker Titagarh forays into shipyard biz

Titagarh Wagons has quietly started shipbuilding activities and is ready to expand the business once the industry revives. Titagarh Marine Ltd, a wholly owned subsidiary, has just started manufacturing sea trawlers and pontoon jetty.

"Work has started a few days back. While the jetty is being manufactured for the Kolkata Port Trust, the trawler is being built as a standardised product to be marketing to different customers," said JP Chowdhary, chairman of Titagarh Wagons. The initiative, till now, is on a scaled down version of its earlier grand plan to set up a shipyard in over a 50 acre existing piece of land belonging to the closed Titagarh Paper Mills in Kankinara near Kolkata. The current operations, instead, are happening within Titagarh Wagon's existing sprawling wagon complex at Titagarh near Kolkata where it has 70 acre space.

India set to allow re-negotiation of port contracts

India's cabinet committee on economic affairs (CCEA) agreed to empower the ministry of road transport and highways to amend a so-called model concession agreement (MCA) and mode of delivery for highway projects. This could act as a precedent for vesting the shipping ministry also with powers to amend the MCA, a document that sets out the terms and conditions and the rights and obligations of the parties- for port projects. Several port projects put to tender are stalled or delayed due to procedural complexities and policy issues relating to environment and forest clearances. While it is important to expedite the implementation of new port projects, it has also become vital to break the logjam over operational projects that are in distress due to pricing ambiguities. In this context, it is noteworthy to see the shipping ministry considering a plan to establish a mechanism to re-negotiate terms of the public-private-partnership (PPP) projects. In tandem, it has started work on amending a law to redefine the role of the port tariff regulator and to deregulate tariff setting at the 12 ports owned by the Indian government. Also on the radar of the shipping ministry is a proposal to resolve legacy tariff issues faced by the existing terminals.

Govt forms four-minister panel to create environment regulator

The government decided to institute a committee of four ministers to prepare a framework for creating an independent environmental regulatory authority to monitor the compliance of green laws in the country.

Environment minister Prakash Javadekar, transport minister Nitin Gadkari, power minister Piyush Goyal, and chemicals and fertilisers minister Ananth Kumar have been told to look at long-standing proposals for a regulator and suggest the most viable structure.

The regulator, which will substantially alter environmental governance in the country, will take most of the operational work away from the environment ministry which will then be left with the job of framing policy guidelines. Specifically, the regulator would be tasked with appraising environmental impact assessments (EIAs) for setting up new industries, monitoring the compliance of conditions laid down during the grant of clearance of projects, and prescribing penalties for errant companies.

The proposal is to make the regulatory authority fully autonomous of the environment ministry, administratively, functionally and financially.

Indigenous Sumitra to guard east coast

The Vizag city shores–and the rest of the east coast–have a new sentinel with Indian Navy commissioning *INS Sumitra*, the largest indigenously designed and built offshore patrol vessel.The vessel designed and built at Goa Shipyard will be used for coastal surveillance under the Eastern Naval Command in the Bay of Bengal and the eastern Indian Ocean region.

INS Sumitra, 105 metres long and 13 metres wide, can attain a maximum speed of 26 knots, and has a range of 6,000 nautical miles. The ship has medium-range and short-range weapon systems, including a 76-mm medium range gun.

Allcargo buys 30 per cent in tennis league team

Allcargo Logistics Ltd , the port logistics firm promoted by Shashi Kiran Shetty , has bought a 30 per cent stake in Singapore Slammers, one of the four teams in International Premier Tennis League, the brainchild of tennis star Mahesh Bhupathi.

Former cricketer Sunil Gavaskar owns 10 per cent in the team. The first season of the league, planned on the lines of the Indian Premier League cricket tournament, will start in December. Apart from Singapore Slammers, there are teams representing Manila, New Delhi and Dubai. Four more teams are expected to join the league. As a co-owner of Singapore Slammers, Allcargo Logistics will have to spend $6 million in player fees, franchisee fees and logistics charges. This is part of the total cost of the 30 per cent stake.

India to import 100,000 tons of rice

India, the world's top rice exporter, is preparing to import the grain for the first time in nearly a quarter of a century to feed its remote and hilly northeastern region where rail freight is being disrupted due to a track overhaul. The country will import more than 100,000 tonnes of rice from neighbouring Myanmar over the next several months, likely spread out across 10,000-30,000 tonne tenders.

The imported rice and grain will be distributed to the northeast region through Bangladesh's Ashuganj port. Bringing in the grain via Bangladesh, which is only a few hundred kilometers from the cut-off locations, is expected to be cost effective and less susceptible to delays than hauling it by truck across more than 1,000 km. The Food Corporation of India has started moving grains in ships from the eastern Kolkata port to Karimganj in Assam state. It is also testing shipping grains in barges to the Ashuganj port in Bangladesh for supplies to Tripura state.

Shravan Shipping CFS celebrates 10th anniversary

Sambasiva Rao, Managing Director, Shravan Shipping at the event

After a decade of service to container trade through their Container Freight Station (CFS), the Visakhapatnam based Sravan Shipping Services is all set to establish their second CFS unit. The company established the first privately operated Container Freight Station in the undivided Andhra in the year 2004.

Sravan Shipping Services, an established shipping house at Visakhapatnam serving the trade apart from operating CFS and custom bonded warehouses, they also serve as Steam Agents, Stevedoring operators, Custom House Agent, transport contracts and end-to-end logistic operators. They have offices in the east coast ports

Seaborne ethane and demand for a new ship type: Very large ethane carriers (VLECs)

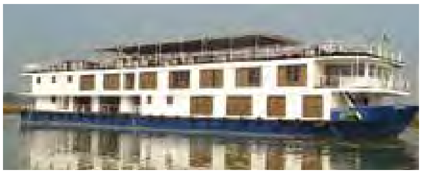
US ethane production capability, as a by-product of total increased US gas production, is under-utilised. The potential exists for annual exports of 1 million tonnes of ethane to provide employment for 0.18 million cubic metres of shipping capacity if shipped to North Europe, a further 0.32 Mn Cu M if shipped to South Asia and a similar amount to China through the Panama Canal. Projects are now underway to produce and move this ethane.

A report into the Commercial Need and Technical Requirements for Very Large Ethane Carriers, released by Lloyd’s Register, looks at the risks and challenges in developing a safe and efficient trade in ethane using larger ships and requiring ethane specific technical solutions.

Luxury river cruise sails to Varanasi from Patna

One of the first luxury river cruises from Patna to Varanasi on the Ganga River, traversing a distance of over 420 km has been launched. The cruise, ‘*MV Rajmahal*’ has been launched by the state-based Assam Bengal Navigation Company (ABN). The cruise carrying Indian and foreign tourists began its seven-day cruise from Patna and reached the holy city sailing down the ghats of Varanasi and the historic city of Chunar.

Over 55 metres long, the ‘*MV Rajmahal*’ has been specially designed with a shallow draught to enable the river cruise and has 22 luxurious cabins with all modern amenities.



EFFICIENT LOGISTICS AMIDST MANY CHALLENGES

Volvo's efficiency in yard management and plant logistics helps it cut down on lead time and cost over runs. Read on to know how its traffic operations and logistics services work in tandem.

Deepika Amirapu

The Indian automotive logistics setup has puzzled many of its users on how the industry responsible for moving freight and people around works in seeming orderliness despite a number of infrastructure and technological shortcomings.

Although the industry has been among the first benchers in incorporating new terms such as 3PL and 4PL, few manufacturers of the movers have struck gold in piecing the procure and parcel puzzle together. One of the few successful players who have had such luck is Volvo India Private Limited that makes trucks, buses, construction equipment and power trading engines. Alongside the buses and trucks it made, the firm built its own logistics services arm to devise the company's moving needs.

Says Jitendra Velingkar, Traffic Operations Manager, Volvo Group Trucks Operations and Logistics Services, "Logistics services and management was a separate company called Volvo Parts International that used to look in to after market needs. But in 2011, the company merged in to

Volvo has built own logistics services to move its trucks

the trucks operations." The companies decided to work together because the group saw that 65 per cent of business the logistics group got was from its sister company that made trucks and other construction equipment.

The logistics services of Volvo are in charge of the strategy, purchasing and charting transportation needs of the firm globally and locally. In India, the team devices a strategy to import supplies and components and export excavators, engines to South East Asia and Latin America. The company's after market distribution centres in Hoskote, Karnataka and Pitampur, Madhya Pradesh act as support centres for customers of their products. The Pithampur manufacturing plant, named VE Commercial Vehicles Limited is a 50:50 joint venture between the Volvo Group (Volvo) and Eicher Motors Limited (EML). It is a partnership that brings together global leadership in technology, quality, safety and environmental care, along with the

> Buoyed by a positive market sentiment, Volvo sees an increase in the sales of its engines manufactured at the Pithampur plant. From 2000 engines made last year, the joint venture will manufacture 15,000 engines this year.

deep knowledge and understanding of the Indian Commercial Vehicle (CV) market.

Like most automobile companies, Volvo has its manufacturing plants across India. Two plants in Hoskote make buses and trucks, excavators and other construction equipment are manufactured in Peenya and the plant in Pithampur makes engines for use in India and APAC nations and long-blocks (an engine part) for use in the European countries. About 600 buses and trucks are rolled out annually from the plant for use by state and public transport companies. The equipment manufacturing plant churns out a higher number of excavators and other moving equipment for its customers who are mainly those from the real estate industry, miners and quarrying firms.

To put these giant gas guzzlers together, the firms imports 1,500 from various countries and sources another 2,000 parts within India. So how does Volvo plan its inbound and outbound logistics' fuss-free matrix?

Deputy General Manager, production planning, process and logistics Balasubramanya, outlines the procedure. "For all our transportation needs, we have just one shipping line, transporter, a single custom house agent and one freight forwarder. Their contractual services are invited by bids annually. By opting to just one firm in each functional category, we save on cost and time overruns," he says.

Inbound Logistics- How does transport happen?

The supplies for manufacturing and assembling the trucks are brought by road and by ship from Chennai and Nhava Sheva Ports. The schedule of requirements is given to the suppliers in Indian and others in the world. The logistics services business unit and the freight forwarder too are informed of the schedule from the freight forwarder begins his task of communicating with the shipper, container operator and organizes shipment for our corporation. Once the container liner calls at the Indian port, the clearing agent completes the customs procedure after Volvo pays the customs duties. The shipment is now free for delivery and is brought to the respective plants by rail using Concor's facilities or by road.

Outbound Logistics- How are exports handled?

The logistics matrix is similarly for outbound shipment. For use of vehicles within India, the engines are transported using trailers, again by a

> "Cost management is perhaps the trickiest point in the entire logistics game plan. Currently, our transport costs are at 3-4 percent of our total sales," Balasubramanya says. This, can be slashed further if the ports are more cooperative.

single transporter who is hired for a year. For exports by ship, the Chennai Port's RoRo terminal is used where Concor delivers the containers or the transporter by road. About 25 per cent of construction equipment is exported from India where as much of the long blocks for bus engines are exported out of Pithampur At times even JNPT is used.

To ensure swift movement of parts and finished goods, Volvo's traffic operations wing that deals with primarily with manufacturing logistics and after market logistics coordinates timely movement and delivery of goods. Velingkar says, "We aim at regional optimization of logistics and we're attempting a new endeavour where we intend to optimise packaging to a) utilise the available space in the best possible way and b) optimise transport network to save on lead times and cost.

"Cost management is perhaps the trickiest point in the entire logistics game plan. Currently, our transport costs are at 3-4 percent of our total sales," Balasubramanya says. This, the officials say, can be slashed further if the ports are more cooperative. A of imports come from the Chennai Port, especially supplies from Korea and other South Eastern nations. Volvo complains that moving cargo from the port to the container freight station takes a very long time and customs at the port are a major pain point. At Nhava Sheva, the problems are typical of any shipper. The flash strikes and connectivity problem plague Volvo as well. To minimize these issue, the automobile manufacturer is considering using the Krishnapatnam Port and is in talks with the management to devise a way to optimise lead times and costs. Balasubramanyam says, "There are a lot of changes that can be brought about to improve the facilities for automobile players." The progress is slow. "We are a lot dependent on a few ports and these ports have to speed up handling. Although Chennai is much faster than JNPT in handling cargo, there was an instance where the log in failed at a certain point at the port and we had to wait for 24 hours at Chennai for our shipment."

> Manufacturing trucks, construction equipment and marine engines account for
> **65%**
> of our business.

The road network, Velingkar says, has its own share of worriments. He flags an important point speaking of time overruns. "If u see the road conditions, they are far better than the last decade. But despite this improvement in infrastructure, the vehicles that transport our goods have not caught up with the modern requirements. So, the speed of the transportation takes a hit. This is a major challenge as the requirement in reduction of transport time today is in hours and not days," Velngkar says.

Notwithstanding these challenges, how Volvo makes things work for it is efficiency in yard management and plant logistics. Every movement to the last detail is planned by the logistics services and traffic operations units that there is little to worry when the shipments have to be moved. Even execution. This, perhaps, will be an important note for all other manufacturers of vehicles. mg

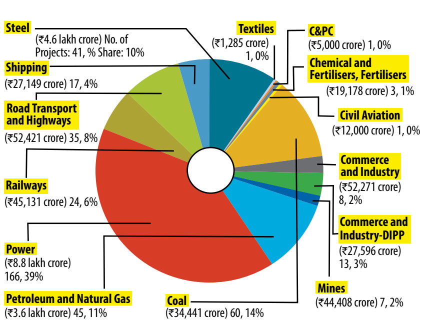
PMG: Mid course correction

Project Monitoring Group set up to prevent logjams picked up some lessons on the way and tweaking the approach for faster clearances

Vijay Kurup

The Project Monitoring Group (PMG) was set up in June last year and guided by Additional Secretary Anil Swarup. The mandate given by the government to the PMG was to fast track the clearance of projects stalled by the relevant ministries for various reasons. To date 160 projects worth ₹5.5 lakh crore had been cleared. But were these measures sufficient? Was it enough just to procure clearance from the relevant ministries? It was good, but not good enough. The rules of engagement needed to be altered for the system to be more effective. The new government, Swarup said, was not just concerned about the clearance of the project by all the relevant ministries, but wanted PMG to follow up on

Ministry-wise break-up of projects accepted by PMG



those cleared projects to see if they had actually taken off. When the PMG relooked into the "approved projects," it was found that out of the 155 projects which were cleared, 26 projects had developed additional problems, which required their intervention once again. These stalled projects were again reinstated into their system for scrutiny and clearance.

In the past one year, PMG intervened only when there was a problem with the clearance of a project. "My view was why should we look at the cause?" asked Swarup. In order to bring in more transparency into the system of project clearance, the tracking for project approval should commence from the time the application was received by the relevant ministry. In this endeavor the government had decided to digitise the entire process, beginning with the submission of the application for project clearance with the ministry. On July 15, the Ministry of Environment and Forest launched a web based process for forest clearance wherein the stakeholder would apply online in the portal and would be able track progress of its application from day one. "We have fixed time lines for each office to process the application," said Swarup. By this process we can monitor where the files

> "We should not be merely concerned with the clearance of the project; we should be with the industry to see that the economic activity had resumed on the ground."
>
> **Anil Swarup**
> Additional Secretary

are held up. The online submission of application for environment as well as mining clearances would be live from September 1 and November 1 respectively. The vision was that the industry should not move from one ministry to another but the applicant should be able to track his application from his own office on his computer. "We have realised that the moment you make the entire process transparent, things start happening."

The other major change introduced was the lowering of the threshold limit of the projects for acceptance by the PMG. On the basis of representations made by the industry, FICCI and CII have approached the Prime Minister's Office (PMO) to reduce the threshold limit of the value of the projects from ₹1,000 crore to ₹100 crore to be eligible for consideration by the PMG. PMO's approval however was still awaited, but PMG in the meantime had gone ahead and asked the State governments to launch their own project monitoring portal. Twelve states have already taken up clearance of stalled projects of investment value sub ₹1,000 crore, exactly in the same manner as was being done by the PMG at the center. Any project between ₹100 crore and ₹1000 crore was pegged to the respective state portal and projects exceeding ₹1,000 crore came to the center. These portals were inter-connected.

Swarup felt that the most important fact was not that the state governments had embraced the concept of project monitoring, but that they had accepted the fact of the need to fast track clearance of stalled projects. "The processes that had been put in place had come to be accepted by all the stakeholders," said Swarup. "In PMG, we are obsessed that we don't take any steps till we take all the stakeholders into confidence." That, in brief, was perhaps the magic wand of his success. mg

MAKING CRANE OPERATIONS MORE SAFE

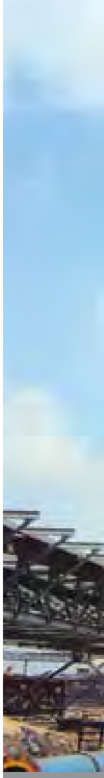
A combination of highly skilled workforce, technologically advanced and well maintained machinery are crucial to make crane operations safe and more productive, reveals **Sunil Kalra** as he details on Liebherr's commitment to innovation and safety

Sunil Kalra
Divisional Manager, Maritime Cranes
Liebherr India

When it comes to crane operations, safety is one of the most important issues. There are several areas where terminal operators face challenges in terms of crane safety, including driver, the machine itself and other port equipment.

Around the world, ports advise their employees to strictly work in accordance with very tight safety instructions. This is absolutely necessary in order to avoid damage to port infrastructure, injuries or even worse. However, safety instructions are only as good as they are executed. For that reason well-trained crane drivers are indispensable for a safe operation. The training has to transfer the required safety knowledge to the employees. This knowledge also has to be refreshed in frequent intervals which helps to increase awareness for safety issues. In addition to highly immersive crane driver trainings, every other person in touch with the area of crane operation needs to get a proper safety instruction.

In order to maximise safety, the port operator also has to ensure that the crane is well equipped with necessary safety features. Furthermore, regular maintenance services by an authorised provider allow for safe operation throughout the complete crane life. A proper technical condition of the crane is a necessity for the crane driver to safely operate the machine.



In port operation there are many things to be considered in terms of safety, including floating load and traffic in the port. If more than one crane is in operation, it is also important to prevent potential collisions. State-of-the-art training and technology can significantly reduce risks in various areas of port operation and help to avoid costly accidents.

Training increases safety

Successful port operators are continuously looking for efficient ways of up skilling their employees to ensure highest safety standards while training costs and training time are kept to a minimum. Simulation-based training represents a state-of-the-art solution in order to achieve this aim.

Thanks to the virtual environment, damage to maritime equipment and injuries to port personnel are eliminated. Because training does not interfere with day-to-day port operations and is relatively inexpensive, trainees can spend extended time in the virtual environment, learning instinctively how to react to unexpected situations. This naturally increases safety in real cargo and container handling.

A major benefit of simulator training is the ability to simulate harsh environmental conditions when required. This allows both experienced operators and trainees to gain valuable experience operating under challenging conditions in a safe environment. The resulting increase in operator skills allows for safe and productive crane operation under similar conditions in the real world, boosting port productivity. For example, even though it may be a calm and sunny day, the trainee can practise cargo handling in harsh weather conditions such as snowfall, heavy winds, torrential rain and high waves.

The emission and fuel-free LiSIM® training solution is in line with eco-friendly port operations.

Thanks to the non-destructive virtual environment, the operator has the opportunity to learn the operational boundaries of the crane without any consequences, gaining useful experience for highly efficient crane operation.

Liebherr Simulations (LiSIM®) offers sophisticated solutions that tick all the boxes, allowing trainees to significantly improve their skills in a realistic but virtual maritime environment.

Liebherr Simulations (LiSIM®) offers sophisticated solutions that tick all the boxes, allowing trainees to significantly improve their skills in a realistic but virtual maritime environment. The sophisticated LiSIM® environmental and physics engine allows for an unprecedented level of detail and realism.

Simulation-based training avoids costly downtime and reductions in productivity caused by on-crane training. The emission and fuel-free LiSIM® training solution is in line with an eco-friendly port operation. Moreover, expensive delays in training caused by poor weather conditions are eliminated. Immersive simulator training has the potential to significantly reduce accidents as it produces well-trained operators. For that reason this state-of-the-art training solution is recognised as a cost-saving and safety improving measure.

Innovative technologies lead to more safety

In addition to well-skilled crane drivers, the configuration of the machine itself highly influences safety in crane operation. Although it differs from country to country, usually, there are many safety features installed which the crane has to be equipped with by legislation, e.g. fire extinguishing systems. Besides these built-in standard features, many crane manufacturers offer optional systems which allow for additional safety.

Thanks to its focus on innovation, Liebherr Maritime Cranes has developed a number of advanced systems which make the operation safer and more productive, including Cycoptronic®, Sycratronic® and SmartGrip.

With **48%** market share, almost one in two all-terrain cranes in the world comes from Liebherr

Sway Free Load Motion

Liebherr offers various high-tech tools ensuring maximum safety and efficiency in terms of cargo handling, thereby reducing operation time and emission per container/ton significantly. This includes the anti-sway system Cycoptronic®. This advanced system is an optional tool that ensures accurate and sway-free load motion through initiating dynamic counterbalancing movements for operation at maximum speed. If highly efficient bulk handling is required, the Teach-In feature represents an optimal extension to Liebherr's anti-sway system. This point to point control for semiautomatic operation pilots the crane to predetermined loading and unloading points at the highest possible speed. Furthermore, automatic steering to target points without any load swing and the possibility to stop crane motion at any time leads to a notable increase in both safety and speed.

Safe Tandem Lifts

The Sycratronic® system allows two Liebherr mobile harbour cranes to be operated simultaneously by one crane operator for improved safety and speed. Moreover, no down ratings regarding capacity are necessary, thus both cranes can be utilised at maximum lifting capacity. The add-on feature Dynamic Anti-Collision System DACS® controls the simultaneous operation of crane motions. In so doing DACS® ensures the best possible performance and prevents collision between cranes and defined fixed obstacles. Moreover, the Vertical Line Finder guarantees that the boom is exactly vertically above the load, thereby avoiding side pull of the load caused from the distance between operator and load or asymmetric centres of gravity. The prevention of side loadings of the crane results in a longer crane lifetime.

Overload prevention

Liebherr's latest technology SmartGrip was launched in June 2014. This unique technology operates as an intelligent system which optimises grab filling rates in a self-learning manner. SmartGrip provides a number of valuable advantages, including higher performance, zero overloads and less stress for the crane driver. The development of SmartGrip is based on recent turnover analyses in various ports around the world. The data showed that, on average, only 70 per cent of the grab capacity is used. There are many factors why the grab is not operated at full capacity,

Liebherr Maritime Cranes has developed a number of advanced systems which make the operation safer and more productive, including Cycoptronic®, Sycratronic® and SmartGrip.

including suboptimal grabbing angle and varying material. In operation, the self-learning system automatically adjusts its behaviour by recognising bulk density, compression and granularity as well as current frame conditions like depth of impression or type of grab. Load cycle by load cycle, SmartGrip automatically optimizes filling to maximum capability taking grab size and outreach into account. Right from the second load cycle, SmartGrip ensures that the grab filling rate is above the average of 70 per cent. Within a maximum of seven cycles the full capacity of the grab is utilised. The innovative system controls the filling of the grab to suit the load curve of the crane. This leads to perfect crane utilisation without overloading. Thus, SmartGrip also works as overload prevention system resulting in higher safety and an extended lifetime of the crane, saving fuel and time.

Above mentioned systems significantly ease operation and reduce stress for the crane driver. Consequently the driver can focus more on other important issues like safety if those innovative systems are activated.

Liebherr invests heavily in research and development to ensure that its customers can use the latest technology for their operation. Due to this strong commitment to innovation, lifts across the globe will continue to become safer and more efficient in the future. mg

Ship breakers rejoice cut in import duty

Duty cut on ships imported for recycling and a strengthening rupee are expected to improve profitability and competitiveness of the ship breaking industry

Omer Ahmed

The long made call by Indian ship breaking industry to reduce taxes finally seems to be heard as the recently announced Union Budget for 2014-15 has cut the import duty on ships imported for breaking from 5 per cent to 2.5 per cent. The tax cut is expected to shore more ships to Indian ports for recycling. The logic proposed by the ship breaking industry for the cut in import duty is that scrap imports in India attract a duty of 2.5 per cent. Since ships imported for dismantling are also scrap, the same import duty should apply.

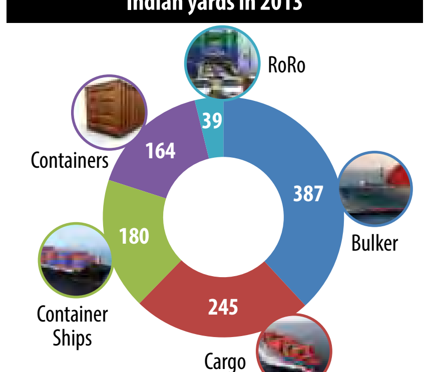
In the past two years, due to high import duty and the decline in the value of Indian rupee against dollar, the demand for domestic scrap from dismantled ships had gone down, while direct scrap imports increased as they appeared comparatively economical. This in turn impacted ship imports for breaking. The duty cut now puts ship-breakers on a par with their primary – and nearly three times bigger – competitor, the molten-scrap importers, who have enjoyed 2.5 per cent import duty for a long time.

As per the data provided by Ship Recycling Industries Association of India (SRIA), 394 ships were imported in India for recycling during 2012-13. The number went down to 298 in 2013-14, and in the current financial year, till June, 92 ships were imported for breaking. After the cut in duty, the industry is expecting to import 40-45 ships every month for recycling.

Ship breakers pay in dollars for the ships they buy for recycling and this is often financed through bank credit which has to be repaid in three to nine months. Most of the companies in this business don't hedge against the risk of foreign-exchange volatility as it impacts their margins. This factor stood up against them last year as the decline in Rupee had made paying up foreign currency loans more costly. The additional cost could not be passed to the scrap metal buyers as slowdown in domestic economy had sapped demand for steel from sectors such as automobiles and construction.

India's ship-breakers have borne forex losses of over ₹1,000 crore in the past two fiscals. The past two years have also seen neighbouring economies including Bangladesh and Pakistan eat into Indian business due to high import duty and a weak Rupee against Dollar. India, Bangladesh, Pakistan and China are the market leaders in global ship breaking industry, accounting for more than two-third of the global business.

Break-up of ships torn down at Indian yards in 2013



India tops in South Asia

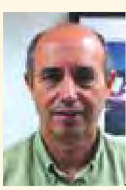
As reported by the *Express Tribune,* 1,119 ships went to the world's breaking yards in 2013, of which, 387 were bulker, 245 cargo, 180 container ships, 164 containers and 39 RoRo. In terms of number of ships demolished, India, Pakistan and Bangladesh accounted for 50 per cent with India alone accounting for 26 per cent, closely followed by China with 18 per cent share.

In terms of tonnage, the three South Asian countries accounted for 71 per cent of the worlds scrapped ships. India came in at the top with 2.8 million tonnes or 31 per cent of total metal recycled globally, while Bangladesh and Pakistan accounted for 2.3 million (25 per cent) and 1.4 million (15 per cent) respectively.

With the Prime Minister Narendra Modi's wave sweeping across the beaches in Gujarat, the ship breaking industry is confidently spearing ahead with most deals being struck at over $500 per tonne, more than 30 per cent premium over year-on-year rates. Buoyed by the strengthening of rupee and prospects for steel prices to improve in the secondary market, the multi-billion junk ship market is busy striking deals. Ship breakers believe the government's focus on infrastructure will help improve steel prices again. Collectively, the cut in import duty and strengthening rupee are likely to add over ₹100 crore or well over a percentage point to the industry's operating profitability. mg

DESIGNING CRUISE SHIPS IN 3D

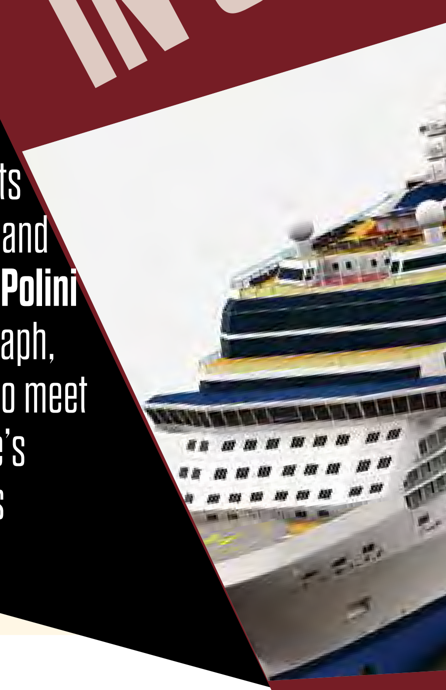
Applying 3D modeling technology early in the design process offers several benefits in the form of improved product quality, more accurate engineering data, and better visualization and understanding of the design. **Michael A Polini** elaborates on how STX France teamed up with Intergraph, adopting the latter's enterprise solutions to meet the requirements of STX France's cruise ship projects



Michael A Polini
Product Manager - SmartMarine® 3D
Intergraph Corporation

Modern Cruise Ship design processes and workflows create special challenges for organisations that want to apply 3D modeling technology to the early design stages. Some of the unique requirements stem from the high volume of 2D design data produced by outside parties, such as owners, architects, suppliers, and sub-contractors. Others are driven by the volumetric restrictions placed on the design in the public spaces. As challenging as these issues are, the sheer magnitude and scale of change during these early stages of the design have led to workflows and processes that delay the start of 3D modeling efforts until some level of maturity has been reached and the rate of change has not only stabilised, but it has slowed to a manageable level.

Being able to apply 3D modeling technology in a highly concurrent, integrated, multi-disciplinary engineering environment early in the design process has a number of business benefits that lead to improved product quality, more accurate engineering data, and better visualisation and understanding of the design. Cruise Ship design poses challenges that are unique to the industry. Applying 3D design tools developed for general-purpose modelling may impact both the cost and schedule for a project. The only recourse in this situation is to modify your business practices, workflows, and processes to work within the limits of the technology. An alternative is to partner with a technology provider and together, develop a plan for adapting the technology in conjunction with logical



and beneficial process re-engineering. This is the path STX France took with Intergraph for adopting their Enterprise solutions and, more specifically, for enhancing their marine product SmartMarine® 3D (SM3D) for use on STX France's Cruise Ship projects.

Intergraph has a broad suite of solutions for the Enterprise including 2D schematic products, 3D modelling solutions, analysis applications, and procurement, fabrication, and construction tools. The paragraphs below highlight several key areas where new features and functions were incorporated into Intergraph's 3D modelling product based on requirements provided by STX France in the form of "use cases." This work was predicated on an in-depth benchmark and analysis of the features and functions in production use by the marine industry from the perspective of applying the technology to Cruise Ship design. The net effect was a "gap analysis" that identified areas where productivity gains in modeling could be achieved with enhanced or improved features and functions. Each of these was jointly reviewed. Where benefits were seen for the broader marine customer base, agreements were made to develop the capability and incorporate it into the product.

Based on results from other world-class, commercial yards, significant cost and risk can be reduced and eliminated if one can take advantage of "experienced" designs.

Cruise ship design lifecycle stages

The various high-level stages of the design lifecycle are similar in cruise ship projects to those of other types of marine projects. What is significantly different, however, is the duration, the volume of 2D design data coming from third-parties, the number of concurrent users, amount of subcontract involvement, and type and frequency of design change.

The Pre-Sales Design phase is sometimes overlooked because it is traditionally done without the benefit of a 3D model. This work is done using a limited set of resources composed of CAD designers, Engineers, Naval Architects, and Sales, Finance, and Engineering specialists. Two types of deliverables are produced-one targeting the yard's technical teams, and the other the client. The majority of the deliverables are in the form of 2D drawings-mostly arrangement drawings of various systems including structure-and technical specifications.

Based on results from other world-class, commercial yards, significant cost and risk can be reduced and eliminated if one can take advantage of "experienced" designs. This means re-using data from previous projects and adapting and/or adopting it to the new design. The extent of re-use varies from product to product within the marine industry, and in the case of Cruise ships, it is mostly limited to the technical areas in the lower decks. 3D models and re-use of previous designs is not something clients are asking for. Some experimentation with 3D models for cabins has been done and clients have found it useful to review the design in an immersive 3D virtual reality (VR) simulator. Cabins and Public spaces are almost always done by outside Architects hired by the client and the yard's design departments rarely lead in this work and are on the receiving end. In the construction stage of the design, the Architect is responsible for all creative content, but the yard is responsible for ensuring the integrity of the design and the integration into the ship.

A process workflow diagram is divided into stages and flow lanes and identifies the interim products and shows the processing of a particular interim product through a specific stage and flow lane. These workflow diagrams are instrumental in helping an Enterprise understand, document, and optimize its engineering and production processes. Figure 1 represents a generic high-level process and workflow developed by Intergraph and used to communicate with the customer and to drive the development of the product next to a high-level "roadmap" that outlines actions that can be taken over the short, medium, and long term to adapt and adopt SM3D technology to the pre-sales design stage activities conducted by STX France. Short term actions can be started or undertaken using the features and functions available in the released, production versions of the software. Mid- and long term actions take into consideration new features and functions that are either currently under development within the scope of the next version or are planned for future versions of the product.

China, South Korea and Japan accounted for **90** per cent of ships delivered in **2013**

In summary, the need for 3D models is not clear but the trend is towards earlier adoption of 3D models. This will accelerate and become more accepted as the amount of legacy 3D data grows; owners are exposed to more 3D mock-ups and reviews, and the design productivity

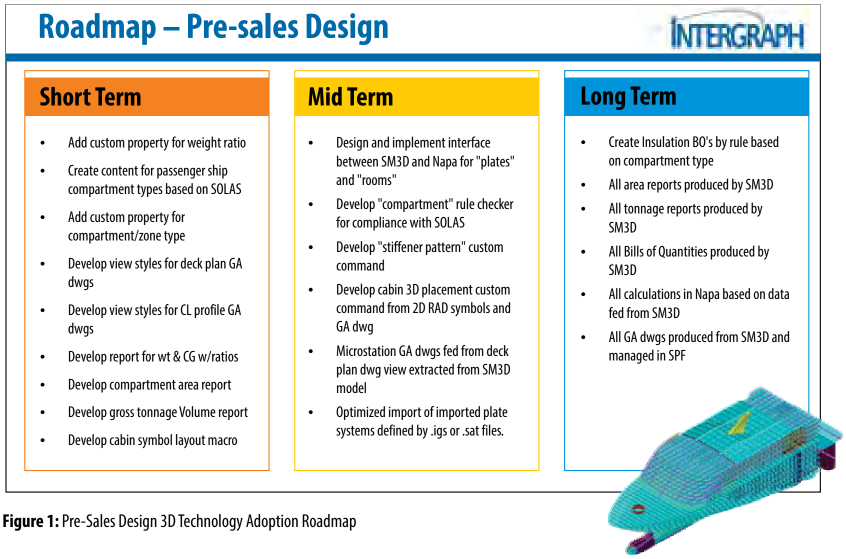


Figure 1: Pre-Sales Design 3D Technology Adoption Roadmap

for developing 3D models rises. It is the author's opinion that the ability to utilise 3D model data early in the design process will be a significant competitive advantage.

Managing the design process

To effectively design and construct something as complex as a ship, an organization must manage people, information, and work. Most advanced shipyards employ an integrated approach that was developed over 30 years ago and has undergone change and refinement ever since. In this approach, a dual grouping is used which first addresses the product by functional systems (e.g. shell, decks, longitudinal and transverse bulkheads, frames, webs, etc.). At some point, a transition is made where the design information is reorganized by zones and/or blocks regardless of the systems represented. Using dual grouping techniques enables one to describe how to design and how to build the product. System-by-system-based formats for key plans facilitate functional design and owner and regulatory approvals. The zone-by-zone format is used for yard plans, specified by production engineers, and facilitates management of the plan for erection, assembly, subassembly, and parts fabrication.

System-based modeling

SM3D was designed to support the creation of 3D models based on large plate and profile systems. This means that the design is driven purely by a functional, system decomposition without regard to how it will be physically assembled. This approach produces models with fewer objects; hence, more attuned to rapid design changes in the early stages of the project. At this stage, it is still necessary to manage the design by assigning subsets or regions to specific individuals or teams. In these early stages, the regions are a combination of functional and spatial partitioning, commonly referred to as "zones."

Block-based modeling

The counter-part to "system-based" modeling is "block-based" modeling. With this approach, the model is developed within physical limits imposed by the facility that will be used to construct the vessel. These limits include size and capacity of transport mechanism, crane lifting capacities, and work center and work cell size and capacities. The advantages of block-based modeling is that the scope of change is very small-limited to the extents of the block-therefore few if any other designers are impacted by the change. A designer is usually assigned full responsibility for a block, hence they have total control over their region of the design. Their major disadvantage, however, is that modeling is dependent on factors and decisions that may not be known with any level of certainty in the early stages of the project-thereby delaying the start of 3D modeling.

The ability to model by zone enables an organisation to start the 3D model earlier in the design cycle than would be possible if modeled by block. Further, a system-based model is more adaptable to future design variants and also to sister-ships that may be produced at different yards or facilities. In effect, it is a more generic design, free from any constraints imposed by the physical process of fabricating and assembling the product.

Transitioning from zones to blocks

What STX France needed was a way to start the 3D model using large plate systems on a zone-based approach but then transition to a block-based approach as the project advanced through the design stages. This was necessitated by the need to add designers in later stages, as well as the need to add sub-contractors as the workload increased.

In order to meet this requirement, Intergraph developed a function to "split" the design from large plate systems to smaller plate systems. The ability to begin modeling on a system-based approach and then transition to a zone-based or block-based approach provides users with the ultimate flexibility and enables them to take advantage of the benefits of both approaches. This is a game-changing capability as most 3D technologies on the market today only support block-based modeling.

Conclusions

Adopting new technology is not a question of "whether to adopt", rather, it is a question of "when to adopt". For large enterprises, a "big-bang" approach to technology innovation carries a high-level of risk and may not be feasible. An approach based on continuous process innovation where technology is incrementally introduced is a better choice for large enterprises.

STX France and Intergraph have chosen to team together and collaborate on both the adaption and adoption of 3D technology to the problems they are faced with in the Cruise ship market. Acting alone is a slow, costly, and inefficient way to approach technology innovation. Through this co-operative development effort, Intergraph is assured that the enhancements are driven by the high-value use cases and STX France is assured that the resulting new features are fit for use and production ready. mg

Mega Hub: A Myth?

Contrary to popular perception, Ultra Large Container Vessels are continuing to call at multiple North European ports per loop and are not concentrating on a mega-hub

Despite containerships doubling in size in the past 10 years on the Far East-North Europe route, there has not been a reduction in the number of North European ports called by each service.

Table 1 illustrates that the average number of North European port calls per loop has remained broadly unchanged, at four per service string. As in the past, container services follow a traditional multi-port itinerary and call at about four separate North European ports. These are typically a Benelux port (usually Rotterdam or Antwerp), a German port, a UK port and either Le Havre or one of the second-tier European ports.

In fact, since 2009, shipping lines have also started calling at additional North European ports which they previously did not serve directly, such as Gdansk in Poland. Initially, this was partly driven by a desire to use up excess ship capacity by extending voyage times (in conjunction with slow steaming). However, it has not proved to be a short-lived move and now appears to be well established.

None of the major North European ports has become dominant or displaced competing ports. However, some second-tier ports (such as Amsterdam and Thamesport) have been forced out as ports of call on the Far East-North Europe route.

So, number of vessels calling at four North European port has been constant in the past 10 years and there is no sign at all of a move to a single North European mega-hub.

Port / Year	2004	2009	2014
Hamburg	22	33	18
Le Havre	0	2	1
Felixstowe	0	0	0
Antwerp	0	4	0
Bremerhaven	4	0	2
Rotterdam	5	1	14
Southampton	6	3	10
Other North European ports	6	4	4
Total North Europe port per week	6	4	4
Number of weekly loops	6	4	4
Number of North Europe port calls / loop	6	4	4

Table1: North European Port calls per week

This confirms the old shipping adage that the mothership must go as close as possible to the final destination or origin of the cargo – where the market is a large one. This is also advantageous for shippers, because direct calls avoid the risk of missed feeder connections.

But the port industry is seeing radical change in another area: the total number of North Europe port calls on the Far East-North Europe route has fallen from 159 to 101 in the past 5 years whereas the average ship size has increased by over 50 per cent, reaching nearly 11,000 teu (see Figure 1). Each vessel still calls at more or less the same number of North European ports, but there are fewer weekly services and therefore less frequent calls at ports overall, by much larger ships, with much larger container exchanges per call.

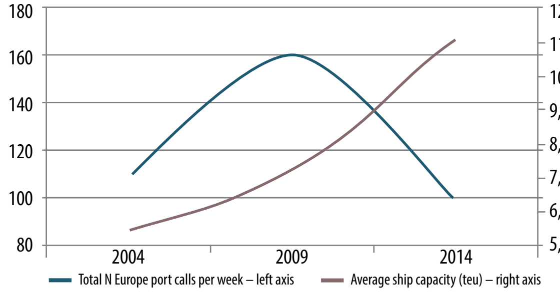


Figure 1: North European Port calls Vs Ship size

For example, in the first half of 2014, the port of Hamburg received 244 Ultra Large Container Vessels of more than 10,000 teu capacities, 27 per cent more than a year earlier.

We have previously analysed in Drewry Container Insight Weekly the implications of larger container exchanges on volume peaks at terminals.

But what are the factors behind the pattern of less frequent, bigger ships calling at the major traditional ports?

Scale economies on mothership costs (running fewer weekly services with bigger ships), the advent of larger alliances (less duplication of port calls) and the reduction in the number of carriers (exit of MISC, Zim and others from the trade) have all played a part. These factors will not go away and should see a continuation of the current structure and rotation patterns of Far East-North Europe services.

Our View

Multi-port rotations will continue in North Europe, but there will be fewer, less frequent calls by increasingly large containerships. The peaking caused by this will continue to challenge many ports and terminals.

Source: Drewry Maritime Research (www.drewry.co.uk/ciw)

THE 2014 GATEWAY AWARDS
THE BENCHMARK OF INDIAN MARITIME BUSINESS

MARITIME STARS LIGHT UP THE NIGHT

It was an evening where the famous and the familiar working at the sea and the shore came together to celebrate each other's strengths. Gateway Awards 2014 was organised to recognise, cherish and honour the contribution of men and their machines to sea trade.

Now in its seventh year, the Awards ceremony smacked of optimism and ostentation- the two unmissable characteristics of the shipping industry. Or so it seemed as one observed the swagger of the men and women who walked into the packed hall. From start to finish, the awards ceremony sang praise and raised a toast to inspiring stories of individuals and their organisations for keeping their chin up and working against the tide.

As the hall in The Lalit began filling up, the curtains rose to welcome the guests and entrants to the glittering evening. As they settled down to take their seats, the curiosity and excitement was palpable in the air. When the host declared the ceremony open and the ramp walk began, there were few in the audience whose eyes weren't on the stage or were not letting out a squeal. Blackberry phones and their smarter cousins stopped buzzing as the music for the ramp walk of the shipping celebrities became louder. The fifteen pairs of legs strode down the protruding stage and the hall resounded with claps as everyone acknowledged the excellence of these men and women on stage.

Once the fashionistas walked their way out, the names of the awardees were called out. The ones who triumphed were invited on to the stage and each of them had a small tale to share on what and how they made things tick for them. The Gateway Awards 2014 honoured outstanding performance in a wide range of categories. With in-depth coverage over many categories that asked for decisive information on operations to investment and innovation, the awards ensured that achievement in all fields was acknowledged.

There were a total of 15 categories of awards for the year including two special awards for the Indian Maritime Business Man of the Year and Lifetime Achievement Award of the year. The other regular categories of awards were – Major Port of the Year, Private Port of the Year, Container Terminal of the Year, Bulk Operator of the Year, Tanker Operator of the Year, Container Liner of the Year, Shipping Agent of the Year, Inland Container Depot of the Year, Container Freight Station of the Year, Shipbuilding Company of the Year, Excellence in Maritime Education, Coastal Shipping Operator of the Year, Freight Forwarder of the Year.

Each winner was given away the Gateway Award, which is an evocative and iconic piece symbolic of the Ship's Wheel and also depict the rays of sunlight that appear to radiate from a single point in the sky. There was much to take away for each attendee during the award function as the winners spoke on how they managed to keep the cash registers ringing and customers pinging despite the unfriendly seas.

The awards extended in to a gala dinner where all the industry members exchanged not just notes and numbers but also took home with them a piece of a jubilant evening where costs and capacity constraints gave way to entertainment and cheer.

A maritime gateway event

India's premier maritime business magazine

THE GATEWAY AWARDS 2014

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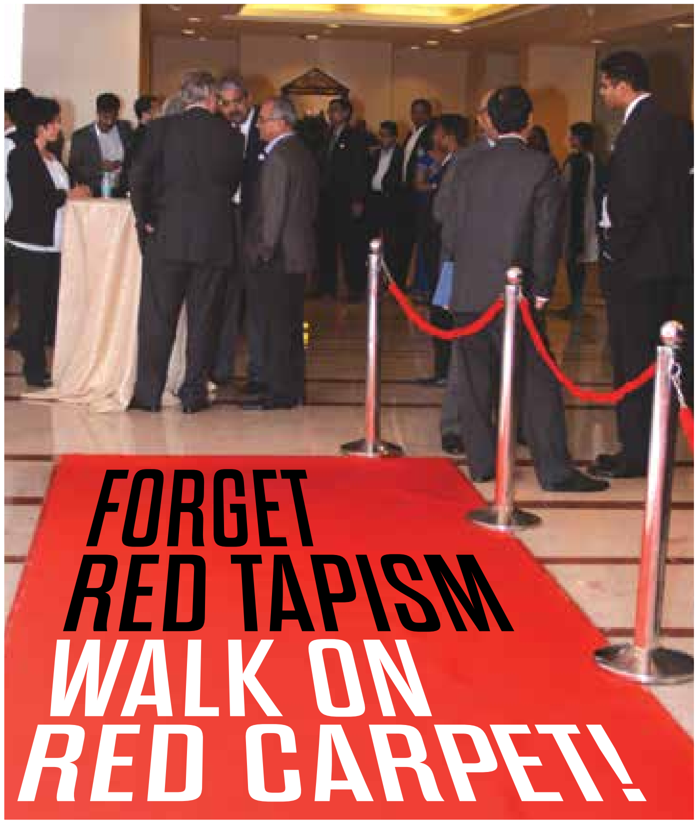
A maritime gateway event

WISTA MARITIME CELEBRITY RAMP WALK

FORGET RED TAPISM WALK ON RED CARPET!














THE 2014 GATEWAY AWARDS
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OBJECTIVE AND TRANSPARENT

Eleven jury members, 15 categories, 63 nominations, 182 parameters, 882 data points and 1715 online votes. That, in short, sums up the elaborate, painstaking and pin-pointed effort to name 15 winners for the Gateway Awards 2014.

The process of nomination, selection, thorough dissection and final resolution took many months and prolonged hours of debate before the jury could home on the final list of winners. An exhaustive list of guidelines was readied for the jury to abide by before they embarked on this process of choosing a winner for each category. The Jury devised a unique analytical model covering exclusive parameters defining each award category and assigned a weight for each parameter.

What sets aside Gateway's process from the others in the industry is the impartial nature of conducting this whole exercise. Every player in the category worth his salt can nominate his company for participation. The nominees were then approached to share relevant information based on a questionnaire for the relevant award category. The questionnaires drafted had 10 quantitative and four qualitative parameters.

After the data was synthesised and number crunching done, the jury was to rank and assign weights to parameters on the category the nominees submitted themselves to. Once this process was complete, the members met to evaluate how each company/ individual performed against the parameters.

The users of ports, shipping lines, ICDs and CFS were all given a chance to participate in this process and could exercise an option to rank top five companies from the reference list provided in the survey or otherwise. This process of voting could be done online and was mooted to introduce more transparency into the entire process of validation.

"The process started five months before the awards ceremony. The awards is not just about the jury members and their decisions, not just about rigorous analytical model or an extensive industry poll that Gateway Maritime conducts. It's a combination of all three parameters. We've had lengthy jury deliberations and discussions. In four words the process was rigorous, scientific, neutral and balanced."

– Prahlad Tanwar
Director
(Transport and Logistics)
KPMG India

"It is first time that I've been part of the Gateway Awards Jury and I must say this was a unique experience. The scientific method adopted for deciding the awards was very comprehensive and detailed. I would look forward to being a part of the jury next time around as well."

– Umesh Grover
Chief Executive Officer, INSA

"The awards ceremony was beyond the numbers. We assessed qualitative aspects as well and evaluated the perception of the company among its clients. The actual delivery to the customers was taken into consideration by the jury."

– Shailesh Bhatia
President, AMTOI

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MAJOR PORT OF THE YEAR

Jawaharlal Nehru Port Trust

India’s largest port by container volumes handled, the Jawaharlal Nehru Port received the award for being the outstanding Major Port of the year. The award was given in recognition of the port demonstrating dynamic leadership and working against adversities. It also commends the initiatives of the port in creating additional capacities through PPP projects.

There were several parameters - operational and infrastructural-on the basis of which this port was adjudged the best major port of the year. While the table indicates the optimum figures for all the operational parameters, the other factors that were considered include progress made on ongoing expansion projects, projects completed in the last financial year and innovation including eco-friendly approach adopted by the port.

The port handled a total of 62.33 million tonnes in the last 25 years with a remarkable CAGR of 20.57 per cent, whereas container traffic has grown more with a CAGR of 22.18 per cent in the same period. JNPT also retained its first position in container handling.

The biggest achievement of last year was finalisation of mega projects like dredging (deepening and widening of the Mumbai Harbour channel and JN Port channel), 330-m extension of the existing container berths and the fourth container terminal. The dredging project was successfully implemented and the port has achieved a draught of 14 m. The port is keen on completing the 330 m standalone container terminal of 0.8-million-teu capacity which is under construction phase. The project cost is estimated to be ₹600 crore.

> JNPT is developing a port-based SEZ which will help to increase its throughput and will also help in job creation. It will also soon host a liquid cargo terminal of 30 million tonnes per annum capacity.

One of the highlights was signing of the concession agreement for the fourth container terminal to Port of Singapore Authority who have connenced construction work on the terminal already. Recently, the Prime Minister also laid the foundation stone for the ₹4000-crore port-based SEZ at JNPT and the ₹1,926.57 crore port connectivity highway project.

In addition, the port will also soon host a liquid cargo terminal of 30 million tonnes per annum capacity that has been designed and the project is expected to be bid out by the end of this year. The port will spend about ₹2,500 crore for setting up this terminal on a DBFOT basis. The project will be developed in two phases and once ready, it will be able to handle 26.6 million tonnes per annum (MTPA).

On the environment side, the port has developed around 1,100 hecatres of green area including mangroves.

L to R: **Asish Kumar Bose,** Chief Manager (Traffic), and **N N Kumar,** Chairman, Jawaharlal Nehru Port Trust

PRIVATE PORT OF THE YEAR

Adani Ports and Special Economic Zone

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Adani Ports and Special Economic Zone that operates six ports in India won the best private port of the year award for its operations in Mundra. A new land mark of handling 100 million metric tons of cargo was achieved and the award was given appreciating this feat also recognizing the foresight of the Port's management in creating capacities ahead, thereby enhancing its ability to handle diversified cargo.

The port's outstanding operational performance made it unmissable by the jury and Mundra was awarded this distinction for its consistent performance on all parameters. Mundra Port handled 101 mt of cargo in the financial year 2014 and is the only commercial port to have achieved this metric. In the same year, it beat state run Paradip Port in handling maximum volume of coal breaching the 35 mt benchmark set earlier by the major port.

The port was evaluated on the projects undertaken and completed during the year, status of ongoing projects, innovations made and eco-friendly methods adopted.

Projects completed in FY 14

The Dhrub Station on the western basin of the Mundra Port was opened for traffic in July. This will allow additional handling and direct dispatch of cargo from the station. The port also became the first port in country to have its own tie-tamping machine. This machine will be used for maintenance of 227 km long non-government railway track owned and maintained by the port. To enhance safety of cargo and employees, a wagon loading conveyor has been installed at the Fertilizer Cargo Complex. The installation of Air Blasters at the port helped it handle large volumes of coal.

Mundra Port handled 101 mt of cargo in the financial year 2014 and is the only commercial port to have achieved this metric.

Ongoing projects

The port has six ongoing projects at different stages of implementation where LNG terminals and new yards are being developed. During the year, Mundra handled cargo from *MSC Susanna*, a 336-m, vessel, the deepest to call at an Indian port thus far. Being the only other port second to Pipavav to handle double stack containers by rail, the port loaded 10,200 rakes. This fineness in operations helped the port augment its revenues to over ₹5,000 crore and a profit of ₹2,000 crore in FY14.

Innovations

Two innovations in handling cargo that stand out are the wagon loading silos and tug operations. The modified wagon loading silos have filling chutes which change the angle of repose thus increasing the volume of coal in a wagon.

Rajeeva Sinha
Whole Time Director
Adani Ports & SEZ Ltd

L to R: **Deepak Tiwari**, CEO, MSC Agency (India), **D K Sen Sharma**, COO - Container Terminals, Adani Ports & SEZ Ltd, **Vasant Murthy**, CEO, Container Ports & Logistics, APSEZ, **Sunil Kalra**, Divisional Head, Maritime Cranes, Liebherr India.

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CONTAINER TERMINAL OF THE YEAR

Adani Ports & SEZ Ltd

This award was presented to Adani Ports & SEZ Ltd in recognition of achieving impressive year-on-year growth both in volumes and revenues. The award also recognizes the terminal capability to handle large vessels which is a game changer.

Adani Terminal achieved thoughput of 20.87 MMT (equivalent to 1429,411 teu) in 2013-14. Registering a year-on-year growth of 58.83 per cent, the terminal has added 100,000 teu per annum storage capacity for empty containers during the fiscal which will significantly benefit Coastal Service Operators.

On operational front, the terminal has registered 52 per cent capacity utilisation, with an average trailer turnaround time of 60 minutes and average crane moves per hour of 30.29 cranes. The terminal registered a growth of 58.97 per cent in operational profit, while its operating profit margin saw a 2.76 per cent growth.

On infrastructure front, the company has taken up several development projects during the year. It has created infrastructure to handle the largest container vessel to call India - *MSC Valeria*, the 14,036-teu vessel that called on June 4, 2013, creating maritime history for India.

> Adani terminal has created infra to handle the largest container vessel to call India – MSC Valeria, the 14,036 teu vessel that called on June 4, 2013, creating maritime history for India.

It has also widened its depth that allowed handling the deepest container vessel to arrive India until FY 2013-14 - *mv. MSC Susanna* on March 22, 2014, with a draft of 15.30 M.

As part of its ongoing expansion plans, the company has ordered four new RTGs. On delivery, it will allow capacity and productivity enhancement translating to superior service delivery to customers.

Adani Terminal has implemented a new Terminal Operating System (ACTOS) developed with domain expertise shared by AP & SEZ Container terminal team. It has also taken up automation projects such as Container Auto Position Detection System using laser and proxy sensors and Steering of Electrical RTG s using laser.

The company has created major capability of handling transshipment at the new container terminal leading to Mundra emerging as the major transshipment hub on the west coast. Adani operated terminals saw transshipment contributing to 18 per cent of its throughput.

L to R: **Capt Dinesh Gautama,** President, Navkar Corporation Limited, **D K Sen Sharma,** COO - Container Terminals, Adani Ports & SEZ Ltd, **Vasant R Murthy,** CEO - Container Ports & Logistics, Adani Ports & SEZ Ltd, **Philipe Blasset**, Managing Director, CMA CGM Global (India) Pvt Ltd

BULK OPERATOR OF THE YEAR

Essar Shipping Limited

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Essar Shipping Limited was announced as the Bulk Operator of the Year for adding more capsize vessels to its fleet, thereby, strengthening its leadership position. The award also congratulates the company's efforts to promote sustainable and environmentally compliant shipping activity.

In the last couple of years, Essar took delivery of six custom made state-of-the-art mini-capesize bulk carriers of 105,000 dwt each to make its fleet more modern and younger. The project worth ₹2,000 crores delivered six specially designed shallow drafted modern vessels built at STX China to meet all the conditions of Indian Ports. With its shallow draft and high cargo carrying capacity, these vessels would comfortably carry flexible quantities of coal / iron ore parcels.

In all the parameters that the firm was rated, it scored high leading the jury to declare Essar as the leading bulk operator of the year. While no investments were made during the financial year 2014, four Supramax vessels are on order and are expected to be delivered between FY2015 to FY2017. On upcoming investments during the year, ESL's new-building contract with ABG Shipyard India for acquisition of four modern new-building geared Supramax Bulk Carriers is now in the process of finalisation.

> Our entire fleet has Ships Energy Efficiency Management Plans implemented more than 6 months ahead of requirement. Benchmarking of carbon efficiency per tonne mile was done with existing protocols.

In the current depressed market conditions and subdued market outlook, many shipowners have cancelled such new-building contracts entered during peak of the market; but ESL has honoured these contracts and made timely payments as per the contractual terms.

The firm was the first and only Indian shipping company to be certified by ABS for compliance to OHSAS 18001:2007, ISO 9001:2008 and ISO 14001:2004 all together for operation of Bulk Carriers and Tankers. The average fleet age is 10 years and every ship in the fleet is fitted with highly efficient main engine lubrication systems, resulting in with over 30 per cent reductions in lubricant consumptions.

Its technical team also developed an in-house reporting system where valuable time of ship staff is now dedicated to safe operation of vessels rather than making and transmitting numerous reports. Vessels now send one single noon report whether in port or at sea. Data from this single report is then utilised to develop management information system reports, sustainability reports and all other quality system reports.

L to R: **Vikram Gupta,** CFO, Essar Shipping Limited, **Capt Anoop Kumar Sharma,** CEO, Sea Transportation Business, Essar Shipping Limited, **Ravi Menon**, Director, Logistix (India) Pvt Ltd, **Julian Michael Bevis**, Sr Director, Group Relations, South Asia, A.P.Moller

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TANKER OPERATOR OF THE YEAR

Shipping Corporation of India

India's national shipping line, the Shipping Corporation of India was awarded the Tanker Operator of the Year award in recognition of its organizational efforts towards eco-friendliness and in spite of constraints creating an environment for the customers to conduct business with ease.

The judging criteria for this category included the health of the fleet, cargo handled, efficiency and operational performance. As on March 31 this year, the company has the largest fleet of tankers totaling to over 40 including the LNG tankers. The average age of SCI's fleet is 10 years. These tankers are deployed on various international routes on Contracts of Affreightment, Spot and Period Charters also serving the Indian Oil industry bringing barrels of crude from the Middle East.

Type	No. of Units	Total DWT(MT)
VLCCs	4	12,74,175
Crude Oil Tankers	18	22,59,178
Product Tankers	14	9,08,059
LPG Carriers	2	35,202
Chemical Tanker	1	33,058

The tanker division has been the line's most profitable business helping the firm recoup from unprofitable investments and delayed deliveries of vessels. To make good on the losses the Navratna company made in the last three years, the firm is attempting to restructure its liner business by cutting down on unprofitable routes. It has also cancelled a few orders and sold some under-utilized vessels last year.

It intends to focus on the profitable tanker segment. The fleet comprises four Very Large Crude Carriers, 18 Crude Carriers, 14 product carriers, two LPG carriers and one Chemical tanker. With operating these carriers, SCI remains the numero uno tanker operator in India. In order to maintain its market share and be able to cater to India's growing demands for crude and other petroleum products, SCI plans to acquire further tonnage in the next few years.

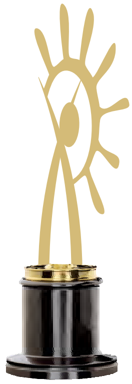
> SCI intends to focus on the profitable tanker segment. to cater India's growing demands for crude and other petroleum products, It plans to acquire further tonnage in the next few years.

SCI's investment is directed towards fleet renewal and fleet augmentation. The present fleet renewal phase has been reached and there are significant plans towards flet augmentation with the company taking delivery of a VLCC in the next financial year.

Sunil Thapar, Director (Bulk Carriers & Tankers), Shipping Corporation of India Ltd, receiving the award from **Julian Michael Bevis,** Sr Director, Group Relations, South Asia, A.P.Moller. **Rajieve Krishnan**, COO, APM Terminals also in the picture.

CONTAINER LINER OF THE YEAR

Maersk Line



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Maersk Line, the largest operating unit of Denmark's AP Moller Maersk won the award in recognition of its strong Far East connections, service offerings, customer friendly system driven approach and schedule reliability. The award also recognises the liner's initiatives in supporting young terminals thereby developing new hinterlands.

The Container Liner outperformed in a market managing capacity and maintaining a healthy rate of growth. All through 2013 and 2014 Maersk's earnings before interest and tax remained well over its peers, a feat that the shipping line achieved by driving down costs and improving the level of service to its customers.

There are a total of seven dedicated services to and from India calling major ports in the US, North Europe, the Mediterranean, the Far East and the Middle East and a series of transshipment products servicing the India to South Africa and West Africa trade corridors along with South America. Its services connect India to all corners of the world today. Maersk's current services have started to call two new ports – Hazira and Krishnapatnam.

Maersk Line's low cost position is partly created by deploying the largest, most modern and fuel-efficient vessels possible. Triple-E ships have ushered in a new era of ultra large container vessels, providing lower slot costs and more economical voyages. By redelivering chartered tonnage and scrapping inefficient vessels, Maersk Line has responsibly maintained its fleet capacity during the year. We reduced the number of vessels in our fleet by 2.1 per cent. Our average deployed nominal capacity increased 3.3 per cent year-on-year, whilst volumes increased 7.4 per cent.

> Maersk Line's low cost position is partly created by deploying the largest, most modern and fuel efficient vessels. Triple-E ships have ushered in a new era of ultra large container vessels, providing lower slot costs and more economical voyages.

Since 2007, we have reduced CO_2 emissions by one-third and we are targeting a 40 per cent CO_2 reduction from 2007 to 2020. In 2013, we managed to cut CO_2 emissions by mention the unit of measurement -- tonnes or kg. At the centre of Maersk Line's strategy in this challenging market is to act responsibly in order to maintain a healthy supply-demand balance and support sustainable rate levels. To do this we have taken a bottom line approach by concentrating on the efficiency and utilisation of our network, and the service we provide to our customers.

In the last year, the line called 13 ports in India carrying over 400,000 FFEs of cargo to and from the country.

L to R: **Anil Yendluri,** CEO, Krishnapatnam Port Company Ltd, **Franck Dedenis**, Managing Director, Maerskline India, **Ashutosh Jaiswal,** President – International Business & Logistics, Century Plyboards (I) Limited

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SHIPPING AGENT OF THE YEAR

Samsara Shipping Pvt Ltd

This award was presented to Samsara Shipping in recognition of its management vision and diversified service offerings. The award also recognizes successful capacity utilization and phenomenal growth achieved over last year.

Samsara Shipping, one of the largest agency networks in India, provides world-class end-to-end supply chain solutions with its wide network of offices and extensive market know how. In the year 2013-14, the company has handled 0.38 million teu of containerized cargo and 33 million tonnes of non-containerised cargo. Samsara registered a 31.45 per cent growth in operating profit in the year 2013-14 compared to last year.

To create a service portfolio that encompasses every logistics solution, Samsara has been investing in offices at strategic locations as well as setting up CFS/ICDS and investing in rail/inland transport through its subsidiary company, Hind Terminals. The company has 55 offices in India at strategic locations, 19 ICDs and 3 CFSs, while its parent company, Sharaf Group, has presence across 40 countries globally.

It aims to set up a network of 75 offices by 2018. At present, the company is also looking at investments across sectors that include new ports, rail, CFS/ICDs, warehousing, modern equipment, container tracking through SMS solution, logistics etc. The company has lined up substantial funds and exploring various opportunities in these emerging sectors.

> Samsara is looking at investments across sectors that include new ports, rail, CFS/ICDs, warehousing, modern equipment, container tracking and logistics.

Samsara has made strategic investments in information and communication technology, container handling equipment, project cargo handling equipment stevedoring, bonded warehousing as well as diversifying with new business verticals to offer a one stop logistics solution to its customers and principals.

The company has also put up in place a 'Customer Care & Support Mechanism', a well established system of addressing customer complaints and grievances through a customer service coordination and helpdesk to redress all complaints within a specified time limit. It also provides follow up for feedback with the customer on the problem faced and solutions provided. It's a transparent system accessed by the top and senior management to gauge efficiency in customer complaint disposal.

L to R: **Ramprasad,** Editor-in-Chief and Publisher, Maritime Gateway, **Capt G K Sarkari,** Managing Director, Samsara Shipping, **Mukesh Oza**, Group President & CEO, Samsara Shipping Pvt Ltd, **S Padmanabhan,** Director, Sattva Logistics

INLAND CONTAINER DEPOT OF THE YEAR

Container Corporation of India Ltd – Khodiyar

This award was presented to Concor's ICD at Khodiyar in recognition of achieving a benchmark handling performance in spite of growing competition around. The award also recognizes the operational efficiency and shorter turnaround time in handling containers.

Concor ICD – Khodiyar is a clear winner with highest container cargo handled during the last financial year. It handled 175,870 teu of containers in FY 2013-14, registering a growth of 7.56 per cent over the previous financial year.

With three rail sidings, it has handled 288 teu of export containers and 229 teu of import containers. The company registered an operating profit of 7.79 per cent in 2013-14, while its operating profit margin saw a 5.37 per cent degrowth.

ICD Khodiyar has earmarked capital investment of ₹145.9 crore for the development of ICD and Multi Modal Logistics Park. The development work will be in three phases-2 Rubber tyre gantry cranes for speeding up the operations and train handling, construction of Chemical Research Laboratory to fasten the custom clearances, and widening of approach road to 4 lanes and building an additional road for smooth inflow and outflow of traffic.

Additional rail siding within ICD premises that will help in reducing the train handling time is also under construction, along with two rail loop lines outside the ICD premise to ensure faster turnaround of rakes and detention of rakes.

> Concor ICD has earmarked a capital investment of ₹145.9 crore for the development of ICD and Multi Modal Logistics Park. It also plans to introduce RFID, multi stacking storage facility.

The ICD has also plans to introduce RFID system, to introduce multi stacking storage facility, additional 60 MT weigh-bridge near entry gate, etc. Customers can track their containers through company's website and through the SMS based tracking system. ICD Khodiyar has also obtained 11 new RDTs last year to provide live container locations feed for customers.

ICD has recently added two warehouses of 10,000 sqm area, making the warehousing infra to 23,000 sqm. Further expansion of the paved area available for operations within ICD Khodiyar – 40,000 sqm of the area is added to provide additional space for container stacking and examination leading to faster turnaround of containers, approx. total cost of the project being ₹8.5 crore.

Modern fire hydrant system is also being installed for increased fire safety measures with a ₹2.7 crore budget.

L to R: **P N Goswami,** Chief Manager, CONCOR ICD Khodiyar, **A Vaasudeva Rao,** Chief General Manager, CONCOR ICD Khodiyar, **Shantanu Bhadkamkar,** Chairman, International Federation of Customs Brokers Associations, **Rajeshwar Bhatt**, Director, Suraj Informatics

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CONTAINER FREIGHT STATION OF THE YEAR

Navkar Corporation

Navkar Corporation that stores, stuffs and sends away cargo to various ports and clients in India won the Container Freight Station award for the year for its innovation in operations and value proposition to its customers. The award also recognizes highest productivity, low turn-around time and handling record volumes in exports.

During the year, Navkar made significant investments in new technologies, trained its manpower to adapt to new technologies, enforced newer ways of functioning and adopted environment-friendly methods. This helped it reduce costs and function effectively.

This led to closer cooperation among all the members between the marketing and operational teams because the service models were different for different customers. This close coordination was a hallmark in the efficiency and service delivery which helped in rationalisation of resources and increase in productivity. Finally, those that were delegated the job had to ensure the methodology and procedures were stringently followed and were based upon the established set procedures of the CFS.

The trinity that was responsible for such precision was Jayesh Mehta, the Director, Captain Dinesh Gautama, President and Captain Ashish Chandna, Chief Commercial Officer. They looked into investment made during the year and slated funds for the coming year, devised novel ways of functioning and ensured the best technology was procured and used. For setting a new benchmark on these parameters, the CFS was declared outstanding.

> Service models are tailor made for each customer at Navkar. We plan to invest ₹200 crores through March 2018. The investments will be made in domestic equipment, training, purchase of special equipment

A combination of best technology, logistics and locational pre-eminence enable Navkar to deliver proficiency in cargo handling and container operations, on time and as per brief. The company strives to enable globally benchmarked practices and services at its container freight stations to facilitate seamless trading for optimal outcomes that benefit all stakeholders.

There is a plan to invest ₹200 crore going forward till March 2018. The investments will be made in domestic equipment, training, purchase of special equipemtn such as slings, chains and hooks and purchase of trailers.

L to R: **Umesh C Grover,** CEO, Indian National Shipowners Association, **Jayesh Mehta,** Director, Navkar Corporation Ltd, **Shantilal Jayavantraj Mehta**, Chairman, Navkar Corporation Ltd, **Rajesh Kumar,** Co - Founder and Director, CNB Electronics Pvt Ltd

EXCELLENCE IN MARITIME EDUCATION

Tolani Maritime Institute

Tolani Maritime Institute, TMI, a deemed university that trains cadets and offers degrees in Marine Engineering and Nautical Technology won the award for Excellence in Maritime Education. For establishing the highest quality of faculty and world class infrastructure the jury zeroed on Tolani. It also signifies the institute's commitment and efforts in delivering employable human resources to maritime trade.

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The institute was evaluated on the infrastructural facilities, quality of training imparted to the students, the engagement of faculty with the students and contribution to the industry.

The detailed infrastructure that allows students to train on all aspect marine engineering and technology led this institute to walk away with the award. Coupled with the infrastructure that simulates the working environment aboard a ship, the training facilities and the flexibility of allowing students to opt for a full-time or distance learning programme has helped up the intake of students. The highlight of their training programme would perhaps be that they ensure all their students are placed in to reputed firms every year soon upon course completion.

Infrastructure

Appreciating the need for enhancing hands-on skills, TMI has developed approx 50,000 sq ft workshop area. Besides having a host of shipboard equipment, the workshop has a seven-tonne boiler and 800-kw steam turbine and two dedicated 500 KVA generators enabling students do watch keeping on live power plant. In addition, 15 state-of-the-art laboratories including DG approved IC Engine lab with fully operational 5,000 HP engine with all auxilliaries in the form of Ship In Campus, a modern 6.6 KVA high voltage lab and CAD lab equipped with modern ProE and Maxsurf softwares provide value added hands on training. About 40 welding bays train students for welding certification up to 6G by Lloyd's Register. Separate Steel Mock-up provides for fire fighting and seamanship training. Full Mission Ship Handling and Engine Room Simulator including Electronic Chart Display System, Radar and Marine communication simulators add to the practical skill basket.

> Tolani ensures all their students are placed in reputed firms. In an effort to popularise Merchant Shipping in the country, TMI conducts workshops and lectures in schools.

Training and Faculty

In addition to courses it offers, TMI also has collaborations with maritime institutes in Japan and Glasgow and its programmes are approved from the maritime authority in Singapore.

L to R: **Capt Raj Razdan,** Provost, Tolani Maritime Institute, **Dr Sujata Naik Tolani,** Vice Chairman, Tolani Maritime Institute, **Sabyasachi Hajara,** Former SCI Chairman & Chief Advisor, Maritime Gateway, **Dr T Bangar Raju,** Professor & HOD Transport Management, University of Petroleum and Energy Studies

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COASTAL SHIP OPERATOR OF THE YEAR

Shreyas Shipping

Shreyas Shipping, one of India's first container feeder owner and coastal operator was awarded the coastal ship operator of the year award in recognition of its investments and pioneering efforts in coastal ship operations. The award also appreciates the company's initiative in starting several services connecting Indian Ports.

Shreyas carried over one lakh teu of exim cargo and 76,000 teu of domestic cargo during the financial year along the Indian coast. In addition, Shreyas Shipping and Logistics Limited also carried project cargo for JSW Steel, L&T and Adani Port. Several other factors led to the company taking home this award. The jury awarded the management for the company preserving its reputation for reporting no pilferages in cargo-care, no-default record from financial institutions, no life-loss of crew and marine systems. Shreyas made a total of 575 calls to 18 ports throughout the year.

Shreyas was adjudged on the criterion of growth achieved (in revenues), innovations adopted, planned investments and eco friendly approach enforced in operations. The company reported a growth of 21.5 per cent in its revenue in FY 2014 earning ₹25 crore compared to about ₹21 crore last financial year.

As a coastal operator, Shreyas ran a regular feeder the east coast connecting Visakhapatnam, Kolkata and Haldia helping main line operators such as Maersk to make Vizag Port their port of call for a main line vessel. It carried transshipment cargo to main line vessels at Mundra all through the year connecting ports at Adani, Cochin, Tuticorin and Mangalore.

> Customers such as HAPAG LLOYD, CSAV, CMACGM, MAERSK, ZIM reckon Shreyas as a reliable service partner. Shreyas was the first company to introduce services connecting the entire Indian coast for containerised trade.

What's notable is the first shipment of rice for the Food Corporation of India that Shreyas carried from Kakinada to Cochin. This operator was also exclusively signed to carry cashews from Cochin to Mangalore and Tuticorin for main lines. Customers such as HAPAG LLOYD, CSAV, CMACGM, MAERSK, ZIM reckoned Shreyas as a reliable, professional & cost effective service partner.

Marking its 25th Anniversary, Shreyas was the first company to introduce services connecting the entire Indian coast for containerised trade in the year 2013-14. With these services, India now has a seamless link connecting eastern and western coasts for containerised shipping of cargo.

L to R: **Capt Vivek Kumar Singh,** CEO, Shreyas Shipping & Logistics Limited, **Ramprasad,** Editor-in-Chief and Publisher, Maritime Gateway, **Capt G K Sarkari,** Managing Director, Samsara Shipping

FREIGHT FORWARDER OF THE YEAR

Allcargo Logistics Limited

THE GATEWAY AWARDS 2014
THE BENCHMARK OF INDIAN MARITIME BUSINESS

This award was presented to Allcargo Logistics Limited in recognition of its global expansion with great speed and redefining the logistics landscape. The award also recognizes the company's efforts in reducing transaction points and creating a seamless movement of cargo.

Integrated logistics player Allcargo Logistics Limited, part of the Avvashya Group, emerged as the winner due to its efficiency and world-class services. The company has beaten its counterparts on several operational and financial parameters such as the number of offices a company has in India and abroad, total number of customs files handled and operational profit, etc.

In the financial year 2013-14, the port-based transportation company has handled 586,000 teu of containerized cargo globally. The company registered 25 per cent growth in operating profit from Indian operations, while operating profit margin from Indian operations improved by 30 per cent.

Allcargo reported a 26.73 per cent rise in its net profit for the first quarter of the current fiscal due to higher revenue from the multimodal transport operations and container freight station business.

> Our success has resulted in our continuous focus to deliver value for our customers, leverage our industry expertise in NVOCC, and our comprehensive global network across 90 countries, said Shashi Kiran Shetty, Chairman of Allcargo Logistics Ltd.

Having presence in more than 90 countries with over 200 offices across the globe, the Group has set a goal to become a $1 billion company by the year 2015.

The multimodal transport/ LCL business accounts for 80 per cent of the company's revenues. And the recent acquisition of the US-based company, its seventh, has expanded Allcargo Logistics' footprint across the globe. In terms of investment in 2014-15, the company will focus on complete utilization of its assets in equipment business, CFS & ICDs and land banks.

"Our success has resulted in our continuous focus to deliver value for our customers, leverage our industry expertise in NVOCC and our comprehensive global network across 90 countries globally," said Shashi Kiran Shetty, Chairman of Allcargo Logistics Limited. "The entire team is responsible for our success in the industry."

Shashi Kiran Shetty
Promoter & Executive Chairman

L to R: **Shantha Martin,** CEO, Allcargo Logistics, **Prahlad Tanwar**, Director (Transport & Logistics) KPMG India, **Thaddeus Choo,** MD, OOCL (India) Pvt Ltd

THE 2014 GATEWAY AWARDS
THE BENCHMARK OF INDIAN MARITIME BUSINESS

INDIAN MARITIME BUSINESS MAN OF THE YEAR

Ramesh S Ramakrishnan, Chairman of Transworld Group of Companies

This award is presented to Ramesh Sivaswamy Ramakrishnan, Chairman of Shreyas Shipping & Logistics Limited, in recognition of his management vision and drive in creating region's biggest multi-faceted shipping and logistics company.

With over 30 years of entrepreneurial experience in ship owning, chartering and ship management, Ramakrishnan is the man behind building one of the region's biggest shipping empires, Transworld Group of Companies (TGC).

Established in 1976 by his late father R Sivaswamy, TGC started off as a shipping agency in Bombay. The Group came into existence in 1977 through its flagship company M/s Transworld Shipping & Logistics Ltd (erstwhile Transworld Shipping Services Pvt. Ltd). As a commerce graduate from the University of Mumbai, he relocated to Dubai to take the helm of the company.

He then took charge as the Chairman in the year 1989. Since then, Transworld has been growing in leaps and bounds under his able leadership. The Group which began with just one company now has diversified into a multi-faceted shipping and logistics company. The activities of the Group include: ship owning (container and bulk carriers), feedering, NVOCC, logistics, freight forwarding and supply chain management, CFSs, ship management, shipping agencies and retail.

> Ramakrishnan paved path for the container feeder operations in India. Another feather to his cap was the introduction of multimodal logistics movement of containerized cargo.

Headquartered in the Jebel Ali Free Zone, Transworld has offices in the US, Saudi Arabia, Oman, Kuwait, Sri Lanka and Pakistan, alongside offices in 28 Indian cities.

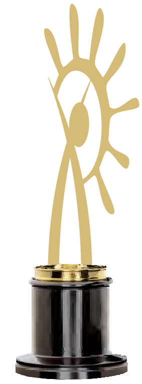
Ramakrishnan paved path for the container feeder operations in India. Another feather to his cap was the introduction of multimodal logistics movement of containerised cargo through sea, which was the first-of-its-kind business model in the country. The Group also ventured into acquiring bulk carriers in the past two years.

Ramesh S Ramakrishnan
Chairman
Transworld Group of Companies

V Ramnarayan, Vice Chairman, Transworld Group of Companies receiving the award on behalf of **Ramesh S Ramakrishnan** from Anil Singh, DP World

LIFETIME ACHIEVEMENT AWARD

Capt JC Anand, Chairman Emeritus, Indian Register of Shipping



THE 2014 GATEWAY AWARDS
THE BENCHMARK OF INDIAN MARITIME BUSINESS

Capt. JC Anand was honoured with the ‘Lifetime Achievement Award’ for his outstanding contribution to the shipping industry and four decades of dedication in creating the Indian Register of Shipping (IRS), the National Classification Society, and taking it into a new height with world class excellence.

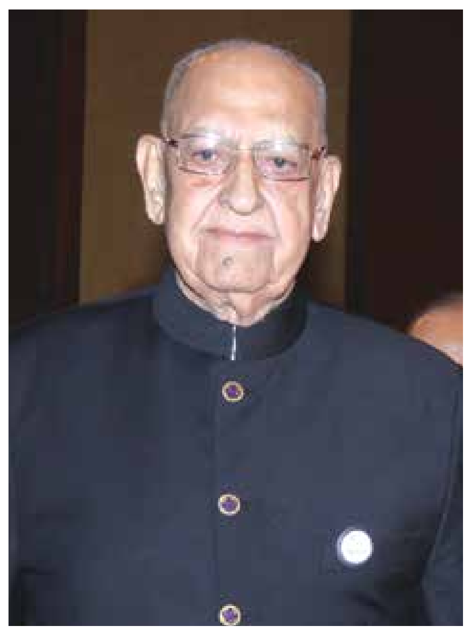
Capt. JC Anand, a ranking technocrat with many firsts to his credit, rose from the rank as a Navigating Cadet at the age of 16 from the training ship Dufferin (1938-40) followed by distinctive sea and shore career, to become a ship-owner in his own rights.

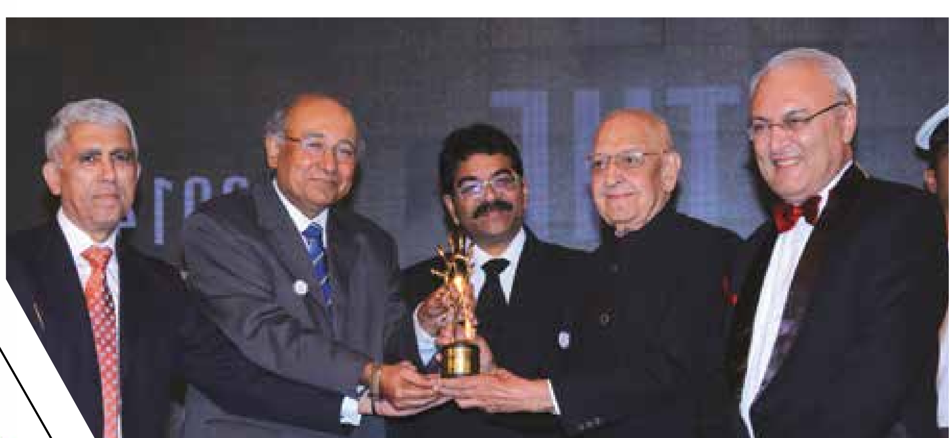
During his career span, he held several highest positions in the shipping industry, imbibing the best pioneering nationalist traditions and championed the cause of Indian Shipping with exceptional dexterity, persuasiveness and dignity. He was elected President of Indian National Shipowner’s Association (INSA) for three successive terms.

> Capt. Anand was instrumental in the establishment of the national ship classification body IRS. Getting IRS the coveted status was a turning point for India's maritime history.

He was the Convener of the first ever Shipping and Ship Building Conference (1961) in India, which was inaugurated by the then President of India, Shri Radhakrishnan.

Capt. Anand was instrumental in the establishment of the national ship classification body IRS and eventually became the President of the IRS. His achievement in getting IRS the coveted status was a turning point for the country's maritime history. He retired as the Chairman of IRS in 2010.





L to R: **Umesh C Grover,** CEO, Indian National Shipowners Assn, **Sabyasachi Hajara,** Former SCI Chairman & Chief Advisor, Maritime Gateway, **Ramprasad,** Editor-in-Chief and Publisher, Maritime Gateway, **Capt J C Anand,** Chairman Emeritus, Indian Register of Shipping, **Anil Singh,** Sr VP & MD, Indian Subcontinent, DP World Pvt Ltd,

INDIAN MARITIME LAW ASSOCIATION (IMLA)

PRESENTS

ONE DAY CONFERENCE ON

RELOOKING REGULATIONS FOR FASTTRACKING GROWTH

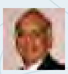
WEDNESDAY, 8TH OCTOBER, 2014 | THE TRIDENT-ROOFTOP | MUMBAI, INDIA

8.30am onwards : Registration

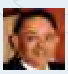
09:30am to 09:45am : Lighting the Lamp & Introduction

9.45am – 10.45am : **Inaugural Session**

Welcome Address


Mr Shardul J Thacker
Partner, Mulla & Mulla & Craigie Blunt & Caroe

Chief Guest


Shri K R Shriram
Hon'ble Justice, Mumbai High Court

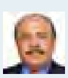
Guest of Honour


Shri Deepak Shetty
Joint Director General of Shipping,
Directorate General of Shipping, GOI

Keynote Speaker

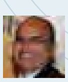

Mr Arun Kumar Gupta
Chairman & Managing Director,
The Shipping Corporation of India Ltd

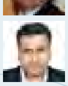
Keynote Speaker

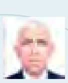

Mr N N Kumar
Chairman, Jawaharlal Nehru Port Trust

10.45am – 11.00am : Coffee Break

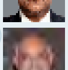
11.00am – 01.00pm : **Business Session 1**
Pitfalls of Indian Shipping

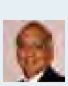

Capt Dinesh Gautama
President, Navkar Corporation Limited


Mr Amitabh Panda
Group Head – Shipping & Logistics,
TATA Steel Group & Director, TATA Steel Ltd


Mr Umesh C Grover
CEO, Indian National Shipowners Association

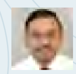

Capt B V J K Sharma
JMD & CEO, JSW Infrastructure Limited

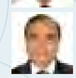

Capt Sunil Thapar
Director (Bulk Carriers and Tankers)
The Shipping Corporation of India Ltd

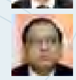

Mr Shardul J Thacker
Partner, Mulla & Mulla & Craigie Blunt & Caroe

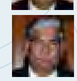
1.00pm – 2.00pm : Networking Lunch

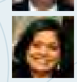
2.00pm – 4.00pm : **Business Session 2**
Cabotage, Tariff & PPP

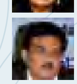

Mr T S Balasubramanian
Member (Finance), Tariff Authority for Major Ports

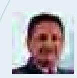

Mr Rajeeva Sinha
Whole Time Director, Adani Ports & SEZ Ltd


Mr Rajiv Agarwal
CEO & Managing Director, ESSAR Ports Ltd


Mr Vijay G Kalantri
Chairman & Managing Director, Dighi Port Ltd


Ms Vinita Venkatesh
Director, Krishnapatnam Port Container Terminal

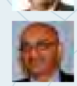

Mr Saibal K De
Director & CEO-Ports, IL&FS Maritime
Infrastructure Company Ltd

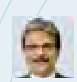

Mr Rajieve Krishnan
CEO, APM Terminals Mumbai

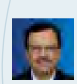
4.00pm – 4.15pm : Coffee Break

4.15PM – 5.30PM : **Business Session 3**
Customs & Taxation


Mr Tushar Jani
Chairman, SCA Group of Companies


Mr Sailesh Bhatia
President, Association of Multimodal Transport
Operators of India

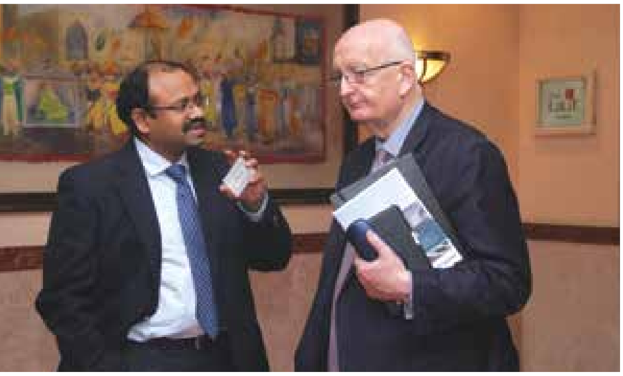

Mr Samir J Shah
Vice Chairman, Federation of Freight Forwarders'
Association in India


Mr Girish Mistry
Partner & Head for Taxation, Transport & Logistics,
KPMG India

5.30pm : Closing Remarks

Corporate Sponsor
KPCT KRISHNAPATNAM PORT
India's Largest Container Terminal on the Horizon

Knowledge Partner
India's premier maritime business magazine
maritime gateway













A NIGHT OF BONHOMIE AND BONDING










PROFILING CARGO & TRADE LANES FOR INDIAN CONTAINER BUSINESS

A white paper by Drewry Maritime Advisors presented at Containers India Conference 2014

The paper captures spatial distibution of cargo centres across the country while mapping the partners in international trade.

Dr Subrata Behera
Sr Research Analyst -Port and Containers
Drewry Maritime Services Private Limited

Navin Thakur
Director
Drewry maritme Research

Introduction

Container traffic in India has seen a strong growth, increasing from 4 million teu in 2003-04 to ~10 million teu in 2012-13, at a CAGR of around 11 per cent. Meanwhile, annual average growth rate over the last five years has been volatile swinging between-1 per cent in 2008-09 to +12.5 per cent in 2010-11. Through the years, India has diversified its trading partners according to its basket of export commodities and import requirements.Opening up the economy in 1990s provided the much awaited opportunity to the Indian manufacturing sector for expansion and international exposure. This in turn also resulted in growth in imports. Policy initiatives coupled with international demand for goods, pushed Indian entrepreneurs to expand their businesses within India as well as abroad. Relaxed and simplified FDI norms and availability of resources acted as catalyst for expansion of the Indian industry. Several new locations were added to the already existing

production centres. In this background paper, we analyse the cargo production and consumption centres in India. We also analyse India's major trading partners.

For the purpose of discussion, this paper has been divided into three major sections. The first (following) section tries to map the major cargo types and their hinterlands within India. There is an attempt to list the major products exported from and imported into the country. The second section of this paper looks at the external dimensions – India's trade partners and the partner-commodity matrix. In this section,we look at the cargo movement on different tradelanes in the recent years and along with that, we also analyse the current liner network connectivity between India and major trading regions of the world. Unless mentioned otherwise, discussions throughout this report are on containerised (containerisable) cargo. Thus, the analysis excludes the bulk commodity trade of India's international trade.

Cargo /hinterland mapping

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

Major containerised cargo

The Readymade Garments (RMG) and Textile sector has traditionally maintained its top position in India's export basket. Exports in this sector increased from $3 billion in 1993 to $20.6 billion in 2013, nearly a seven-fold rise in the last 20 years. Chemicals follow RMG/Textiles with an export value of $19 billion in 2013, from just $1 billion in 1993. Other sectors that witnessed massive rise in India's exports are Fabric/Yarn, Steel Products, Reefer Food Products and Pharmaceuticals. The following chart shows the share of major cargo types in the overall exports from India.

On the import side, the Electric and Electronic Goods segment is the largest product category imported into India. In the calendar year 2013, India imported $29.3 billion worth of electric and electronic goods compared to just $6.3 billion in 2003. Rising income levels and invention of user-friendly technology combined with economies of scale in the production process in Far Eastern countries have led to higher demand for elctronic goods in India and elsewhere.

Advanced mechanisation and industrialisation in the country has pushed the imports of machinery and spareparts to a new level. The country imported $27.4 billion of machinery and spare parts in 2013 as compared with just $5.5 billion a decade ago. In India's import basket, Chemicals and Steel Products occupy third and fourth positions respectively followed by Food Products.

Another major commodity in the list of exports is Pharmaceuticals; this commodity stands sixth with market spread all over the world. India offers affordable and quality medicines across the globe, and double-digit growth is expected on the back of many expansion plans by industry majors. Certain policies are under consideration to improve the sector and increase exports further.

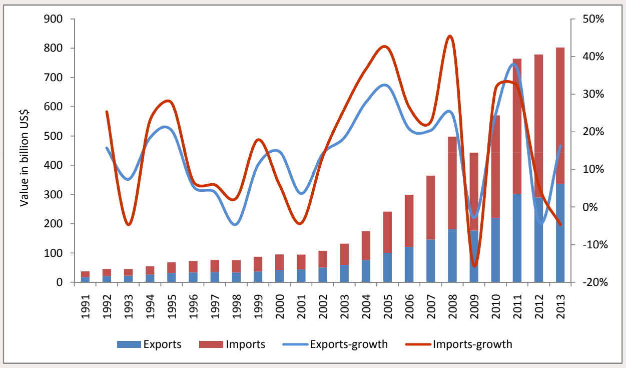
Among the top 10 exported items are Electrical and Electronic goods, Machinery/ Spares, Polymer & Polymer Products, and Auto & Auto Components. On the import front, the list of top 10 is completed by adding Metal & Metal Products, Paper & Paper Products and Fabric Yarn.

Products in the top 20 (exports) that deserve a mention are Spices and Tobacco and Tobacco products. Spices have registered excellent growth of 23 per cent in the last five years. Spices primarily exported are pepper, chilli, turmeric, ginger, cardamom, coriander, cumin, fennel, fenugreek, celery and nutmeg.

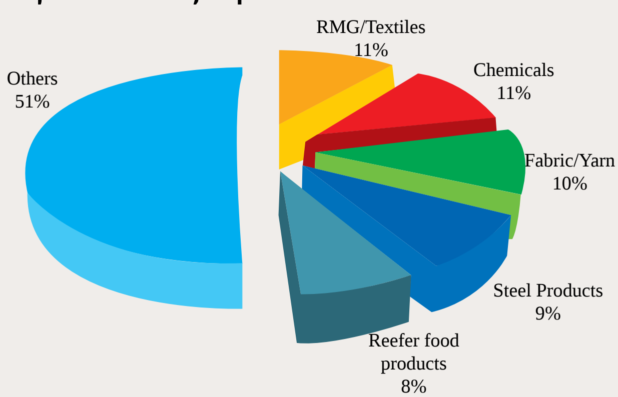
Commodities that comprised the top 20 imports last year include Minerals, Leather & Leather products, Glass Products and Ceramic Products.

India's growing trade, 1991-2013

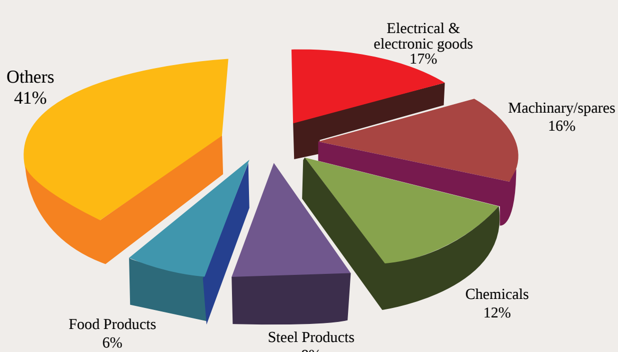
(Containerised and Non-Containerised)



Major commodity exported from India in 2013



Major commodity imported by India in 2013



Mapping the cargo centres

After analysing the major containerised cargo being traded by India, let us shift our attention to the spatial distribution of cargo production/consumption centres in India. In India, no government or non-government agency publishes trade data based on state-wise export and import. Hence, in the absence of such data, Drewry has estimated the volume of cargo being exported and imported by production centres/states. Drewry has identified 11 major industrial clusters in India which constitute more than 80 per cent of the cargo traded by India globally. The following two maps showcase the major industrial/cargo clusters in India and their respective share in India's total exports/imports along with their major cargo profile.

Hinterland Outlook

We foresee growth continuing in India's container trade. As a base-case scenario, the total container handling is expected to reach 12 million teu by 2015-16. However, we do not expect any drastic shift in terms of major cargo centres or their share in India's total trade. We could see some change only after the commissioning of the Dedicated Freight Corridor (DFC) and the proposed Delhi-Mumbai Industrial Corridor (DMIC). DMIC will focus on creation of industrial zones/clusters while DFC will focus on the speedy and effective transportation of goods between these clusters and ports on the western coast of India. DMIC would also include development of requisite feeder rail/road connectivity to hinterland/markets and select ports along the western coast. Various Investment regions and Industrial parks have been proposed along DMIC corridor to support industrial development. Seven investment regions along the corridor has been identified which are expected to attract $90-100 billion in next thirty years. Out of seven two are planned in Maharashtra and one each in Delhi, Haryana, Uttar Pradesh, Rajasthan and Madhya Pradesh. We expect the first phase of the DMIC to be commissioned by 2020-21. These two projects will definitely give much needed boost to India's trade and commerce when commissioned in time bound manner.

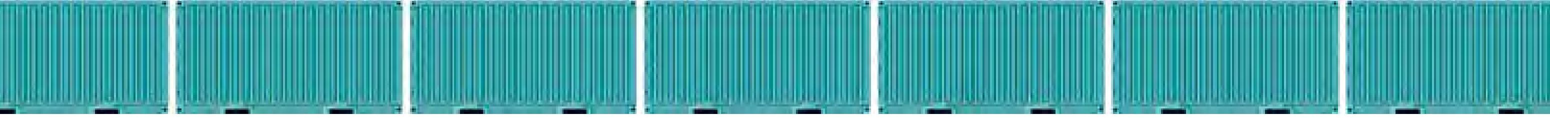
Changing Tradelanes

Major trade partners

China has been the main source of imports in recent years, accounting for about 26 per cent of India's total imports in 2013. Imports from China increased steadily from 1993 when it stood tenth in the list of Indian import sources. The reason for the increase in imports from China is the cost effectiveness of some of its goods. Input costs in China are much lower and the scale of operations of many players is much higher than Indian operational units and input costs. In fact, some products can be manufactured at a third of the cost at which they are made in India. The range of products that have been imported has continuously been expanding.

Even as an export partner, the position of China has strengthened tremendously in the last 20 years – the country, which stood 17th in 1993, has moved to 2nd in 2013 – with within a span of little over two decades. The volume of trade is expected to rise further with policies lined up to exploit growth opportunities and reduce the trade deficit of $31 billion (2013).

Fundamentally, USA and China are two major trading partners for India. For exports, USA holds the number one position followed by China. The ranks get reversed in case of import partners. Together, both countries accounted for 21 per cent of total exports from India and 33 per cent of all imports into India in 2013.



Major Centers of Cargo origin

Exports from India

Cluster all India share

01 Gujarat 12%
Castings and forgings, Textiles Ceramics, Electronics, Spices, Cotton, Stones, Chemicals and Petrochemicals, Pharmaceuticals, Auto components

02 Maharashtra 14%
Machinery, Cotton Yarn, Auto Components, Ready Made Garments, Stationery, Rice, Leather, Goods

03 MP and Chattisgarh 3%
Agro Commodities, Pulses, Newsprint, Pharmaceuticals, Spices Auto components, Electrical goods, Rice, Chemicals, Metal products, Alloys

04 NCR 13%
Leather and Leather Products, Non-Metalic mineral Products, Food Items, Consumer Durables, auto components, Rice

05 Punjab / Haryana / HP 9%
Yarn and Textiles, Handmade tools, Agri Products, Light engineering goods, Steel products, Leather products, food items

06 Rajasthan 3%
Textiles Handicrafts, Gems and Jewellery, Guar Gums, Stones

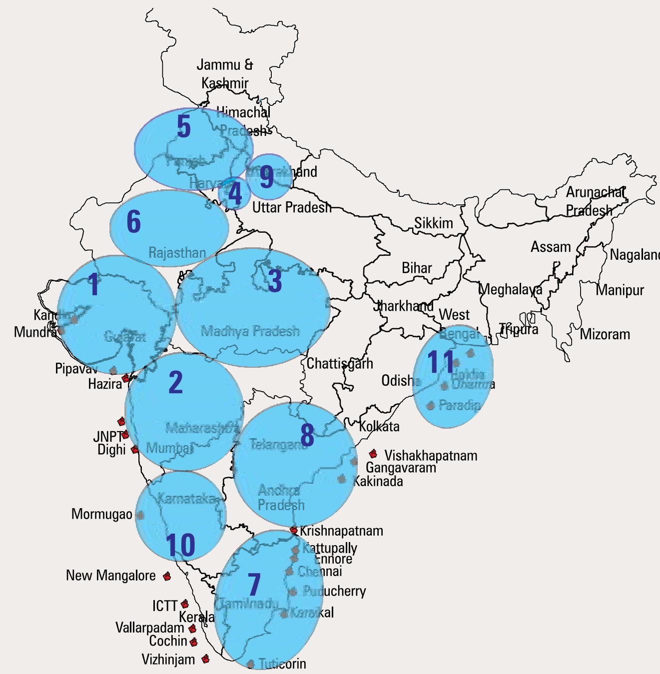
07 Tamil Nadu16%
Cotton, Textiles, Fabric /Yarns, Electrical & electronic goods, Iron and Steel Coffee, Auto Machinery and Parts, Chemicals, Marine Products, Lether products, Agri products

08 Undivided AP 3%
Cotton Textiles Fabrics/Yarns, Electrical Goods, Auto Machinery and Parts, Chemicals, Food & Agri Products, Paper Products, Stones/ Granite, Reefer Food Products, Tobacco and Tobacco Products

09 UP & UK 3%
Leather products, Chemicals, Textiles, Rice, Handicrafts, Carpets

10 Karnataka 3%
Cashew, Coffee, Auto Components, Stones, Garments, Food items

11 Odisha & West Benga 4%
Metal products, Marine, food, Textiles, Tea, Jute, Leather



Major Centers of Cargo Destination

Imports in India

Cluster all India share

01 Gujarat 12%
Cotton Yarn, Chemicals, Machinery, Timber, Machinery and Spare Parts

02 Maharashtra 18%
Waste Paper, Scrap, Chemicals, Steel Coils, Machinery and Spare Parts, Plastic Woven Sacks, Electronics, Pulses

03 MP and Chattisgarh 3%
Waste paper, Food grains, Chemicals, Metal scraps

04 NCR 15%
News print, Paper, Auto Parts, Plastic Scrap, Metal Scrap, Machinery etc.

05 Punjab / Haryana / HP 8%
Metal Scrap, Yarn, Waste paper, Machinery, Food items

06 Rajasthan 2%
News print Paper, Heavy Melting Scrap, Glass Scrap, Machinery

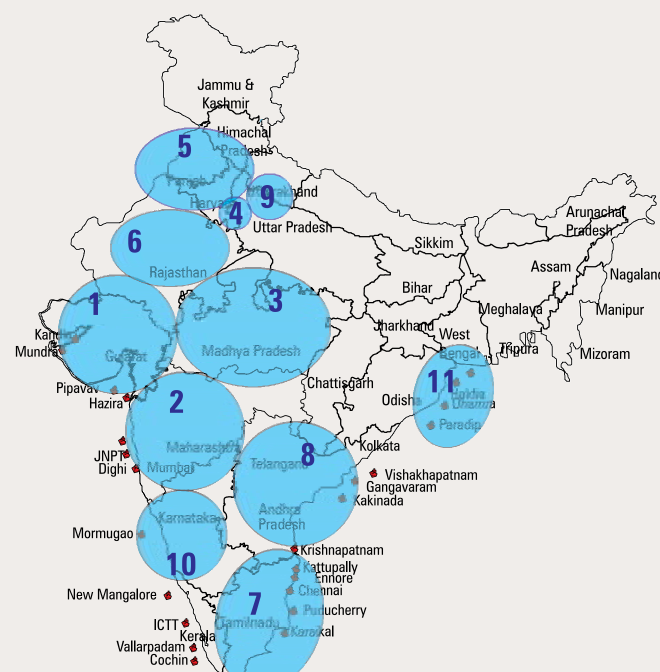
07 Tamil Nadu 20%
Cotton, Textiles, Fabric / Yarns, Electrical Goods, Auto Machinery and Parts, Chemicals, Electronic Goods, Paper Pulp, Waste papers, Metal Scrap

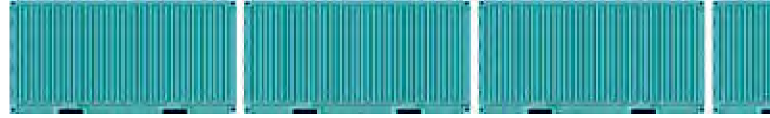
08 Undivided AP 2%
Cotton Textiles Fabrics/Yarns, Electrical Goods, Auto Machinery and Parts, Chemicals, Food Products, Newsprint/waste paper, Rubber, Iron and Steel, Metal Products, Wood Product/Furniture

09 UP & UK 3%
Waste Paper, Metal Scrap, Chemical

10 Karnataka 3%
Textile/Yarn, Chemicals, Electronics, Auto components

11 Odisha & West Benga 6%
Chemicals, Metal Scrap, Electrical goods, Pulses





India's exports are more diversified than imports. While imports from top 20 countries accounted for nearly 79 per cent, by comparison, top 20export destinations (countries) constitutedonly 64 per cent of India's global exports.

Vietnam is perhaps the only country to have shown tremendous interest in Indian export items- the highest improvement in the last 20 years. This South East Asian country was 58th in 1993 in India's export destination but now (2013) stands 6th. The country ranks first in India's exports of Reefer Food Products. About 20 per cent of India's total exports of Reefer Food Products are destined for Vietnam. Fabric/Yarn and Steel products are the other major products which are being imported by Vietnam from India.

Apart from China, Indian imports have improved, to a considerable extent, from South East Asia. Malaysia, Indonesia and Thailand have improved their market share in India and are currently placed among the top 10 import sources. Together they accounted for more than 10 per cent of Indian imports in 2013. Food Products and Polymer & Polymer Products are the top products imported into India from Thailand, while Food Products were the top products imported from Malaysia and Indonesia.

Among the European nations, Germany is ranked the highest - it stands fourth on the list of export destination and third on the list of import sources. The country accounts for close to 4 per cent of India's exports and 6 per cent of imports. India specialises in exporting RMG/Textiles and Chemicals to Germany and imports Machinery/Spares and Electrical and Electronic items. The United Kingdom, Italy and the Netherlands are other European nations that figure prominently on the list of top Indian trade partners.

Another country where Indian export has made its mark over the last few years is Belgium. This European nation ranked at 224th in the list of Indian export destination in 1993 but now (2013) stands at the 12th position. Goods worth $3.4 billion (1.8 per cent of all Indian exports) were moved to Belgium in 2013, and the most demanded commodity is Steel Products, followed by Chemicals and RMG/Textiles.

Commodity-Partner matrix

RMG/Textiles is the most exported commodity by India, the bulk of this commodity is exported to North America (29 per cent) and to the most of Western Europe. Interestingly, considerable amount of RMG/Textiles is also imported by India. Most of it is imported from Asian countries including China, Bangladesh, Sri Lanka and the Republic of Korea.

For Imports, the top two items are Electrical & Electronic Goods and Machinery and Spares. China with its input cost advantage offers products that are about 30-50% cheaper. Even though it hurts many manufacturers in India, the volume of imports from China has increased manifold in last few years.

Chemicals are the second-largest exported product.Although USA is the top export destination for Indian manufactured chemicals, India exports considerable amount of chemicals to its eastern neighbours such as Indonesia and Malaysia. Chemicals also stand high on the list of items that are imported by India. India imports chemicals from mostly from Asian countries with China being the top sourcing location followed by Singapore and the Republic of Korea. These three countries meet more than 40 per cent of the India's chemical demand in value terms.

India is one of the top 10 steel exporters of the world. In 2013, Steel Products worth $17.6 billion were exported, resulting in it becoming the fourth highest commodity exported by the country. Steel products also ranked as the fourth highest import by India. While US is the top importer of Indian Steel Products, China ranks as top exporter to India.

India's top 20 export destinations in 2013

1993 Rank	2003 Rank	2013 Rank	Trend	Country	2013 Export value in US$ billion	Share in India's Global Exports
1	1	1	→	United States	28.4	15.2%
17	5	2	↑	China	11.5	6.2%
4	2	3	↑	United Arab Emirates	9.9	5.3%
2	4	4	↓	Germany	7.6	4.1%
3	3	5	↓	United Kingdom	7.4	4.0%
58	30	6	↑	Vietnam	5.5	3.0%
11	6	7	↑	Bangladesh	4.8	2.6%
8	7	8	→	Italy	4.5	2.4%
9	10	9	→	Netherlands	4.1	2.2%
13	15	10	↑	Saudi Arabia	4.0	2.2%
10	8	11	↓	France	3.7	2.0%
224	17	12	↑	Belgium	3.4	1.8%
22	16	13	↑	Malaysia	3.4	1.8%
5	9	14	↓	Japan	3.4	1.8%
31	26	15	↑	Turkey	3.4	1.8%
16	25	16	→	Thailand	3.2	1.7%
25	54	17	↑	Korea, Rep.	3.1	1.7%
21	19	18	↑	Indonesia	3.1	1.6%
44	36	19	↑	Brazil	3.0	1.6%
29	29	20	↑	Iran	3.0	1.6%
				World	**187.0**	
				Share of top 20 countries		**64%**

India's top 20 import sources in 2013

1993 Rank	2003 Rank	2013 Rank	Trend	Country	2013 Export value in US$ billion	Share in India's Global Exports
10	2	1	↑	China	45.9	26.3%
1	1	2	↓	United States	12.2	7.0%
2	3	3	↓	Germany	10.7	6.1%
5	4	4	↑	Korea, Rep.	10.2	5.8%
3	5	5	↓	Japan	8.7	5.0%
25	7	6	↑	Indonesia	7.3	4.2%
17	6	7	↑	Malaysia	6.7	3.8%
8	8	8	→	Singapore	5.2	3.0%
38	19	9	↑	Thailand	4.4	2.5%
6	10	10	↓	Italy	3.7	2.1%
15	25	11	↑	Saudi Arabia	3.2	1.9%
21	23	12	↑	United Arab Emirates	3.0	1.7%
4	9	13	↓	United Kingdom	2.9	1.7%
46	64	14	↑	Vietnam	2.6	1.5%
7	11	15	↓	France	2.5	1.5%
13	14	16	↓	Russian Federation	2.2	1.3%
16	17	17	↓	Canada	2.0	1.1%
11	13	18	↓	Switzerland	1.9	1.1%
27	31	19	↑	Ukraine	1.7	1.0%
30	30	20	↑	Iran	1.7	0.9%
				World	**174.5**	
				Share of top 20 countries		**79%**

Top exported products and their respective top destinations, 2013

		Rank 1	Rank 2	Rank 3	Rank 4	Rank 5	World	Share of top 5 Countries
RMG/ Textiles	Country	United States	United Kingdom	United Arab Emirates	Germany	France		
	Value (billion US$)	6.0	2.0	1.9	1.5	0.9	20.7	60%
Chemicals	Country	United States	China	Germany	Indonesia	Malaysia		
	Value (billion US$)	2.5	1.4	1.0	0.8	0.7	19.5	33%
Fabric/Yarn	Country	China	Bangladesh	United States	United Arab Emirates	Turkey		
	Value (billion US$)	5.0	1.9	1.2	0.8	0.8	19.5	50%
Steel Products	Country	United States	United Arab Emirates	Italy	Germany	Saudi Arabia		
	Value (billion US$)	2.1	1.5	0.8	0.6	0.6	17.6	32%
Reefer food products	Country	Vietnam	United States	United Arab Emirates	Malaysia	Saudi Arabia		
	Value (billion US$)	2.9	1.7	0.8	0.7	0.6	14.3	47%
Pharmace -uticals	Country	United States	Russian Federation	South Africa	United Kingdom	Nigeria		
	Value (billion US$)	3.6	0.6	0.5	0.4	0.4	11.7	48%
Electrical & electronic goods	Country	United States	United Arab Emirates	Nether -lands	Germany	United Kingdom		
	Value (billion US$)	1.4	1.0	0.5	0.5	0.4	11.2	35%
Machinary /spares	Country	United States	United Arab Emirates	Germany	China	Saudi Arabia		
	Value (billion US$)	1.3	0.6	0.5	0.4	0.4	9.9	33%
Polymer & Polymer products	Country	China	United States	United Arab Emirates	Italy	Turkey		
	Value (billion US$)	0.7	0.6	0.3	0.3	0.3	6.3	33%
Auto & auto components	Country	United States	Turkey	Colombia	Nigeria	United Kingdom		
	Value (billion US$)	0.9	0.3	0.3	0.3	0.3	6.0	35%

Top imported products and their respective top sources, 2013

		Rank 1	Rank 2	Rank 3	Rank 4	Rank 5	World	Share of top 5 Countries
Electrical & electronic goods	Country	China	Korea, Rep	Vietnam	United States	Germany		
	Value (billion US$)	14.1	1.8	1.5	1.4	1.4	29.3	69%
Machinary /spares	Country	China	Germany	Japan	United States	Italy		
US$)	Value (billion	9.4	3.2	2.3	1.9	1.4	27.4	67%
Chemicals	Country	China	Singapore	Korea, Rep.	United States	Saudi Arabia		
	Value (billion US$)	6.2	1.7	1.4	1.3	1.2	21.6	55%
Steel Products	Country	China	Japan	Korea, Rep.	Germany	United States		
	Value (billion US$)	2.4	2.0	1.7	0.8	0.7	13.9	55%
Food products	Country	Indon -esia	Malaysia	Ukraine	Argentina	Thailand		
	Value (billion US$)	5.2	1.9	1.2	0.9	0.2	10.2	93%
Polymer & Polymer products	Country	China	Korea, Rep.	United States	Saudi Arabia	Germany		
	Value (billion US$)	1.3	1.2	0.9	0.8	0.7	10.0	48%
Metals & metal Products	Country	China	United Arab Emirates	Russian Federation	Malaysia	Korea, Rep.		
	Value (billion US$)	0.8	0.7	0.7	0.5	0.4	6.4	49%
Reefer Food Products	Country	Canada	United States	Myanmar	Australia	Tanzania		
	Value (billion US$)	0.7	0.7	0.6	0.5	0.3	4.7	58%
Paper & paper Products	Country	United States	China	Canada	Indonesia	Sweden		
	Value (billion US$)	0.8	0.4	0.3	0.2	0.2	4.4	46%
Fabric / Yarn	Country	China	United States	Australia	Thailand	Japan		
	Value (billion US$)	1.8	0.2	0.2	0.1	0.1	4.1	59%

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

Region-wise cargo movement

In the previous section, we analysed India's trade with major countries on the basis of major commodities. In this section, we try to analyse the actual region-wise container volumes. For this purpose, India's total container volume was compiled on the basis of its export destinations and import sources.

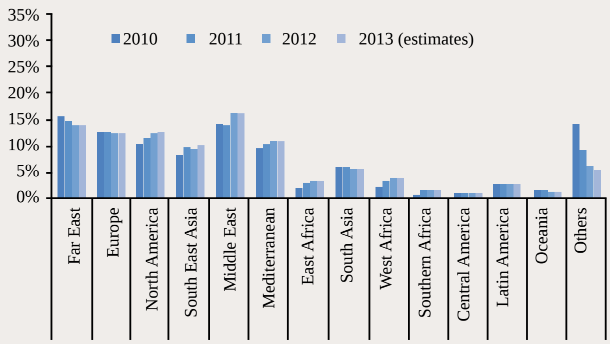
Then the trading countries/regions were clubbed to form major geographical regions such as North America and Latin America. From the data (in terms of teu), we calculated the share of these regions in India's total container export and imports, which is shown in the following chart.

Trade-lane-wise liner connectivity

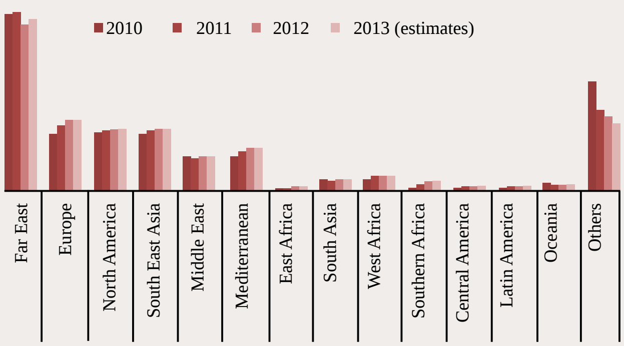
With the growing trade volume moving out and coming in to India, the issue of liner connectivity attracts special attention. As the majority of the world cargo is carried by oceans, India is no exception especially with a large coastline and diversified product basket and partners. Being on the world's major trade route (Asia-Europe), India is served by many shipping lines. An attempt was made to quantify the connectivity of Indian

Regional distribution of India's container trade

Exports



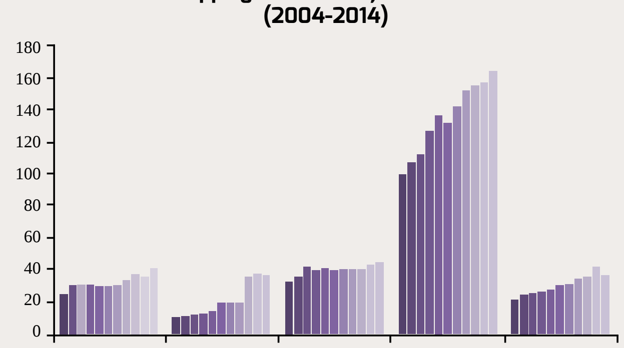
Imports



Tradelane wise capacity deployment (teu/week)

	Export	Import
Oceania		4,292
Europe & Med	45,207	41,175
Far East	3,689	3,429
Far East & SE Asia	55,991	55,991
Middle East	1,978	
North America	19,337	14,708
North America & Middle East		4,629
SE Asia	25,989	27,967

UNCTAD Liner Shipping Connectivity Index of BRICS Countries (2004-2014)



Source : UNCTAD 2014

ports as a whole with major geographical regions of the world. The following table illustrates the liner capacity deployed between Indian ports and different regional ports in terms of teu per week. Please note the weekly capacity mentioned in the table is the shared capacity and not dedicated to Indian ports. The data is compiled from the mainline calls only and excludes feeder services.

From the table it is clear that liner connectivity bandwidth between India and the Far East/South East Asia is the highest given the pattern of trade with the region followed by Europe & Mediterranean. Although connectivity has increased with growth in cargo movement, it has been restricted by the presence of a regional hub in Colombo.

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As per UNCTAD's Liner Shipping Connectivity Index, the index for India improved from 34.1 in 2004 to 45.6 in 2014. However, for countries like Vietnam, the index has increased from 12.9 to 46 during the same period. The following chart showcases the rising Liner Shipping Connectivity Index in BRICS countries.

Summary & food for thought

Global economic development

The IMF in its latest World Economic Outlook has predicted that the growth rate of the global economy reach about 3.4 per cent by the end of 2014, downgrading its forecast for the year by 0.3 per cent in relation to the previously released forecast. However, the forecast remains at 4.0 per cent for 2015.

The Eurozone economy is also improving slowly, and the growth rate is expected to reach around 1.1per cent in 2014, after a decline of 0.4 per cent in 2013. In Western Europe, Germany's GDP rose in the first quarter and continued its pace of growth during the second quarter. Positive contributions came mainly from the strong domestic demand, constructive spending and increased investment. German imports rose more than exports and the country's rising domestic demand helped re-balance the Eurozone. While the Eurozone is faring better than before, it still has a long way to go.

Despite the slowest growth in GDP over the last six quarters, the Chinese government has stated that it is comfortable with this trend and will continue to pursue its re-balancing policy in the near future. The Chinese government has so far not provided any clear guidance about the time frame of these economic policies.

Being a liberalised economy, India will be directly affected by the global economic development. The changing demand pattern in its partner countries has a direct bearing on the India's international trade. Projections for the current year and beyond look good for the Indian economy with both exports and imports from advanced as well as emerging economies expected to rise.

Development of trade lanes/partners

With the changing dynamics of global container trade, the structure and composition of shipping trade lanes has also undergone change in recent years. In the Indian context, imports are being sourced mostly from the Far East and South East Asian counties whereas exports are comparatively diversified across the globe.

The rise of China along with its accession to WTO in 2001 has changed the focus of the world's container trade. South East Asian countries also grew at a great pace. The container trade volume on the transpacific route doubled in just 12 years (10.9 million teu in 2000 to 21.9 in 2012). Similarly, volumes on the Far East to Europe route increased faster from 8.6 million teu to 19.6 million teu during the same period. None of the other trade routes witnessed such a massive growth. With this, China became the export hub of the world, having huge trade surplus with many countries, and India is no exception. India's imports from China increased from $3.2 billion in 2003 to $45.9 billion in 2013. Meanwhile, exports to China also increased. On the export side, barring China there was no drastic change in India's other trading partners.

In coming years, we expect India to continue its imports from China along with some of the South East Asian countries, while USA and European countries will top the list of export partners.

Spread of cargo centres in India

Cargo/industrial clusters in India are primarily distributed in the western part of the country. Therefore, container handling at the ports located on the west coast is way ahead compared to the ports located on the east. As we see a number of new ports coming up on the east coast and several others planned in the last union budget, presence/expansion of industrial clusters on the east becomes a need of the hour. However, even after 67 years of independence, cluster formation in the country is mostly an outcome of the existing clusters rather than a consequence of the infrastructural facilities provided by state governments or the union government or both. Policy interventions and infrastructural support have not aided the creation of new centres of growth. Therefore, in the Indian context, the creation/diversification of industrial clusters has to be engineered through some different and innovative mechanism. Thus, the role of private players in this process becomes vital.

In terms of container business, evenly spread cargo centres will boost trade and address some of the logistical problems in India. For example, while Jawaharlal Nehru port is being over utilised, ports on the eastern coast have less business besides struggling with the imbalance in container trade. Government and private participants need to work in tandem to develop more cargo centres not only to create balance of economic growth within India but also to make it more viable proposition to utilise capacity on the East coast ports. Connectivity of planned or potential cargo centres to the high speed road and rail network is of paramount importance and it requires focused effort and meticulous planning. Slowly but steadily these issues are being addressed. But if India is to become a real economic force on the global stage, these issues need to be prioritised and executed on the ground sooner than later. mg

RISING CONTAINER FREIGHT RATE IS A MYTH

The second edition of 'Containers India' held at Mumbai witnessed who's who of shipping and logistics industry discuss issues affecting containerisation in India.

With increase in merchandise trade, container traffic is poised to increase with passage of time. Globally approximately 75 per cent of total cargo being shipped is containerised, whereas in India it is around 50 per cent. India handled over 10 million teu in 2013-14 and growth in the first quarter of 2014-15 was at around 15 per cent. According to industry experts, containerisation will continue to grow in India till it reaches international standards.

With the volume, vessel capacity has also gone through sea changes. Now bigger vessels have come in place. "Today, of the total container capacity, not even 10 per cent of it consists of vessels of more than 10,000 teu capacity. While if you check the container ship order book which is a little above 4 million teu, more than 50 per cent of the cargo are scheduled to come in large vessels (12,000 teu & above)," **SS Hajara,** Ex CMD, SCI & Chief Advisor Doehle Danautic, said addressing the gathering at the inaugural of 'Containers India 2014'.

Container business is all about economies of scale. Many players now prefer larger vessels for shipping. Today, ship sizes are increasing to the tune of 18,000 teu – 19,000 teu to meet economies of scale, **Julian Michael Bevis,** Senior Director (Group Relations), South Asia, Maerskline India, said.

According to Drewry Research reports, India's international trade grew from $45.5 billion in 1993 to $802.7 billion in 2013. In the wake of growing India's exim trade and increasing shipping costs, economies of scale can hugely benefit the containerisation with the use of large vessels.

Despite India's exim trade growth of 62 per cent in the last decade, the country has fallen behind its global counterparts. India ranks 11th in imports and 16th in exports, **Deepak Shetty,** Joint DG Shipping, Chief Guest of 'Containers India 2014' said addressing the gathering.

Captain **Deepak Tewari,** Chairman, Container Shipping Lines Association (CSLA) spoke about increasing ocean freight rates in shipping and containerization. Cost reduction still remains the main mantra for the box carriers, he says.

However, Hajara contrasted the belief of rising container freight rates. He mentioned in the last four decades cost of shipping through boxes have seen only a minimal rise. In India, containerization started in mid 70s, when the freight rate for a 20 feet box between India and Europe used to be around $2,000. While the freight rate for the same location for a 20 feet box was increased only to $2,300 in 2008, with hardly $300 difference.

The price has seen only a miniscule increase of few hundred dollars. The shipping cost between India and Europe was around $2,600 in the year 2010, he added addressing the podium.

The second edition of 'Containers India', an annual seminar on containerisation, was organised on September 20, 2014, at The Lalit, Mumbai. More than 200 stakeholders from across industries from ports, shipping lines, rail and road operators, to exporters and importers came together and participated in the event.

'INDIAN PORTS NEED TO CREATE CONFIDENCE OF OPPORTUNITIES'

With the growing exim trade, government's focus to make India a maritime hub with the announcement of 16 new port projects, along with ports' lined-up expansion of infrastructure projects, it's a new dawn for the maritime industry in India.

In the midst of this positivity around, a concern arises for every port operator is how to expand their hinterland, reach and cargo. To discuss in length, many industry stalwarts came together at 'Containers India 2014'and shared their perspectives on hinterland and cargo in the session 'Where is my cargo?'.

shifting hinterland for a wider cargo.

Vasant R Murthy of Adani Ports & SEZ spoke about how Indian cargo would seek cost efficient gateways in the future. "Infrastructure development, operational efficiency and cost structures will be the key determinants for cargo shifts along with efficient connectivity from port to hinterland. Gateway ports/ terminals need sustainable connectivity linkages by rail and road."

Infrastructure providers have a huge influence in creating sustainable markets by virtue of long-term commitments. The expanding and additional National

Business Session I: (L to R) **Capt Jasbir Singh**, Vice President-Mktg, JSW Jaigarh Port Ltd, **Capt Dinesh Gautama**, President, Navkar Corporation Ltd, **Vinita Venkatesh**, Director, Krishnapatnam Port Container Terminal Pvt Ltd, **Capt J S Gill**, MD, X-Press Feeders India, **Capt G K Sarkari**, MD, Samsara Shipping Pvt Ltd, **Vasant R Murthy**, CEO - Container Ports & Logistics, Adani Ports & SEZ Ltd **Capt Somesh Batra**, Chairman, Marine Container Services, **Ashish Kumar Bose,** Chief Manager (Traffic), Jawaharlal Nehru Port Trust, **Abhijit Chaudhary,** General Manager – Shipping, JSW Steel Ltd

Capt Dinesh Gautama, President of Navkar Corporation, being the moderator of the session focused on carriers perspective on cargo, production and consumption centres, shifting hinterlands and how new commodities can be brought under containerization.

"On an average, Indian Port traffic grew at 6.93 per cent between 2005-06 & 2013-14; non-major ports grew at 13.89 per cent as against 3.45 per cent growth in traffic at major ports," said **Ashish Kumar Bose,** Chief Manager (Traffic), JNPT. Currently, India's west coast ports contribute over 70 per cent of India's throughput. Indian terminals are now

Highways, DMIC driven industrial areas and investment regions are likely to generate more volumes.

In the same line, **Vinita Venkatesh,** Director of Krishnapatnam Port Container Terminal, said, "Ports need to be ready with their infrastructure, and ports that have put infrastructure need to wait patiently for the good time good," adding that "Simple mantra is to increase the value, reduce cost."

Unlike the global maritime majors, India lags behind in port and terminal infrastructure and cargo volume. Currently, India does around 12 million teu of containers and is targeting to do 30 million teu by 2025. As opposed, Shanghai, the largest container terminal in the world, handles more than 36 million teu at present, while China handles 17 million teu every month.

"Infrastructure to clear cargo is very poor in India. Also infrastructure development is not happening at par to cope up with the changing global shipping scenario," **Capt JS Gill,** Managing Director, X-Press Feeders India, said questioning that how many of Indian terminals has infrastructure capability to cater to 13,000 teu vessels.

"Containerisation will grow if we can reach the rural hinterlands and connect them with the ports of the country," said **Capt Somesh Batra**, Chairman of Marine Container Services.

In 1980, only 20 per cent of the cargo used to be containerised and the rest as bulk cargo. But, now containerization is more than bulk. "The focus of every port operator should be on how to bring more cargo into containerization," **Capt GK Sarkari,** Managing Director of Samsara Shipping, said.

Containerisation levels in India have increased in the past due to high containerisation commodities such as electronics, textiles, automobiles, etc. There is further potential to increase overall containerisation in India by increasing penetration in Agri commodities like rice, maize, sugar, etc. Containerisation levels are further expected to grow on the back of more infrastructures available in terms of ports, CFS and ICD.

The most important is that the port operators need to provide a sense of positivity for the exim traders. "Cargo is nowhere but sitting in the transshipment hubs, manufacturing facilities and sitting in the minds of the importers. We just need to create confidence of opportunity," Vinita Venkatesh said.

CONNECTIVITY REMAINS A MAJOR HURDLE IN DOMESTIC CARGO MOVEMENT

Business Session II: (L to R) **S S Mishra,** IRTS, Chairman, Paradip Port Trust, **Capt Ashok Kumar Shrivastava,** CEO - Shipping Services, Allcargo Logistics Ltd, **Capt Sriram Ravichander,** Executive Director, J M Baxi & Co, **D K Sen Sharma,** COO - Container Terminals, Adani Ports & SEZ Ltd, **Sanjay Swarup,** Group General Manager (Intl Mktg), CONCOR

For domestic movement of containers and transportation of cargo to hinterlands, connectivity remains a major hurdle.

"The crux remains not in the development of a port, but in the development of port-led connectivity," according to **SS Mishra,** Chairman of Paradip Port Trust.

At grassroots level, if you look at the distribution of cargo on various modes of transport is very different from what it is desired. Roads are congested. Rail freight has come down. "Currently, rail share in cargo transportation has come down to 40 per cent compared to previous 80 per cent freight traffic in early 50s," **Capt. Sriram Ravichander,** ED of JM Baxi & Co, said.

Railways carry 36 per cent of freight traffic in India in train, as compared to 23 per cent in China, 48 per cent in USA and only 10 per cent in Europe.

And for leads over 300 kms, rail share is of the order of 53 per cent in India.

"In 2013-14, railways handled more than 1.05 billion tonnes of freight and it is poised to grow further. However, its network will fall short of the requirements of expected freight traffic increase," according to **Sanjay Swarup,** Group GM, CONCOR.

On the railways front, infrastructure projects such as Dedicated Freight Corridors are coming up. But here the question arises whether DFCs will move domestic cargo apart from exports cargo, says **DK Sen Sharma,** CEO (Container Terminals), Adani Ports & SEZ, adding that "Once allowed, it will address many transport-related customers concerns."

Same is the case through road transportation. Road is the most expensive means of transportation for domestic cargo. But has more positives than negatives, its door-to-door delivery makes it the most preferred choice, according to **Capt Ashok Kumar Srivastava,** CEO (shipping services), Allcargo Logistics.

Rail and road being the oldest and most traditional means of transportation have not been upgraded to meet the growing cargo movement. Over the years, it led to less movement of cargo and congestion at ports.

Even the coastal shipping, which was proposed to be the game changer in cargo transportation in backdrop of India's vast coastline of 7,500 km, failed to meet any expectations. Coastal shipping has only 7 per cent share in the overall cargo transportation in India.

The domestic coastal cargo movement is only predominant between Mundra and Cochin, while rice movement has started off late from Kakinada to Cochin.

Since beginning, only thing that has changed in coastal shipping is that a marginal increase in volume.

More than 90 per cent of the coastal cargo from Mundra to Cochin comprises of heavy goods such as tiles, marbles and construction materials. And why other goods can't be shipped through the route remains the most pertinent question, Srivastava shrugs.

In India, mapping of coastal has not been done yet. Whether the model can be replicated elsewhere has also not been mapped by anyone. Another concern in containerised coastal shipping remains difficulty in finding two-way cargo for the shippers.

Development hinges on timely creation of adequate and appropriate infrastructure. Infrastructure expansion must be continuous and in pace with trade growth, preferably leading. "With the current 10 million of containers handling capacity at Indian ports and planned further expansions, India will not see shortage of infrastructure in near future," Ravichander believes.

"Unless there is a seamless evacuation, berth-side capacity creation or shipping side augmentation will be of no help," Sharma of Adani Ports & SEZ says.

DOMESTIC OPPORTUNITIES 20 TIMES HIGHER IN COLD CHAIN

In the wake of increasing domestic consumption of dairy and poultry products, fresh fruits and vegetables in India, opportunities in the cold chain and reefer industry is far higher in the domestic market than in exim trade.

"Domestic opportunities are 20 times higher in cold chain and reefer than in exim," according to **M Nagesh,** Director (Finance), Nekkanti Sea Foods.

Boom in organized retail, increasing demand for processed food and mushrooming of quick service restaurants (QSRs) are driving the growth in the domestic front, **Prahlad Tanwar,** Director (Transport & Logistics), KPMG, said.

In addition to this, government policies with respect to FDI in these industries and the creation of mega food parks also driving the cold chain growth in India, Tanwar said moderating the third session 'Cold Chain Infrastructure & Reefer Cargo'.

Cold chain industry involves the storage and supply chain infrastructure of temperature-sensitive, highly perishable low shelf-life goods, where 88 per cent is cold storages and 12 per cent transport. It's a niche industry with only 10 per cent of the market is organised in India. Prior to 2008, more than 90 per cent of the cold chain industry was used by potato and dairy products, which is now giving with exotic fruits and vegetables such as kiwi, broccoli, etc.

Col Arvind Gangoly, CEO of Schedulers Logistics India, says, "The segment is seeing a great transformation with the growing demand for process foods. Now, people with degrees from reputed engineering institutes and B schools are trying their hands in the ready-to-eat and ready-to-cook processed food segment; even e-commerce players such as bigasket.com which sells fresh vegetables are entering into the space."

According to industry experts, the share of the organised market in retail, which was at 10 per cent in FY13, is expected to grow to 30 per cent, with food being the least penetrated segments and poised for high growth. Similarly, the Indian food processing industry, which is at a nascent stage, is expected to grow at more than 17 per cent. Pharma and biopharma is expected to grow at 23–30 per cent year-on-year.

Business Session III: (L to R) **A K Dubey,** Regional Manager, Central Warehousing Corporation, **Prahlad Tanwar**, Director, Transport & Logistics, KPMG, **Col Arvind Gangoly,** CEO, Schedulers Logistics India Pvt Ltd, **Akash Agarwal**, Director, Crystal Logistic Cool Chain Ltd, **M Nagesh**, Director-Finance, Nekkanti Seafoods, **Anil Arora**, Founder & Managing Director, M J Logistic Services Ltd, **Sameer Verma,** Head – Business Development, ColdStar Logistics Pvt Ltd

Currently, agricultural produces largely use cold chain services for preservation and transport, followed by pharmaceuticals, aviation spare parts, certain chemicals and industrial products, luxury goods, flowers, spices, ready to eat frozen products, imported fruits, etc. All these segments are seeing a good growth.

"There is a growth happening beyond the metros, quality of lifestyle is changing and higher growth is seen in the Tier II, III & IV cities. These emerging cities are having a growing appetite for processed food and demand for fresh products," **Akash Agrawal,** Director, Crystal Logistics Cold Chain Litimed, said.

The cold chain industry has a huge market opportunity. In FY 2014-15, the dairy industry is expected to have a market opportunity of $25 billion, agriculture industry $12 billion, meat $10 billion, healthcare $6 billion, fruit pulp and concentrates $1 billion, bakery and processed food $1 billion and the chocolate and ice cream industry is expected to have a $1-billion market opportunities under the reefer segment, according to market estimates.

However, the sector faces with several challenges such as limited or non-existence of integrated credible service providers, player offering warehousing, transportation (FTL & LTL), within city distribution, portable cold storage, air freight, etc. The major challenges for the industry remains limited cold storage capacity at production sites and lack of specialized cold chain players, **Sameer Varma** of ColdStar Logistics says.

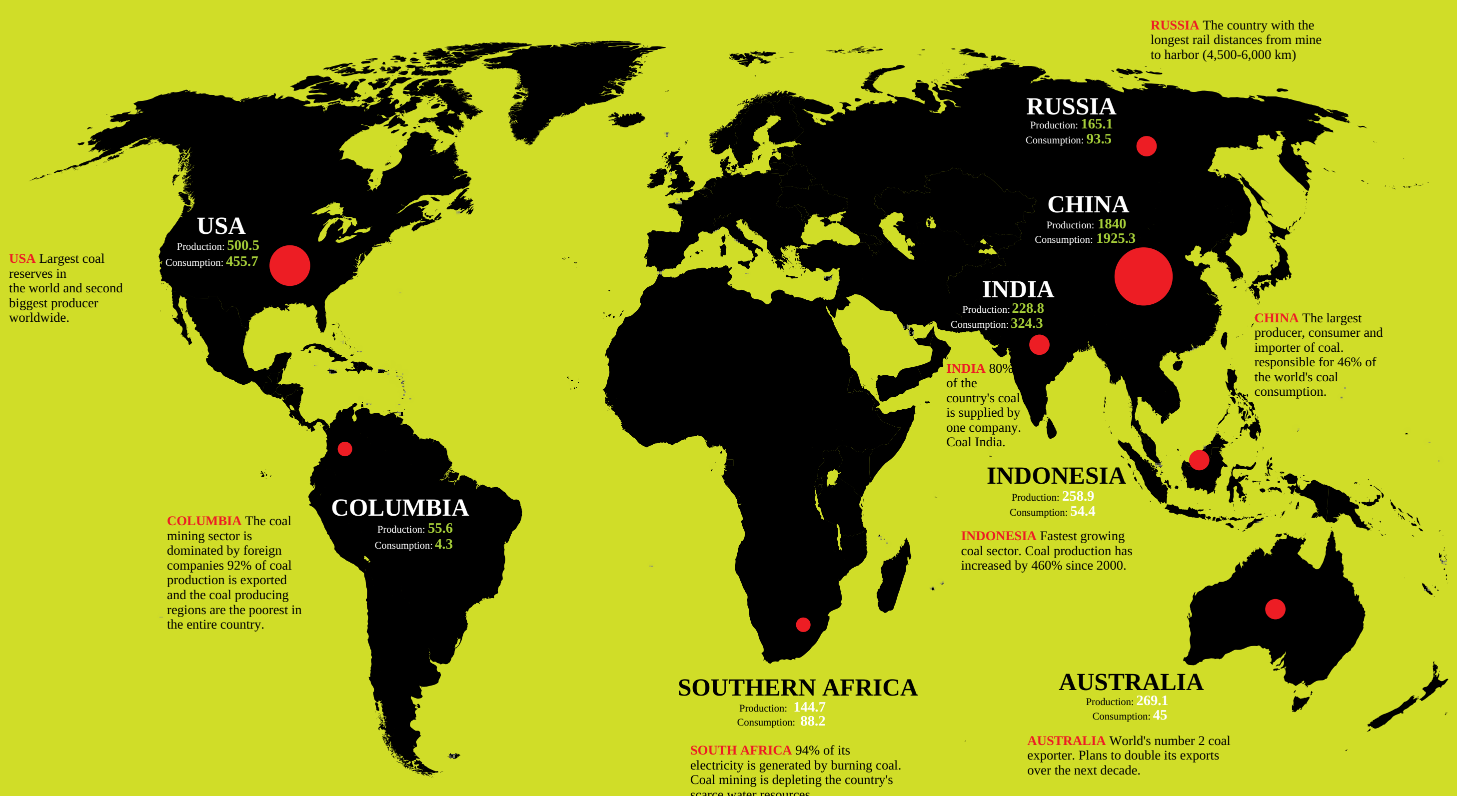
Adding in the same lines, **Anil Arora,** founder and MD of MJ Logistics, said "The existing huge gap in infrastructure will open more opportunities in the sector. " mg

GLOBAL COAL PRODUCTION AND CONSUMPTION 2013

* all values in Million tons of oil equivalent (MTOE)

Production: 3881.4

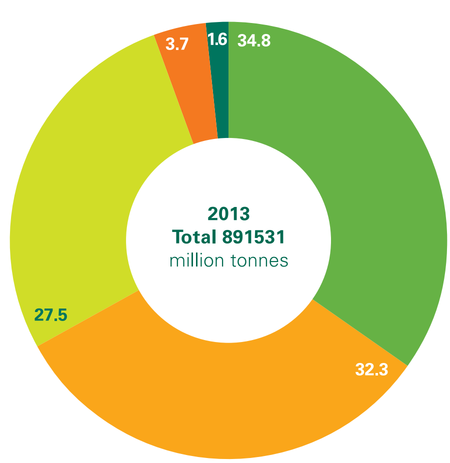
Consumption: 3826.7

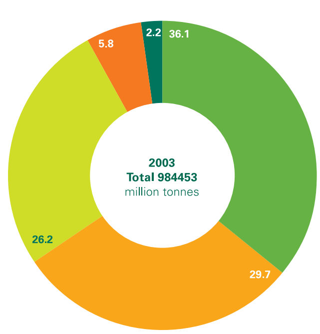


Distribution of proved reserves

Percentage

- Europe & Eurasia
- Asia Pacific
- North America
- Middle East & Africa
- S. & Cent. America





Source: *World Energy Resources 2013 Survey, World Energy Council.*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