EAST COAST MARITIME BUSINESS SPECIAL ISSUE

India's premier maritime business magazine

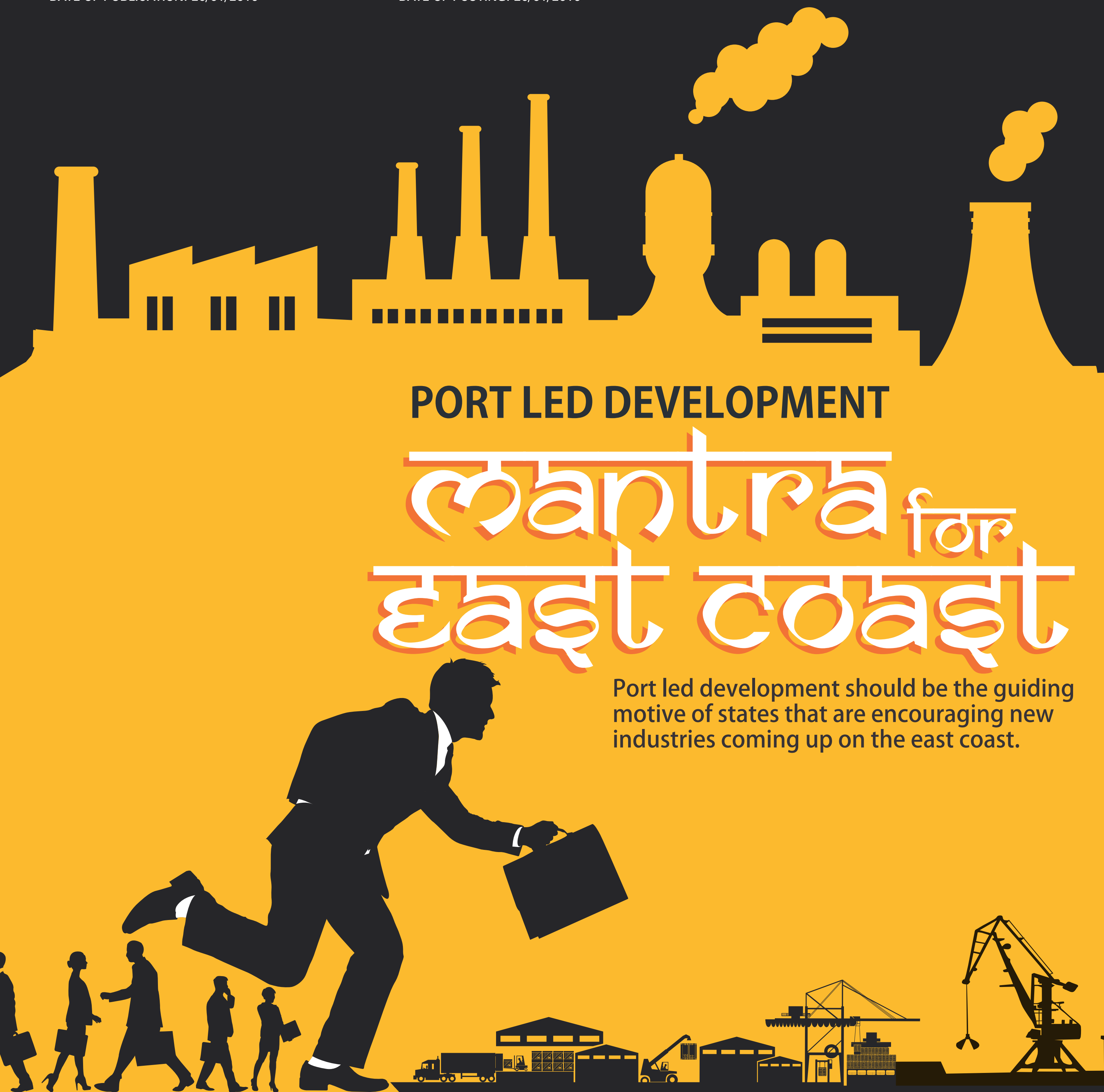
₹100

maritime gateway

FEBRUARY 2015 WWW.MARITIMEGATEWAY.COM

RNI NO: TELENG/2009/30633 POSTAL REGISTRATION NO: LII/RNP/HD/1137/2013-15
DATE OF PUBLICATION: 26/01/2015 DATE OF POSTING: 28/01/2015

RISING STAR: MYANMAR



PORT LED DEVELOPMENT

Mantra for East Coast

Port led development should be the guiding motive of states that are encouraging new industries coming up on the east coast.

India's premier maritime business magazine
maritime gateway

Editor-in-Chief and Publisher Ramprasad
ramprasad@gatewaymedia.in

Associate Editor Deepika Amirapu
deepika@gatewaymedia.in

Associate Editor Omer Ahmed Siddiqui
omer@gatewaymedia.in

Assistant Editor Itishree Samal
itishree@gatewaymedia.in

Sr Designer Vijay Masa

Designers Nagaraju N S, Nadeem Ahammad

Marketing & Sales

National Satish Shetti, Manager – Sales
satish@gatewaymedia.in – 099207 05534

East Nikhil Doshi, GM – Sales
nikhil@gatewaymedia.in – 098369 96293

South & International Vinod G, Sr Manager – MarCom
vinod@gatewaymedia.in – 099498 69349

Client Relations
Madhukar – Manager
madhukar@gatewaymedia.in – 093937 68383

Ashok T – Operations
ashok@gatewaymedia.in – 094918 05508

Digital Edition Wesley Rajiv

Maritime Gateway is printed by R Ramprasad published by R Ramprasad on behalf of Gateway Media Pvt Ltd, #407, 5th Floor, Pavani Plaza, Khairatabad, Hyderabad – 500 004, Telangana, India and Printed at M/s Kala Jyothi Process Pvt Ltd, 1-1-60/5, RTC Cross Roads, Musheerabad, Hyderabad - 500 020. and Published at Gateway Media Pvt Ltd #407, 5th Floor, Pavani Plaza, Khairatabad, Hyderabad – 500 004, Telangana, India

Regd. Office: H.No. 8-2-293/82/A/379 & 379/A, 2nd Floor, Plot No. 379, Road No. 10, Jubilee Hills, Hyderabad - 500 033.

CIN: U74900AP2007PTC054344

Editor: R Ramprasad

Feedback
Readers are advised to send all feedback and comments to editor@gatewaymedia.in

Energy quest, new infra to propel east coast trade

Dear Readers,

Welcome to the third edition of the East Coast Maritime Business Summit. As sincere efforts to propel trade on the east coast has proved a game changer for the trade in the last two years, we were encouraged to go headlong into hosting and organising this summit for the third time.

Visakhapatnam has been the chosen location as this port city shows much promise to grow and benefit from policies made at the Centre and state. We have witnessed a tremendous change in the economic scenario in the last two years. Firstly, the mood about growth has been upbeat leading to more investments on this side of the coast, be it in hard infrastructure such as ICDs and terminals or soft infrastructure – enhancing skills of people in the maritime trade.

The new road and industrial corridors will help transform the trade and lead to a renaissance in India's manufacturing abilities. Leaf through to the magazine to understand the projects that are on the anvil.

The new road and industrial corridors will help transform the trade and lead to a renaissance in India's manufacturing abilities

This optimism, I reckon, will certainly lead to greater cooperation among all the stakeholders of this vibrant and now happening industry. I'm certain of statistical evidence backing my claim. Ports on India's east coast, which were lagging behind those on the west coast in terms of cargo movement, are now garnering a greater share of the business as the nation's trade with China and other East Asian economies surges. The cargo shift is likely to spur the development of not just port and allied infrastructure on the east coast, but also that of special export zones and the industry in general.

Besides rising trade with China, the demand for coal to fuel power projects in eastern India has also led to growth in the east coast ports. With the increase in rail connectivity, a lot of the coal imported through western ports will be routed through eastern ports and moved by train to meet demand in the hinterland.

Growing trade relations with Myanmar, Sri Lanka, Nepal and Bhutan are an indication of better days to come. A steady increase in port traffic at both major and non-major ports is a collateral benefit of better relations with these countries. We wish to congratulate both the Centre and the states for encouraging and facilitating trade on the East Coast and promise to stand by the state government in its efforts to further trade. The budget this year, we hope, will iron out and provide clarity on existing operational and taxation difficulties.

Here's wishing all of you a triumphant new year!

Ramprasad
Editor-in-Chief and Publisher
ramprasad@gatewaymedia.in

follow us on twitter @maritimegateway

India's premier maritime business magazine
maritime gateway
FEBRUARY 2015
VOLUME 7 ISSUE 05

COVER STORY p.20

PORT LED DEVELOPMENT
MANTRA FOR EAST COAST

Port-led development should be the guiding motive of states that are encouraging new industries coming up on the east coast.

PORTS

OTHERS

SURAJ INFORMATICS PVT. LTD

Inspiring Networks

Your IT Infrastructure and Automation Partner to support all of business application requirements

Corporate Office:

G-61 Gautam Complex, Sector 11 ,CBD Navi Mumbai: 400614

Tel: +9122 40309800 ,Email: sales@surajinformatics.com

Branches : Delhi, Gujrat,

Support Location: Hazira, Chennai, Cochin, Bangalore, Kolkata, Dehradun and Pune

Online permission for heavy cargo movement

In a bid to ensure smooth flow of heavy traffic, the Road Transport and Highways Ministry has decided to grant online permissions for movement of Over Dimensional (OD) and Over Weight Cargo (OWC).

The initiative will be in line with the 'Digital India' vision of the government and will save time and avoid transit delays in movement of cargo for national projects. Road Transport and Highways Minister Nitin Gadkari will launch a Web portal for this purpose.

India seeks uninterrupted natural gas supplies

India is looking for a "Special Status" to secure uninterrupted natural gas supplies from the US.

A draft note on India-US cooperation in oil and gas sector emphasises that New Delhi must seek support from Washington for sourcing LNG in the form of "a special status to India (outside the non-FTA category) that will benefit meeting the energy requirement in India." In case the special status formula does not work, Plan B is to seek "special exceptions" for facilitating LNG exports to India from all export projects that have FTA licenses. The American domestic laws allow exports only to countries with an FTA.

Heavy lift cargo delivered at Cochin Port

BPCL refineries, Cochin, imported two HSD reactors from M/s Doosan Engineering and Construction Co Ltd in Masan, Korea via Cochin Port. Each reactor weighing 338 MT, having a length of 36.85 metre, width 5.35 metre and height 5.20 metre were offloaded from the Heavy Lifts Ship *M V Maria* to separate inland barges for transportation up to refineries through Chembakara Canal. (National Water Way-3).

The ocean freight is executed by Yusen logistics India (Pvt) Ltd. Cochin Port supported in bringing the heavy lift vessel and transferring the cargo directly to the barges for inland waterways voyages.

Nepal India trade treaty to be revised

While the Nepal-India treaty of trade is going to be renewed by the next year for another seven years, the government has said that Nepal wants to revise the treaty prior to its renewal. In preparatory works for revising the treaty, Ministry of Commerce and Supplies in Nepal has asked the Board of Trade to recommend the agenda that Nepal should carry while revising the treaty, Commerce Minister Sunil Bahadur Thapa said.

Two-third of Nepal's trade (both export and import) is with India, but Nepal has been continuously facing problems in exporting goods to its southern neighbour since 2002 as India inserted the complex 'rules of origin' criteria while revising the trade treaty of 1996. "India may help us on issues of trade facilitation and increasing exports to India as the political leadership has been reviewing the Nepal-India relations on a positive footing," said Thapa.

24X7 customs clearance at more ports

The Central Board of Excise and Customs has announced extension of 24x7 customs clearance facility at 13 more airports in respect of all export goods and at 14 more sea ports in respect of specified import and export goods. The sea ports are: Chennai, Cochin, Ennore, Gopalpur, JNPT, Kakinada, Kandla, Kolkata, Mumbai, New Mangalore, Marmagoa, Mundra, Okha, Paradeep, Pipavav, Sikka, Tuticorin, and Visakhapatnam.

The circular issued by Customs Board says, "Board has decided that with effect from December 31, 2014, the facility of 24x7 Customs clearance for specified imports - goods covered by facilitated Bills of Entry-and all exports - goods covered by all Shipping Bills will be made available at 17 air cargo complexes." The 17 complexes are: Ahmedabad, Amritsar, Bengaluru, Chennai, Coimbatore, Cochin, Calicut, Delhi, Goa, Hyderabad, Indore, Jaipur, Kolkata, Mumbai, Nashik, Thiruvananthapuram, and Visakhapatnam.

THE IDEAL GATEWAY ON THE EAST COAST OF INDIA

Marine Infrastructure
Depth alongside 16.5m
No tidal restriction
All weather round the clock operation
Berthing priority to container vessels

Location
Ideally located at the centre of Burgeoning Hinterland on the East Coast of India

Objective
To develop a facility to handle 2 Million TEUs by Year 2020

Equipment
4 Rail Mounted Quay Cranes
1 MHC
6 RTGCs
6 Reach Stackers
204 Reefer Plugs

Visakha Container Terminal

ISO 9001 : 2008, ISO 14001 : 2004, OHSAS 18001 : 2007, ISO 28000 : 2007

Beach Road, Opp: Town Hall, Visakhapatnam - 530001 Tel : +91-891-2877000 email : bdc@vctpl.com | www.vctpl.com

VOICES

Our government will give highest priority to waterways. In due course of time we will implement appropriate policy to improve Inland Waterways. We are planning to manufacture light weight crafts, hovercrafts, catamarans which will help in increasing employment opportunities.

– Nitin Gadkari
Union Minister for Road Transport Highways and Shipping

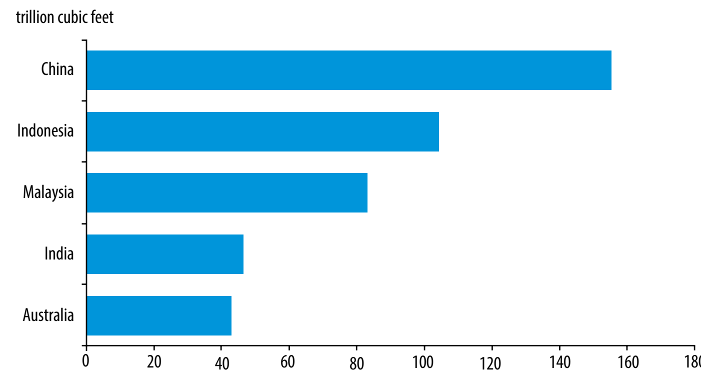
As per our rough estimates, reduction in paper work and making all the ports EDI (Electronic Data Interchange) ready would help in reducing the transactions cost by about 3 per cent (about $20-25 billion) of the total $750 billion trade.

- Ajay Sahai
Director General, FIEO

In 2015, India is likely to completely vanish from the export market as the prices have been very low. Unless the government withdraws export duties at least on low-grade iron ore, we cannot export from India anymore.

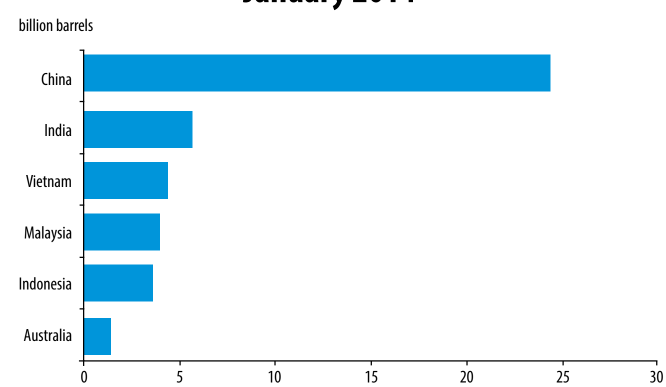
- Basant Poddar
Vice President,
Federation of Indian Mineral Industries.

Top five Asia-Pacific proved natural gas reserve holders, 2014



Source: Oil & Gas Journal, January 2014

Top Asia-Pacific proven oil reserve holders, January 2014



Source: Oil & Gas Journal

Consumer Survey on e-commerce

What is your Favourite website for shopping online?

	Bangladesh	India	Indonesia	Pakistan	Phillippines	Vietnam
1)	Bikroy 26.6%	FlipKart 19.1%	Tokobagus 45.9%	OLX 33.5%	Sulit 39.1%	Vatgia 12.6%
2)	eBay 9.4%	OLX 10.9%	Berniaga 10.6%	eBay 5.8%	Ayosdito 9.9%	Cucre 10.0%
3)	CellBazaar 5.1%	eBay 9.8%	Kaskus 4.5%	Amazon 4.0%	Lazada 9.8%	Lazada 7.3%
4)	Amazon 2.0%	Homeshop18 8.2%	eBay 1.9%	Daraz 1.6%	eBay 4.7%	Raovat 5.3%
5)	Alibaba 1.7%	Quikr 6.1%	Lazada 1.5%	Symbios 1.4%	Zalora 1.7%	Thegioididong 4.3%

REVIEW OF INDIAN DOMESTIC COURIER SERVICES FOR E-COMMERCE BUSINESS

LOGISTICS IS TO E-COMMERCE WHAT QUEUES ARE TO RETAIL STORES! THE LONGER THE WAIT, THE MORE FRUSTRATED A CUSTOMER!

	PICK UP FACILITY	RATES	CASH ON DELIVERY	DELIVERABLE AREA	SERVICE	TRACK SHIPMENT		PICK UP FACILITY	RATES	CASH ON DELIVERY	DELIVERABLE AREA	SERVICE	TRACK SHIPMENT
BLUE DART	7/10	6/10	7/10	8/10	8/10	8/10		7/10	7/10	7/10	9/10	8/10	9/10
[illegible]	5/10	5/10	6/10	5/10	5/10	6/10	FedEx	7/10	6/10	6/10	6/10	7/10	8/10
aramex	6/10	7/10	6/10	7/10	4/10	5/10	First Flight Couriers Ltd.	5/10	6/10	6/10	7/10	6/10	6/10

AVERAGE • GOOD • EXCELLENT

Private players may operate rail lines connecting coal India mines

The government is likely to allow private firms to build and operate critical railway lines connecting Coal India mines to power, steel and cement projects. A proposal in this regard has been agreed in principal by the railway and coal ministries. Private companies will charge fee from the users of the rail links, similar to the toll charged by highway developers. The coal ministry has identified 51 new railway lines to connect blocks of various Coal India subsidiaries.

Inviting private firms will help in easy and early completion of these railway lines that are critical to raising Coal India's production to the targeted 1 billion tonnes by 2020.

Three critical railway lines in Chhattisgarh, Odisha and Jharkhand are identified which will increase coal evacuation by 200 million tonnes over the next several years. The number of rakes will also be increased to 450 in the next 2-3 years from 200 currently.

Hooghly Dock and Port Engineers Ltd goes to private players

As part of its plans to do away with unviable public sector companies, the central government is planning to privatise Kolkata-based Hooghly Dock and Port Engineers Ltd, a shipyard almost 200 years old and among India's oldest. Hooghly Dock is among seven companies identified for revival through disinvestment or a Joint Venture. The government feels Hooghly Dock has enough assets to attract private sector investors even though it has built just two ships in last four years.

Kolkata Port Trust has already engaged HR Wallingford of London for suggesting measures to improve the draft at Hooghly Dock as well to reduce dredging costs, which will add to attractiveness of the company as an investment target.

India racing to become the second largest producer of steel

India is expected to become the world's second largest producer of crude steel in 2015-16, moving up from the fourth position, as its capacity is projected to increase from 100 million tonne (MT) to about 112.5 MT in 2015-16. With nearly all major domestic steel producers in the process of adding a mix of brownfield and greenfield capacity, the total planned capacity hike in crude steel production till 2017 is estimated at well over 100 MT. Rashtriya Ispat Nigam Ltd, which runs the Vizag Steel Plant, is slated to add 7 MT of new capacity, while NMDC's new steel plant at Nagarnar in Chhattisgarh will add another 3MT of new steelmaking capacity.

SAIL is adding 27 MT, comprising 21.4 MT of brownfield and 5.6 MT of greenfield capacity. Tata Steel too is poised to add substantial greenfield capacity. While JSW Steel is adding 12 MT of brownfield capacity, JSW Ispat and Essar Steel will add another 4.5 MT and 10 MTof brownfield capacity.

Mormugao port expansion plans

As part of its expansion plans, the Mormugao port has lined up an ambitious ₹3,141 crore projects that include capacity augmentation schemes. The projects include six schemes for construction of berths/terminals at the port including ₹950 crore project for development of multipurpose cargo berth and ₹520 crore project for conversion of existing iron ore berth and ore handling plant for general cargo.

There are four other projects worth ₹810 crore for offshore liquid bulk holding scheme, general cargo berth project in lieu of ship repair yard in the harbour area, development of Vasco Bay and development of dedicated berths for Navy and Coast Guard north of Vasco Bay.

Multi-modal logistics hub to come up in Ludhiana

Punjab Chief Minister Parkash Singh Badal and Railways Minister Suresh Prabhu will jointly lay the foundation stone of a Multi-Modal Logistics Hub (MMLH) to come up at Kila Raipur in Ludhiana. Highlighting the significance of this prestigious project, Badal said, In the wake of the extension of Eastern Freight Corridor from Dankuni up to Amritsar and Western Freight Corridor from JNPT Navi Mumbai to Khurja (Uttar Pradesh), Punjab was on the threshold of ushering in an era of unprecedented economic development." The MMLH would be constructed at a cost of ₹500 crore and will prove to be a game changer for the industry of the state.

Being close to Ludhiana it will provide direct linkage to the Eastern Freight Corridor. Ludhiana-Dhuri-Jakhal feeder line would join it with the Western Corridor at Rewari (Haryana) thereby immensely benefitting the industry of the state by prompt, easy and cheap transport of raw material and finished goods through the Railways.

Container traffic at JNPT increased by 8 per cent last year

Driven by increased productivity and throughput in all its three terminals, container traffic at Jawaharlal Nehru Port Trust shot up by nearly 8 per cent to a record 4.45 million teu in calendar year 2014. The volume handled in 2013 was 4.12 million teu.

APM Terminals Mumbai handled 1.985 million teu in 2014, up from 1.899 million teu the previous year, while the Port Trust-run Jawaharlal Nehru Port Container Terminal continued to impress by handling 1.31 million teu. DP World Nhava Sheva handled 1.15 million teu in 2014, as against 0.947 million teu in 2013.

On the other hand, the volume of liquid cargo handled dipped slightly to 6.1 million tonnes in 2014, from 6.4 million tonnes the previous year.

ONGC targets 81 per cent increase in gas output by 2019-20

ONGC is targeting to hike its natural gas output by 81 per cent to 116 million metric standard cubic metres per day (mmscmd) by 2019-20. Currently, ONGC produces roughly four-fifth of domestic gas. The aggressive pitch to increase output follows petroleum minister Dharmendra Pradhan's stern directions to the explorer to increase hydrocarbon production.

According to Dinesh K Sarraf, CMD of ONGC, projects worth ₹22,500 crore in the western offshore have already been approved by the PSU's board. Other projects worth nearly ₹30,000 crore for the East Coast are under advanced stages of execution and would be taken up by the board latest by March 30, he added. Incremental production is expected from KG basin (KG-DWN-98/2), Vashistha, Bassein and Daman fields.

Beach erosion in Visakhapatnam poses challenge to policy makers

Beach erosion which hogged the limelight after collapse of footpath at Kursura Museum exactly a year ago has now turned bad to worse exposing thoroughly lack of proper planning by the authorities. Though government has plans to transform Visakhapatnam into a leading industrial hub of the country, frequent erosion is creating panic among tourists and investors and warrants immediate remedial measures – both short-term and long-term. The State government has constituted a committee headed by Visakhapatnam Port Trust Chairman Krishna Babu to combat the distressing phenomenon. Officials of National Institute of Ocean Technology, National Institute of Oceanography, APSRAC, Andhra University, IIT Chennai and various ports will assist the committee to prevent erosion.

China and Sri Lanka to ink FTAs

China and Sri Lanka have inked a memorandum of understanding and agreed to establish a joint working group on trade to study the feasibility of a China-Sri Lanka Free Trade Agreement (FTA) and measures to enhance Sri Lankan exports to China. Although Sri Lanka's exports to China have increased from $28.39 million in 2005 to $121.63 million in 2013, trade balance remains significantly in favor of China. Bilateral trade reached $3.62 billion in 2013. Some of Sri Lanka's main export items to China include coir fiber, garments, tea, rubber and precious stones.

Port of Antwerp recorded 4.2 per cent rise in freight volumes last year

Port of Antwerp has handled around 198.8 million tonnes of freight by the end of 2014, which is 4.2 per cent more in comparison with 2013. The previous record dates from 2013, when the freight volume came to 190.8 million tonnes. The record growth was driven by container handling (up 5.6 per cent) and liquid bulk (up 5.4 per cent). The other side of the coin is the contracting volume of labour-intensive breakbulk (down 3.3 per cent) and dry bulk (down 4.9 per cent).

The number of standard containers in teu rose by 4.5 per cent to 8.96 teu. This means that Antwerp should pass the 9 million teu mark next year.

Indian thermal coal imports via major ports up by 18 per cent last year

India's 12 major ports handled around 63.61 million mt of imported thermal coal during April-December 2014, up 18 per cent from a year earlier. However, coking coal imports for the first nine months of the April-March fiscal year fell by 7 per cent year on year to 23.5 million mt. Paradip port on east coast handled the highest thermal coal imports at 22.45 million mt during April-December up 21 per cent from a year earlier.

PORT GANGAVARAM

The Deepest Port of India

Gangavaram port has redefined port operational standards in India.

Gangavaram Port is capable of handling super Capesize ships carrying coal and iron ore of even 200,000 DWT. The cargo loading and unloading systems are among the best in Asia and have revolutionized the manner cargo is handled at Indian ports.

Location:

Gangavaram Port is located at Visakhapatnam, the industrial nerve center of Andhra Pradesh around Latitude 17° 37'N and Longitude 83° 14'E, about 15 kms south of Visakhapatnam Port.

Rail Connectivity:

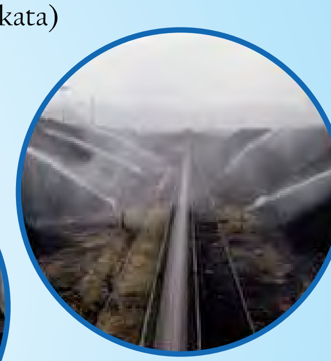
The Port is connected to the main broad gauge national network of "Chennai–Visakhapatnam–Howrah" rail corridor.

Road Connectivity:

4 lane expressway of 3.8 kms connecting the port to the national highway no.5 (Chennai–Kolkata)

EXISTING FACILITIES

- Cargo handling facilities
- Berthing facilities: 5 berths with upto 19.5m water depth
- Breakwaters: to provide tranquility within the harbor
- Depth in harbor: 20.2 m
- Maximum vessel size: upto 200,000 DWT
- State–of–the–art material handling systems
- Operational efficiency to match world standards
- 24 x 7 operations



ONGOING CAPACITY EXPANSION (APRIL 2015)

- Cargo handling capacity will be increased to 45 MMTPA
- 1 additional fully mechanized coal terminal (capable of handling Capesize vessel upto 200,000 DWT)
- 3 Multipurpose berths(capable of handling Panamax size vessels)
- State–of–the–art mechanized bulk material handling systems
- Additional rail sidings, ancillary civil works, mechanized stockyards and In–motion–wagon–loading system
- Port rake loading capacity will be increased to 25 rakes per day

Regd. Office
Gangavaram Port Limited
Hansa Plaza, Plot No.798, Road No.36, Jubilee Hills
Hyderabad – 500 033
Phone No: +91 40 2351 9999 | Fax: +91 40 2351 9990
Email: port@gangavaram.com

Port Office
Gangavaram Port Limited
Gangavaram (Post), Pedagantyada (Mandal)
Visakhapatnam – 530044
Phone No: +91 891 2889999 | 2702277
Fax: +91 891 2703377

www.gangavaram.com

Shipping firms expand fleet as prices fall

Indian shipping companies are eying ship acquisitions, with vessel prices, especially those in the second-market, traversing a downward course. According to market analysts, at the current price levels, this is still a good time to invest in fleet expansion, both in the bulk and tanker side. Certain companies such as the Shipping Corporation of India (SCI) are going slow on their acquisition plans due to cash crunch. SCI is looking at tying up with GAIL India Limited, which is planning to buy nine LNG carriers at a cost of about $3 billion. SCI may pick up a small stake in the proposed JV and operate the gas carriers for GAIL. Great Eastern Shipping, which bought a supramax bulk carrier in September last year, has five new bulk carriers on order, two are likely to join its fleet this year and the remaining three in 2016.

New port to come up at Sagar Island

Kolkata Port Trust will form a joint venture with the West Bengal government to set up a new port at Sagar Island in South 24 Parganas district. The Sagar Island port is estimated to cost ₹11,900 crore and will be the first port to be built by the Union government in 14 years. A special purpose vehicle has been set up for the purpose under the Companies Act, with 74 per cent equity participation by the Kolkata Port Trust and 26 per cent by the West Bengal government.

Concessions will be awarded to private firms for setting up cargo handling facilities at the new port. This will enable Sagar Island to operate as a landlord port. The first phase of the new port, expected to start operations by 2019, will have the capacity to handle 54 million tonnes of cargo from nine berths. In the second phase, the capacity will be increased to 127.8 million tons by adding 11 more berths to handle coal, iron ore, iron and steel products, fertilizer, container, petroleum, oil and lubricants.

India to allow auctions for iron ore, bauxite

The government has passed an executive order to allow the auction of minerals such as iron and bauxite, as it does for coal, to help arrest a fall in output and cut imports. India used to hand over mining licences to firms without any competitive bidding, leading to complaints of illegal mining and inviting judicial curbs. This choked the industry that contributes nearly 2 per cent to Asia’s third-largest economy. Steelmakers such as Tata Steel and Jindal Steel and Power have their own iron ore mines, whereas JSW Steel buys the raw material and would benefit from the order.

Acording to Odisha’s mines director, Deepak Kumar Mohanty, the state would auction all minerals except coal, a blow to ten iron ore mines that were waiting for a renewal of their leases. The mines include one of Tata Steel that produced 18 million tonnes in last fiscal year.

Rice exports hit by Iran ban and Iraq duty hike

India's rice exporters may end the current fiscal on a damp note as Iraq has doubled the import duty to 40 per cent, while Iran has clamped an outright ban at a time when price realisation has slipped 15-20 per cent in overseas markets. Traders are currently shipping only rice consignments with permits of last year to Iran. All India Rice Exporters' Association is planning to send a delegation to Iran in early February to sort out the issue. According to an estimate by exporters, basmati shipments are likely to come down to 35 lakh tonnes from 37 lakh tonnes in the previous year. Iran has barred rice from other countries as its local crop is reported to be good this year and is set to arrive in the market there.The country imported over 12.5 lakh tonnes of rice during April-July 2014, compared with 14.5 lakh tonnes in the year-ago period.

Vietnam to export 7 million tonnes of rice this year

Vietnam is projected to export 7 million to 7.5 million tonnes of rice this year, mainly to China and Southeast Asian countries, after shipping around 7.5 million tonnes in 2014. As per the targets revealed by the Vietnam Food Association, 2.4 million tonnes will go to China, the top buyer of Vietnam's rice, while 1.5 million to 2.0 million tonnes could go to the Philippines. Indonesia could buy between 1.1 million and 1.5 million tonnes, while sales to Malaysia could total between 500,000 and 1.1 million tonnes. In 2014 Vietnam was the world's third-largest rice exporter after Thailand and India. Last year, the country exported 6.5 million tonnes via official channels plus 1 million tonnes to China across the land border. According to FAO estimates Thailand, Vietnam and India accounted for around two-thirds of global rice trade last year.

Inland waterway between Andhra Pradesh and Puducherry

The 600-km-long inland waterway between Andhra Pradesh and Puducherry in south India is likely to commence soon for transportation of commercial goods. The ₹2,400-crore project aims to connect canals between Kakinada in Andhra Pradesh's Godavari district to Puducherry. The Inland Waterways Authority of India is also developing National Waterway 4 (NW-4) that connects Andhra Pradesh, Tamil Nadu and Puducherry. The NW-4 has been divided into four major cargo belts namely Kakinada, Krishna, South Andhra Pradesh and Chennai. As per surveys, 11 million tonnes of cargo is expected to be transported through NW- 4 every year, which includes coal, food grains, cement, fertilisers, forest products and salt among others.

Bangladesh reopens Shela River route

Less than a month after shutting it to commercial traffic, Bangladesh has reopened the Shela River route inside the oil spill-stained Sundarbans. The route will remain operable until the Mongla-Ghasiakhali Channel is revived. However, oil tankers and sea going vessels will not be allowed to take the route. Vessels will not be allowed to ply on the route at night, amid dense fog, and stormy weather.

The Ghashiakhali channel, used as India-Bangladesh water protocol route and maritime communication route, was closed nearly three years ago after Mongla's Nala River and Rampal's Kumar River filled up. The government argued that the alternate Shela route had to be reopened for the sake of uninterrupted shipment of fertiliser and raw materials for factories, protect the workers' livelihood, and save the Mongla Port.

Car exporters may get more incentives next fiscal year

The central government is examining the possibility of extending incentives for export of cars to all markets, including large ones such as the European Union. The Heavy Industry Ministry has proposed to the Commerce Ministry that car exports should be included in the 'focus product' scheme so that car shipments can avail the incentives. As per the scheme, an incentive of up to 5 per cent of the export value is given for exports of specific products to all markets. The proposal stands a chance of approval as Indian car exports have declined 8.3 per cent to 2.68 lakh units in the April-September 2014-15 period.

Global car companies have started favouring destinations such as Turkey or Eastern Europe to manufacture cars for the European market.

Pilot project for producing urea from coal in Odisha

The Indian government is planning to launch a pilot project in Odisha to produce urea from coal using new technology. India currently imports urea from China. A team of officials will visit China to study the urea production process. The project will be in line with the country's 'Make in India' initiative and aims to reduce fertiliser and chemical imports and cut down subsidy in the fertiliser sector.

Coal India, GAIL, Rashtriya Chemicals and Fertilisers (RCF) and Fertiliser Corporation of India have agreed to spend ₹90 billion ($1.42 billion) to create two joint ventures to resume operations at the Talcher Fertiliser unit in Odisha, India.

The first joint venture, lead by GAIL, will build a coal gasification and gas purification unit, which will produce synthetic gas to manufacture urea and other fertilisers.

GATI-KWE wins award for 'Best CSR project for Sustainable Development'

GATI-KWE won second prize in the category of 'Best CSR Project for Sustainable Development' at the 36th edition of All India Public Relations Conference, National CSR Awards 2014. The award was given by Kailash Chandra Meghwal the Speaker of Rajasthan Legislative Assembly. It is a testimony to one of the many sustainable CSR activities carried out by GATI-KWE in providing livelihoods to the weaver community in Rajoli village.

Gati took up the responsibility to revive the flood affected handloom weavers' community of Rajouli village in Mahabubnagar district and acquired 2 acres of land in the village to construct worksheds. Proper arrangements in terms of water, lighting, ventilation and washrooms for the weavers were also provided.

Reliance orders six very large ethane carriers

Reliance Industries Ltd has ordered six very large ethane carriers, or VLECs, the world's first such ships, from South Korea's Samsung Heavy Industries Co. Ltd for a combined $720 million. The ships, each costing $120 million, would be used to transport liquefied ethane from North America to the petrochemical plant of Reliance in India. Mitsui OSK Lines Ltd, Japan's biggest shipping company, will first supervise the construction of the 87,000 cu. m capacity ships and, when delivered, operate and manage the vessels to ship the fuel. In the process, Reliance is said to have overlooked local shipowners such as Shipping Corp. of India Ltd which has gained sufficient capabilities in operating and managing LNG and LPG carriers.

Kolkata Eye to be modelled on the London Eye giant ferris wheel

Kolkata will soon have its own edition of 'Kolkata Eye' modelled on the 'London Eye'. The 130-meter high 'Kolkata Giant Wheel,' a ferris wheel will be erected at the center of Millennium Park on the bank of river Hooghly. The land is owned by Kolkata Port Trust. The gigantic wheel will rotate slowly to offer a bird's-eye view of the city from the height of a 30-storeyed building.

Low bunker prices may help shipping business, says DP World

The rapid decline in oil prices, in which Brent – the most widely used global crude oil benchmark – has lost almost half of its value since June 2014, could have a positive effect on the shipping business, according to DP World Chairman Sultan Ahmed bin Sulayem. "The fall in oil price may stimulate particular economies such as India and China who are among the most energy-dependent countries, relying on overseas producers for much of their oil needs," bin Sulayem commented. "When these engines of growth begin to rise so does the rest of the world. As a barometer of world trade our operations can benefit should there be an increase in trading activity."

PORT LED DEVELOPMENT

Mantra for East Coast

Port-led development should be the guiding motive of states that are encouraging new industries coming up on the east coast.

India's ports on the east coast are better positioned to reap the benefits of the country's 'Look East' Policy, port officials and experts suggest. This, they say, because the volume of trade on this side of the coast is increasing on account of change to the growing unilateral trade with countries in South and South East Asia. India's improved relations with Australia and a new friend in Myanmar could also lead to a spurt in growth of cargo moving in and out of India's ports.

Within the country, India's coastline is being dotted by thermal power plants from Bihar to Tamil Nadu. This means coal and iron ore will be the most sought after commodities by ports of all sizes. To increase this share of cargo, India should do more than stocking itself for domestic requirements. It will do the country great good if the ports on the east coast could act as transshipment terminals shipping required amounts of black gold and ore to countries in the east that are on the lookout for cheaper coal too. New agreements with countries in the subcontinent and neighbouring countries could also help the east coast reap the benefits with the Asian countries pledging for greater inter-continental cooperation to lessen the burden of reliance on the West. If policy initiatives inked with the BIMSTEC countries are anything to go by, the cross-border trade could double in the next five years.

Anticipating this increase in handling of cargo a handful of ports such as Visakhapatnam, Paradip, Ennore and Dhamra have embarked on expanding their infrastructure and deepening their waters to welcome larger vessels in the coming years. Despite many challenges faced by major ports, Ennore and Kolkata have recorded impressive statistics that prove these two ports as the fastest growing ones on the east coast. Paradip and Vizag stand second and third after Kandla on the west coast in terms of handling the highest quantities of bulk cargo. A combined study and analyses by CII and KPMG foresee a 15 per cent growth in cargo calling at the east coast in the next five years. A dash of activity in Tamil Nadu's Kattupalli is encouraging and Krishnapatnam's aggressive wooing strategy of cargo owners could add up in the long run as well.

The ports are doing what they can. It is now the turn of the states to stand up and push for greater industrial growth in their geographies. A spurt in manufacturing growth combined with business-friendly taxation policies will go a long way in increasing exim trade by astounding volumes. That said, there needs to be equal emphasis on improving roads that lead ports to the cargo. Many parts of Central India and South Central India make do with muddy paths than concrete roads that can move cargo faster.

It would be a good start if state governments can involve ports in their planning of industries so that logistic constraints can be addressed at the start and not after the industries have established their units. This approach will set the ball rolling for port-led development. mg

Key features

- Deep draft
- Vast hinterland
- New bulk terminals

"On commissioning of all the projects the port will have capacity of about 124 million tonnes by 2016-17. A well-planned connectivity for receipt and evacuation of the cargo is envisaged by the port to commensurate the capacity,"

MT Krishna Babu, IAS
Chairman, Visakhapatnam Port Trust.

Striving to gain lost glory

Visakhapatnam Port has lined up an ambitious plan to augment its capacity and modernise its existing berths. It has also completed dredging to increase the draft to 18.1 metres and depth to 20.1 metres in outer harbour enabling it to become the only major port in the country to handle Cape size vessels.

"On commissioning of all the projects the port will have capacity of about 124 million tonnes by 2016-17. A well-planned connectivity for receipt and evacuation of the cargo is envisaged by the port to commensurate the capacity," says MT Krishna Babu, Chairman, Visakhapatnam Port Trust.

Currently, the port has a capacity of about 88 MTPA.

The container terminal at the port is the deepest terminal among major ports. Vizag is the only port in the country to have a Cavern facility for LPG, the first of its kind in South Asia.

Vizag Port Trust has awarded as many as 8 projects with an investment of ₹3,143 crores. Two projects have already been commissioned and two more projects are likely to be commissioned by end of current fiscal.

To facilitate navigation of Panamax vessels with draft upto 14 metres in inner harbour the port has taken up dredging in the channel and turning circle at an estimated cost of ₹280 crore and dredging in the northern arm at an estimated cost of ₹40 crore.

It is also developing EQ-10 berth for handling liquid cargoes and chemicals in inner harbour (Capacity 1.84 MT) at an estimated cost of ₹55.38 crore. It is s developing WQ-6 berth for handling multipurpose cargoes in inner harbour (Capacity 2.08MT) at an estimated cost of ₹114.50.

"These projects are likely to be completed by March 2015," says Krishna Babu.

The port is installing of HMCs at EQ-5, 6 berths in the inner harbour at an estimated cost of ₹60 crore. It is also constructing WQ-7 – one of the two berths taken up by the port at an estimated cost of ₹195 crore with one HMC at an estimated cost of ₹30 crore. "We target to commission these projects in 2015-16," says the Chairman.

Besides, by January 2017, it plans to complete upgradation of existing facility in outer harbour and creation of new facility in inner harbour at an estimated cost of ₹845 crore for handling iron ore.

The port has already taken up four laning of existing two lane road of the Port Connectivity road connecting NH-16 covering a length of 4 km with NHAI at an estimated cost of ₹80 crore.

It is revamping and upgrading its R&D Yard to Railway standards at an estimated cost of ₹52 crore and also electrification of railway lines at an estimated cost of ₹36 crore for speedy and hassle free evacuation of cargo.

The Port has taken up development of Multi Model Logistic Hub (MMLH) at EXIM Park in the Western Sector of Visakhapatnam Port as a JV between VPT and Balmer Larie& Co. Ltd. at an estimated cost of ₹211 crore. This project is likely to be completed by early 2016.

A proposal for developing a CFS by the PPP Operator in the port of land is also under active consideration.

Keeping in view the growing needs of containerisation and warehousing and also to capitalise on its locational advantage with of its hinterland, the Port is exploring the possibility of setting up Logistic Park in an area of about 500 acres near Anakapalli.

However, Vizag Port also faces a few challenges. “The biggest challenge for VPT is that the Port is situated in the close proximity of the city making it difficult to carry out cargo handling activities on environmental considerations. Another challenge is sharing of inner channel with Indian Navy,” he says.

He has also approached the government to find a solution for route rationalisation by the Railways. “The re-routing of rail traffic originating from Vizag Port via Duvvada - Ballarshah-Itarsi effectively increases distance from the Port to the destinations by about 340 km as compared to the shortest route via Titlagarh (TIG) - Raipur RV Block Hut(RVH). This adversely impacts the transit times and also the freight cost of transportation,” he points out.

According to him, the current logistic plan of Indian Railways links the imported coal movement to all power plants located in Chhattisgarh from ports located on the west coast of India.

The volume of this import coal demand for Chhattisgarh-based power plants is expected to be in tune of about 40 MMTPA. The railway freight rates for transporting imported coal to Chhattisgarh from VPT is far cheaper, when compared to any other port on the west coast.

Visakha Container Terminal

VPT signed a concession agreement with Visakha Container Terminal Private Ltd (VCTPL) for extension of existing container terminal at a cost of ₹633.11 crore under Public Private Partnership mode in December last year

Once the construction is completed in two years, VCTPL will be able to handle 1 million teu equivalent to 12 million tonnes annually. The concession agreement is for a period of 30 years.

This is a significant development considering that VPT and VCTPL had locked horns over the gross revenue share for the project. The VCTPL, a joint venture of DP World and United Liner Agencies of India (Private) Ltd, developed the existing all-weather terminal with an aim to convert Visakhapatnam as a gateway to container traffic on the East Coast a decade ago.

The overall length of existing terminal will be extended from 451 metres by 395 metres. The VCTPL handled 2.64 lakh teu during 2013-14. The capacity of the terminal will go up by 5.4 lakh teu once the extension work is completed.

Vizag General Cargo Berth (VGCB)

In its effort to drive growth, VPT is betting big on the commissioning of several berths developed under BOT basis. This is also as part of its landlord port policy. And, VGCB is expected to play a major role in this endeavour.

The coal terminal developed at VGCB, is a 74:26 joint venture between Vedanta and Leighton Welspun Contractors. It was set up at a cost of around ₹680 crore

> The biggest challenge for VPT is that the Port is situated in the close proximity of the city making it difficult to carry out cargo handling activities on environmental considerations. Another challenge is sharing of inner channel with Indian Navy.

VGCB can now handle vessels with a capacity of 2,00,000 DWT. It boasts of capabilities for highest discharge rate in the entire east coast, fully mechanised rake loading system, transparent and IT enabled operations and eco-friendly initiatives with 94 sprinklers to prevent dust pollution in adjoining Kotaveedhi area.

The Vizag General Cargo Berth which was made operational in April 2013 handled 2.39 million tonnes of coking coal and steam coal during the current fiscal, up to July 2014. The berth received its first ever Capsize vessel *M V NGM SAILOR* at ita fully-automated coal terminal on March 10 last year carrying around 1.6 lakh tonnes coal from Indonesia.

“Mechanised cargo handling facilities aid faster evacuation in a cost-effective manner. It also keeps air pollution under control. The mechanised coal handling facility is capable of discharging 75,000 tonnes a day as compared to 15,000-20,000 tonnes of cargo per day in manual mode,” says an official of VGCB.

However, inadequate stacking area not proportionate to its handling capacity is affecting the performance of VGCB. Once, this is sorted out, there is no looking back for VGCB.

Essar Vizag Terminals

Essar Ports Ltd, will start operations in Vizag terminal soon. Essar could not sign the concession agreement despite being the highest bidder for ₹845-crore iron ore handling project at Visakhapatnam Port.

However, with the Andhra Pradesh High Court in May last year dismissing cases by labour unions against the two-phase modernisation and construction of iron-ore berths by Essar Ports, the company's focus would be on commencing operations at its Vizag facility. “The terminal will contribute to third party revenues of EPL from Q2 FY2015,” said the company in a release.

Essar Ports, through its wholly-owned subsidiary Vadinar Oil Terminal Ltd, has won the contract for mechanisation and operation of three iron ore berths at Visakhapatnam Port on Build-Operate-Transfer (BOT) basis for a concession period of 30 years. These three berths will have a combined capacity of 23 MMTPA (million tonnes per annum).

Decks cleared for expansion

Dhamra Port Company Ltd (DPCL) is all set to expand its cargo handling facility. The aim is to achieve 100-million tonne capacity by 2020. The second phase of expansion involving an increase in the number of berths from two to 13 will require an investment of ₹10,000 crore.

The port had requested the Odisha state government for allotment of 736 acres of land for expansion. “The land allotment has been approved by the state government and we hope to get the land soon,” says Santosh K Mohapatra, director at DPCL.

The Dhamra Port in Odisha’s Bhadrak district lies on the shore of the Bay of Bengal, about seven kilometers away from the old port of Dhamra. The port commenced commercial operations in May 2011.

In May last year, Adani Ports & Special Economic Zone (APSEZ), part of the Adani Group, had acquired Dhamra Port Company Ltd (DPCL) in what could be considered as one of the biggest port sector deals in the country recently, for ₹5,500 crore. This in turn helped APSEZ gain a foothold in the eastern region.

Prior to the acquisition, DPCL was run as a 50:50 joint venture between Tata Steel and L&T Infrastructure Development Projects Ltd.

Currently, the port is equipped with two fully mechanised berths with a combined cargo handling capacity of 25 million tonnes per annum (mtpa). The two berths are capable of handling 12 million tonnes of imported dry bulk cargo and 13 million tonne of cargo for exports.

The port has obtained environment clearance for the expansion.

The second phase expansion plans would pave the way for a 5 mtpa LNG (liquefied natural gas) terminal to be set up within the port premises by Indian Oil Corporation Ltd (IOCL). The terminal to be set up at a cost of ₹5,000 crore needs 150 acres of land. Both IOCL and DPCL had signed an MoU (memorandum of understanding) for the project.

“Dhamra is a big port with a small beginning. We have already placed all required core infrastructure for a big port. This year we will handle 16 million tonnes of cargo,” says Mohapatra.

He believes Dhamra enjoys huge advantage due to its location. “We are close to intensive industrial area in Odisha and West Bengal. We also have a deeper draft compared to Paradip port. As a result, Capesize vessels can call at or port, giving a new choice to users. East coast cargo is mainly minerals, which is a high value cargo. This kind of cargo requires bigger vessels and deeper draft. Dhamra meets these requirements,’’ he says.

Key features

- Close to industrial belt in Odisha, West Bengal
- Deep draft
- No funding issues
- Vibrant hinterland

“Dhamra is a big port with a small beginning. We have already placed all required core infrastructure for a big port. This year we will handle 16 million tonnes of cargo.”

Santosh K Mohapatra
Director, Dhamra Port

Earlier Adani Group Chairman Gautam Adani had said they were going to start work soon on the Dhamra Port's expansion. “Orders have been placed for the same. Our vision is to build the Dhamra Port on the scale of the Mundra Port,” he had said.

This year Tata Steel plant will start production. “Other steel plants in this region have also crossed the infrastructure stage and waiting to be commissioned. So our hinterland will be live, especially, Kalinganagar and Angol are vibrant,” says Mohapatra.

Dhamra Port handled 14.31 million tonnes of cargo in 2013-14, 29.3 per cent higher than 11.07 million tonnes in 2012-13. This included 10.23 million tonnes of import cargo and the balance 4.08 million tonnes of exports. A total of 192 vessels, including 46 Capesize vessels called at the port in the last fiscal.

Last year, Dhamra Port earned the distinction of receiving the largest vessel to call on Indian Shores. *MV Macau Mineral* which has a Dead Weight Tonnage of 2,07,785 berthed at the Dhamra Port jetty on March 26. The vessel which arrived from Richards Bay, South Africa brought a parcel of 1,94,073 MT of non-coking coal, which is also the highest parcel of coal that has been handled in the country. The Panama registered 312-metre long and 50-metre wide super capesize vessel berthed at the port.

SRAVAN SHIPPING SERVICES PVT LTD
CONTANER FREIGHT STATION

ISO 9001-2008
CERTIFIED COMPANY

First Container Freight Station in private sector in Andhra Pradesh state with unmatched customer service, Innovative, performance driven along with emerging technologies.

World class infrastructure with 10 lakh sq ft area covered warehouse playing a key role in the exim sector complying to the best industry standards and focusing on outstanding service in end-to-end logistics solutions with on time delivery.

Having significant insight with rich experience in handling variety of bulk / break bulk / liquid cargo and redefining scope of cargo management by setting benchmarks for other to follow and emulate.

Speciallisation in Customs Clearances for Bulk & Break-bulk Commodities, Containerized Cargo, Project Cargo. As a leading Customs House Agent with an enviable position in Vizag Kakinada and Krishnapatnam, we are gearing towards areas of improvement to widen our Clientele base.

Having started in the right earnest and with a vision, we are providing excellent quality services in Clearing and Forwarding to industries, both Government and Private Sectors. Time is the essence in C & F Operation and under the able leadership of our Managing Director manned by personnel (Qualified CHAs) working independently & handled satisfied clientele base of 150 companies (Government and private) on a continue basis.

HEAD OFFICE ADDRESS

Potluri Classic, D.No.47-14-3, 4th Floor, Dwarakanagar, Visakhapatnam - 530 016
Ph: 0891-2560014, 2537197, Fax: 0891-2532766
e-mail: sravan@sravanship.com | URL: www.sravanship.com

Key features

- Excellent first and last-mile connectivity by road and rail
- Deep draft; congestion free
- Dynamic Leadership

> Cargo such as iron ore that comes from Brazil and African nations use big ships for transporation to bring down the cost. They want to call at a port that can accommodate big ships. We can handle Super Post-Panamax vessels.

Anil Yendluri
Director & CEO
Krishnapatnam Port Company Limited

Aiming to be a leader on east coast

With its deep draft, huge capacity and high efficiency, Krishnapatnam Port is aiming to become the leading gateway on east coast. The port's strategic location on 180 km north of Chennai in Nellore district of Andhra Pradesh, makes it an attractive destination for international cargo originating from and destined for southern and central India.

The port, which handled 25 MT cargo in FY14 is looking at a throughput of 40 MT this fiscal. Coal and iron ore are the mainstay of Krishnapatnam Port. "Most of the coal comes from Indonesia, Australia and South Africa while iron is imported from Australia, Brazil and South Africa," says Anil Yendluri, CEO & Director of KPCL.

According to him, importers prefer the port due to its world-class facilities, deep draft, high discharge rate and speedy evacuation. "We have 18.5 metre draft, the deepest offered by any port in the country. This helps us handle big ships. Cargo such as iron ore that comes from Brazil and African nations use big ships for transporation to bring down the cost. They want to call at a port that can accommodate big ships. We can handle can handle Super Post-Panamax vessels," he says.

The port is also helped by the fact that it has a huge hinterland spread from Odisha to Tamil Nadu. This is where most of the power plants are located. Besides, India's east coast is also the hub for steel production. Leading steel producers including Steel Authority of India (SAIL), Tata Steel and JSW Seel have set up production facilities there. "We are the port of choice for them as we offer good connecity, infrastructure and high efficiency," says Yendluri.

Krishnapatnam has excellent rail and road connectivity. Trains can directly come to the port and unload in three hours. It has a two-lane rail head that can handle up to 60 trains a day. "These facilities help the trade reduce overall supplychain cost," he says.

With its massive back up area of 6,500 acres, it provides dedicated storage facilities to customers. The port also offers bonding and de-bonding facilities and has 12 covered storage areas. It also houses dedicated coal storage plots that are well connected with dedicated coal sidings

"Parekh Group is setting up a container freight station at the port, which will be operational in FY15. Another one by Sravan Shipping is also coming up," he says.

Yendluri is optimistic about the prospects of the country's east coast. "East coast saga started with India's `Look East policy.' Now, with the present government's `Act East policy,' our trade with Soth East Asian nations are set for a boost. The Prime Minister has already visited some of the countries as part of this policy. As a result of these initiatives, SCI has started a direct fortnightly container shipping service between Krishnapatnam and Port of Yangon in Myanmar," he says.

He feels strongly that Asia will be the main driver of world trade in future. "Two-third of the world trade will originate and will be between Asian nations. And, India's east coast will be the biggest beneficiary of this," he says.

Besides, the new governments `Make in India,' initiative is also expected to provide a major fillip to the country's manufacturing sector. "In order to increase exports, we need to encourage manufacturing. The Centre's industry-friendly policies are focus on this segment will help east coast, which are rich in minerals," Yendluri says.

With the formation of the new state of Andhra Pradesh, he feels the state may attract investment in automobile segment. "We expect production facilities and ancillary units to come up in the state. The port has a ro-ro terminal in place, and we will be able to handle auto exports," he says.

With Andhra Pradesh set to house two National Investment and Manufacturing Zones in Chittoor and Ongole, it will bring in more business to Krishnapatnam Port. "The state government is also planning to come out with a maritime policy. It is looking at major development initiative along its coast. These are quite encouraging. We expect the Centre to offer tax incentives and special packages to the state so that exports can grow," he says.

Krishnapatnam Port, which has already invested ₹8,000 crore in its existing facility, will also take up expansion work in future if required. "Our existing capacity is 80MT cargo and we aim to handle this by 2020. In that case, we will start further expansion, when we reach about 70-80 per cent utilisation," he says.

KPCT

Krishnapatnam Port Container Terminal (KPCT), became operational in April 2013, handled 58,000 teu during the period from April 2013-November 2014. The terminal is looking atcrosing 0.5 million teu in three years.

"These volumes are equal to the entire volume handled in the last fiscal. We expect the container volumes to double this financial year touching 120,000 teu," says Vinita Venkatesh, Director, KPCT.

According to her, KPCT provides road and rail connectivity required for seamless movement of EXIM cargoes in the region thereby improving efficiencies of first- and last-mile connectivity. An effective logistics information network system provides access to logistics-related data, statistics, applications, online processes, and other information services to effectively inter-connect logistics network.

Krishnapatnam has recently been announced as an Industrial Smart City by the Union Government of India. As part of the plan, industrial development, employment generation, socio-economic growth initiatives such as civic infrastructure in the region will receive tremendous boost, both in terms of investment and long-term focus, through stimulus packages. "Already, Krishnapatnam has been identified as the industrial node for the Chennai-Bangalore Industrial Corridor and the Chennai-Vizag corridor. Accordingly, a blueprint has been created to link all the manufacturing hubs coming up in the vicinity of the port. This will tremendously boost container cargo growth," she explains.

The current container handling capacity at the terminal is 1.2 million teu. "In the next phase, the capacity will be increased to 4.8 million teu and after completion of the entire expansion the final capacity will reach 6 million teu.

Spread across 36 hectares of land, the terminal has two berths. It is equipped with four Rubber Tyre Gantry (RTG) Cranes and five quay cranes. It also has 2,300 terminal ground slots and the average turnaround time is 6-9 hours.

"The infrastructure was created as part of Phase I development. More capacities are being developed as part of Phase II," Vinita says.

More than 11 MLOs including Maersk, MSC, Evergreen, SCI, APL, HMM, CMA and Wanhai and 33 NVOs including BLPL, TLPL, Smart Marine, KMTC and Goodrich are registered with KPCT. While MLOs touch worldwide destinations, NVOs go to Far East, East Asia and the Indian subcontinent.

By the end of this fiscal, the terminal plans to expand yard by another 1,000 TGS. It will also add RTGs when volume increases. Better yard planning

Going ahead, the terminal plans to increase efficiency with streamlined traffic and gate management and implantation of IT initiatives to cut down time delays and manual errors. It plans to make available increased storage area separately for terminal activities. It will also procure new yard equipment which is more efficient and environmental friendly.

"We would like the Central and the State governments to ease policies for container export and import business and also promote manufacturing activity as Krishnapatnam has recently been announced as an Industrial Smart City by the Union Government of India," says Vinita.

It is seeking support from the government for cabotage relaxation, to scrap import through KPCT and waiver of ADC for Pharma exports. "The state needs to come out with a tax policy to promote commodity trade in Andhra Pradesh and setting up a manufacturing hub in Nellore," she says.

We would like the Central and the State governments to ease policies for container export and import business and also promote manufacturing activity as Krishnapatnam has recently been announced as an Industrial Smart City by the Union Government of India.

Vinita Venkatesh
Director
Krishnapatnam Container Terminal

Striving to excel amidst challenges

Kolkata Port, the northern-most port in India's east coast, caters to a vast hinterland comprising several states like West Bengal, Odisha, Bihar, Jharkhand, Uttar Pradesh, Madhya Pradesh, Uttarakhand, Punjab, Haryana, Assam and other north-eastern states. It also works as a gateway port to two land-locked countries – Nepal and Bhutan.

"Our biggest advantage is this vast hinterland. The hinterland is well connected by road, rail and inland waterways and has a tremendous potential for economic development," says RPS Kahlon, Chairman, Kolkata Port Trust.

Several new industries like steel plants as well as expansion of the existing steel plants, thermal power plants are expected in the hinterland of this port in near future.

"Due to Look-East Policy' of the government and with the setting up of dedicated railway freight corridor in eastern India, container handling is also going to get a boost. Once the deep drafted port facilities at Salukkhali and Sagar Island are finalised/implemented, more industries would be attracted to this part of the country. The port is optimistic about handling around 100 million tonnes of cargo per year once all these projects are in position," says Kahlon.

Kolkata Port Trust comprises the docks of Kolkata and Haldia.

Kolkata Port plans to increase its efficiency through equipping of berths at Kolkata and Haldia in a phased manner using state-of-the art technology and also through rationalisation of tariff structure.

The port has also lined up major expansion plans. It will be setting up transloading facilities for handling dry-bulk cargo at Haldia Dock Complex. The project will be awarded by March 2015 and the facility is expected to be ready by the middle of next fiscal. "It envisages capacity augmentation of 6 million tonnes for each transloading arrangement at an indicative project cost of ₹140 crore," says Kahlon.

The port plans to set up floating riverine barge jetty at Haldia for handling barge traffic to be generated from the anchorages from Sagar, Sandheads, Kanika Sands, at an estimated cost of ₹75 crore. The jetty will have capacity of 1.5 million tonnes and the Letter of Award is expected in the first quarter of 2015-16.

The port trust is also constructing a riverine barge jetty for handling fly ash at Haldia at an estimated cost of ₹2 crore with a capacity of 0.5 million tonnes. The jetty is expected to be ready by March 2016.

"This is the only project being set up by KoPT through internal resources. All the other projects will be implemented through private sector participation," explains Kahlon.

It is also setting up a floating pipeline handling facilities for unloading edible oils at Haldia at an investment of about ₹44 lakh. It will handle 0.5 million tonnes of edible oil per annum. The licence is expected to be awarded by February 2015.

While these plans are afoot, Kolkata Port, the only riverine Major Port of India, faces a big challenge to maintain navigable depth in a siltation-prone tidal river. The Port requires undertaking intensive dredging in the estuary round-the-year by engaging DCI Dredgers, involving huge cost. "This is reimbursed by the Central Government as subsidy. This needs to be continued in its present form till such time supplementary port facilities are created at deep drafted locations in the river," says Kahlon.

To overcome the challenges leading to draft problem, Kolkata Port is exploring various alternatives. It is studying alternative methodology of dredging with the help of international experts to achieve better results.

In addition, port has also taken up plans for development of port facilities at deep drafted locations to reduce dredging needs. It is developing berth facilities at Haldia Dock-II (North)' at Salukkhali. It is also setting up full-fledged cargo handling facilities at Sagar', which will be implemented through a joint venture between KoPT and the West Bengal government, for which Cabinet approval has already been received and tender documents are in the process of finalisation. mg

Key features

- Vast hinterland that includes Nepal & Bhutan
- Major expansion plans on the anvil
- Challenging draft

"It envisages capacity augmentation of 6 million tons for each transloading arrangement at an indicative project cost of ₹140 crore."

R P S Kahlon, IAS
Chairman, Kolkata Port Trust

Key features

- Autonomy for decision making
- Proximity to Chennai Port and auto hub
- Functions as Landlord port

"All our berths are capable of deepening draft to 18 metres. We can offer them deep draft depending on the demand."

M A Bhaskarachar
Chairman & MD,
Kamarajar Port

Betting on big business prospects

Kamarajar Port Ltd, formerly known as Ennore Port, is gearing up for expansion to enhance its facilities and cater to the growing customer needs. The port, India's first corporate port set up by the Ministry of Shipping, is planning to set up a free trade warehousing zone (FTWZ). It is also in the process of increasing its draft length to 18 metres. Besides, it will help the Puducherry government for developing its port.

"We have identified 100 acres of land for FTWZ. The zone will house EXIM units. In a month, we will appoint a consultant to prepare a plan for it. The consultant will do the land survey and estimate the cost for the project. The report should be ready in six months," says MA Bhaskarachar, Chairman & Managing Director of Kamrajar Port.

The port, which currently enjoys 16-metre draft, is conducting a study to deepen it to 18 metres. The report will be ready soon and this will indicate the expenditure needed for this. This will help the port invite bigger vessels.

The port has also signed an agreement with Adani Ports & Special Economic Zone for developing a container terminal. "All our berths are capable of deepening draft to 18 metres. We can offer them deep draft depending on the demand. Ro-Ro vessel, for instance require a draft length of just 12 metres. As per our agreement for container terminal, we have agreed on 14.5 metre draft. If the container vessels need deeper draft we can offer them that," he explains.

The port has also signed a MoU with the Puducherry government to develop its port. A special purpose vehicle (SPV) will be floated soon to promote the port. As per the plan, KPL would carry out a feasibility study for dredging, modernising and constructing berths.

"We are planning to handle only clean cargo and passengers. We do not want the new port to have any impact on the environment.We will start a cruise service also connecting Ennore to Kanyakumari via tourist destinations of Mahabalipuram, Puducherry and Rameswaram," says Bhaskarachar.

The Puducherry port handled vessels till 2006-07, and it was stopped due to privatisation process. Currently, the berth is used as parking lot by fishing trawlers. The Public Works Department carries out dredging work on a limited scale to prevent the channel from getting closed.

The port has also witnessed a steady increase in handling. Up to October this year it handled 17.17 MT cargo as against 14.79 MT during the same time last year. In 2013-14, the port handled 27.34 MT cargo, of which 80 per cent was coal. It is also seeing good growth in liquid cargo. Besides, auto exports are another segment that will drive its growth.

"Last fiscal year, we handled 200,000 automobile units and this fiscal we will handle 240,000 units," he says. Its main customers are Nissan, Toyota, Ford, Ashok Leyland and Honda. While Toyota units come from Bangalore, Honda cars come all the way from Noida by road in trucks. "Honda finds it convenient to use our port. They also have plans to use rail system for transporting auto units," he says.

The port would add three to five berths in the next three years, including one for container terminal, one for a multi-cargo berth and one for coal. While these projects would be developed by private players, the port would invest around ₹220 crore during this year in dredging of berths and to create other infrastructure like railway yards.

The port also plans to seek the government approval for allowing its Sical iron ore terminal to handle coal. The terminal built by Sical Iron Ore Terminals Ltd, a joint venture of Sical Logistics Ltd and MMTC Ltd, came up in 2011. However, the company could not commence its commercial operations due to the ban on export of iron ore in the country. The company had invested around ₹540 crore on this project.

Kamarajar Port is also betting big on the business prospects on the country's east coast. It attributes the main reason for its growth to the demand for coal from power plants. According to the port chairman, we are yet to explore the full potential of our sea transportation. "Existing port capacity on east coast has to be increased with proper backup space and rail-road connectivity. There is enormous scope for developing coastal shipping also," he says.

> "We have identified 100 acres of land for FTWZ. The zone will house EXIM units. In a month, we will appoint a consultant to prepare a plan for it. The consultant will do the land survey and estimate the cost for the project. The report should be ready in six months."

Kamarajar Port gets about 40 per cent of its cargo through coastal route. It is connected to Paradip, Visakhapatnam and Haldia through coastal shipping.

Talking about challenges, he says, the aim should be to strengthen the existing ports instead of developing new ports. "New ports are needed only if the existing ones fall short of catering to the demand. That is not the case now. When new ports come up they will eat away our cargo in the absence of any new cargo generation," he says.

Adani Ennore Container Terminal

Adani Ports and Special Economic Zone (APSEZ) won the contract to build a container terminal facility at Kamarajar Port in February this year. The new terminal will require an investment of ₹1,270 crore.

For the Gujarat-based $9-billion Adani group, it will be the first container terminal project in an eastern port. APSEZ was awarded the contract after it offered the highest revenue share of 37 per cent to the port during the bidding process.

The terminal is expected to have a quay length of 730 metres, with a capacity to handle about 1.4 million teu or 'twenty-foot equivalent unit' a year. The terminal will be developed on a design build-finance-operate and-transfer model with a concession period of 30 years.

While Adani Ennore Container Terminal Pvt. Ltd, a company floated by Adani Ports and SEZ Ltd, will invest ₹1,270 crore to construct berths and equipments, the Port will invest around ₹300 crore in dredging and to create rail and road networks.

Kamarajar Port had called for bids for the second time in June 2013 after a consortium led by Spain-based Grup Maritim TCB withdrew its offer in 2012 to build the terminal.

Eleven companies, including four foreign firms, had submitted their Requests for Qualification (RFQ) proposals for developing the container terminal. According to the agreement, the selected firm has to construct ECT on design, build, finance, operate and transfer basis for a concession period of 30 years.

Adani Ports emerged as the highest bidder, against another bidder, DP World. Third company, Singapore Port Authority, did not participate in the final financial bid.

The foundation stone for the terminal was laid in November last year by Shipping Minister Nitin Gadkari. According to Bhaskarachar, the terminal which will come in 36.5 hectares of land will have two berths. The first one will be ready in 27 months, while the second berth will be ready in two years.

The terminal can cater to the manufacturing industries in and around Chennai, especially automobile industries.

THE AVVASHYA GROUP
TRANSFORMATIONS THAT DELIGHT

Embrace the Evolution of Integrated Logistics to Truly Leverage the Opportunity of India.

90+ Countries | 200+ Offices Globally | 8500+ Team Members

Leading organisations across India are utilizing 'Integrated Logistics' for creating competitive advantage, driving efficiencies and optimizing resources.

To know more, on how Allcargo can provide your business, with integrated logistics solutions please email us at **marcom@allcargologistics.com** or call us on **+91 9930024530**

allcargo logistics ltd.
Ingenuity In Motion

www.allcargologistics.com

The Avvashya House, 6th floor, CST Road, Kalina, Santacruz (E), Mumbai 400098. India | P: +91 22 66798100

CIN: L63010MH2004PLC073508

Key features

- Deep draft
- Proximity to rich mineral reserves
- Vicinity to large hinterland

> We will also shortly come to the market to handle menthanol, ethanol, edible oil which is a new commodity for us.

Diversified cargo plans on drawing board

The Paradip Port Trust is planning to set up six new captive berths of more than 10 million tonnes per annum (tpa) capacity each as part of the development of a Western Dock complex. This will help the government-owned port to increase its capacity to 270.5 million tonnes by 2023 from 108.5 MT.

The project will require an investment of ₹16,500 crore, for which it would go in for a PPP for ₹15,600 crore and ₹900 crore would come from internal accruals.

The port is also looking at developing a a container terminal facility to handle more cargo at the port. Currently, the port has container-handling facilities but they cannot handle cargo on a large scale. It is also in discussions with various stakeholders for setting up a container freight station near the port and additionally a special economic zone (SEZ).

"We are talking to government companies and transaction advisors. We have made up our mind on the CFS, but we need to decide whether it's an SEZ or FTZ," says S S Mishra, Chairman, Paradip Port Trust .

The port recently conducted a study through Rites to understand the power and steel plants that are coming up in the region. "These plants will need imported coal and the demand at this stage is 36 million tonnes for these upcoming power plants. We are not in a position to meet the demand right now. There is a huge potential and so as the manufacturing activity takes place, there is a shift to containerisation. We haven't taken any step in this direction other than creating a facility for stacking 1,000 containers and allowing a 50 percent discount in vessel related charges," he says.

According to him, some companies have expressed interest for other cargo such as liquid petroleum cargo or fertilizer raw material cargo. "So those prospects give us a confidence that the western dock complex will be fully utilised. Also, at the offshore breakwater we are constructing for GAIL, we will have another berth," he explained.

Paradip Port, the second largest major port in the country, is also trying to diversify its cargo. It has signed an MoU with GAIL to transport through the port. "We will also shortly come to the market to handle menthanol, ethanol, edible oil which is a new commodity for us," says Mishra.

Besides, the port has drafted a policy for handling bunkering fuel. The policy will allow government companies such Hindustan Petroleum Company Limited, Bharat Petroleum Company Limited and Indian Oil Company to engage an agency, bring a barge and will be given area to store fuel and the vessels which are coming from Dhaka, Haldia, Kolkata, Vizag, Dhamra, Gangavaram, Chittagong and Krishnapatnam can refuel at Paradip Port.

"Currently ships go to Singapore or Colombo for their fuel needs. We are exploring the bunkering market and we are yet to decide if we will fuel vessels meant for domestic trade (coastal shipping) or for Exim trade. We are already in talks with IOC for this project," he says.

The Odisha state government on its part has reduced tax on fuel from 12 per cent to 4 per cent.

He feels containerisation is at a very primitive stage in eastern India. "There is a significant room for all ports to be a part of this. The up country that uses the JNPT will realise that there is so much of congestion at that port and evacuation problems are adding to the logistics cost. We are sure that once the infrastructure is in place at our port, there will be a one-third shift of cargo from the western coast," he explains.

The port has a target of 69 million tonnes traffic throughput in the current year against 68 million tonnes in 2013-14. Last fiscal, it registered a 20 per cent growth in cargo and 34 per cent growth in revenues.

Key features

- Largest container volumes on east coast
- Close to auto hub
- Access to large hinterland

"If the situation of congestion continues for long time, the port as well as its two private container terminals most certainly loses the business, says a customs house agent in Chennai."

Sailing in troubled waters

If the cargo volumes handled by Chennai Port last fiscal is anything to go by, the future seems not so bright. The port, which has weathered many a storm earlier, may have to fight a tough battle to stay ahead of the competition and retain its position as a leading port in the country.

ChPT has been facing a downward trend for the last three years due to a ban on handling dusty cargoes such as coal and iron ore. ChPT's mainstay has been the containers, petroleum, oil and lubricants and project cargoes. But Kamarajar Port and Krishnapatnam Port have been eating into the volume of Chennai Port Trust (ChPT) in terms of export of cars and import of project cargo and coal due to their superior infrastructure and high efficiency levels.

As a result, ChPT handled 51.13 million tonnes that was lesser than the previous year output of 53.40 MT. This despite the ChPT scaling down the target of 60 MT to 57 MT based on Results Framework Document. There was a decline in containers volume also from 15.39 lakh Twenty-foot Equivalent Units teu to 14.69 lakh.

Though the port has big ambitions to become a top container port in the country, it will not be easy for it to improve productivity. "If the situation of congestion continues for long time, the port as well as its two private container terminals most certainly loses the business," says a customs house agent in Chennai.

For the past few years, the port embroiled in severe trailer congestion and the mainline shipping liners, at one point of time even imposed hefty Chennai Trade Surcharge for moving boxes from Chennai. The management took several corrective measures like streamlining movement of container trailer vehicles inside the port premises, widening of internal roads, opening of more points for entry and exit at main gate.

With the port getting a green signal from the Madras High Court to the ₹1,800-crore Chennai Port-Maduravoyal Elevated Corridor, travel time for evacuating containers passing through PSA's container terminal in Chennai port will be cut to 20 minutes from two hours and reduce congestion.

But a permanent solution to Chennai Port's perennial congestion problem still remains elusive In fact, during a brain storming session recently, the trade present at the meeting asked the Chennai Port management to make sure three lanes for Import Trailer Exit and three lanes for Export Trailers at Zero Gate. The stakeholders also asked the Port to allocate dedicated lanes for Terminals, so that terminal could compete on each other, to speed up the movement of trailers.

While these measures are helpful, in the long term they may not work. The issue is that Chennai Port being located within the city cannot expand any further or provide new parking yards for waiting containers.

Adding to woes of port users is the

fact that Chennai Customs is facing a shortage of officers. To overcome the shortage, as it badly affected its prospects, the Chennai Port management had even taken steps to place its officials on deputation to help speedy verification of shipment documents along with Customs officers. However, the CBEC Board refused to allow this, citing statutory powers.

Port users say the numbering of bills, which were earlier done within few hours, now takes up to even four days. “Customs department officers instead of facilitating trade at Chennai Port are forcing the exporters to shift to other ports,” one user said.

In an effort to improve cargo volumes, ChPT is planning to handle metallurgical coke and petroleum coke. According to a port official, this will help make up for the loss of dusty cargo like coal and iron ore. The new cargo will be handled on a trial basis for six months.

“Unlike coal and iron ore, met coke being lumpy does not generate so much dust. However, the port will handle the cargo with stringent environment measures. The Tamil Nadu Pollution Board has been informed about this, and technical and legal opinions have been sought on handling of the cargo,” he said.

The port handled different types of coal since 1990 with the peak volume of 9.85 million tonne (MT) in 2008-09 for various thermal power stations in the hinterland. Due to the high pollution level, the Madras High Court in May 2011 ordered that coal, iron and other dusty cargo should be shifted from Chennai to Kamarajar port.

After the ban, ChPT decided to focus on three Cs’ – cars, containers and clean cargo. But it seems this strategy did not bring in much business. In FY14, ChPT incurred a loss of ₹173 crore, following an overall drop in cargo and container traffic and a steep increase in expenditure. The port trust has also slipped to the sixth position from fifth among major ports across the country.

Export of cars also reduced by 29 per cent as it was diverted to Kamarajar Port, which offered attractive rates. The port would again suffer due the South Korean auto major Hyundai’s decision to stop exporting cars from India to Europe, as it would lead to a reduction of nearly 60,000 cars annually in throughput from the city port. The company has stopped exports to Europe as that market is now being catered by its sister plant in Turkey.

ChPT suffered a decline in liquid bulk as it was shifted to Kamarajar Port, import container reduced by 6.7 per cent due to global economic recession, handling of dry bulk decreased due to diversion of vessels to Krishnapatnam, break bulk suffered due to reduction in export price of sugar in international markets.

As there was no improvement in infrastructure projects connecting the hinterland, it affected project cargo.

CCTPL & CITPL

Chennai Port has two container terminals. Chennai Container Terminal (CCTPL) operated by DP World and PSA’s Chennai International Terminals (CITPL). These two have a combined capacity of 2.2 million teu.

Congestion and other problems faced by the port has affected the container volumes of these facilities. Port users and the trade recently accused the container terminals of not utilising their RTG cranes to actual demand thus enabling artificial congestion. Subsequently, terminal officials have assured the trade that they are taking measures to alleviate congestion inside their terminals.

Accordingly, CCTL committed to deploy 18-20 RTGs upon the trailer queue on peak days and CITPL would deploy 16 RTGs based on road queue.

Meanwhile, ChPT has decided to scrap the ₹3,700-crore mega container terminal project it had planned earlier. Instead, it will go in for a multi-purpose terminal to handle different types of commodities.

The project was dropped following two failed attempts to find a successful bidder. It has apppointed Ernst & Young to submit a Detailed Project Report on how the project could be made attractive in terms of investment and revenue sharing, the engineering aspects and types of commodities that could be handled, the port authorities made it clear that this project was not on the priority list.

“It would be a mega project, but we are focusing on converting the Jawahar Dock (the previous coal berth) into a mid-size container berth,” an official had said in November 2013.

But in September 2014, it has dropped this plan 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,” says an official.

Though the efforts are on to increase the business, ChPT's plans are yet to take a concrete shape.

Key features

- Vibrant hinterland
- Close to power plants
- Close to textile hub

> The port has already taken initiave to increase the coal handling capacity by constructing North Cargo Berth (NCB)-I and II and a shallow water berth for handling cement and construction of NCB III and IV.

Riding high on industrial development

V. O. Chidambaranar Port, formerly known as Tuticorin, is one of the fastest growing major ports on east coast. The port is also planning a slew of initiatives to improve efficiency and attract more cargo.

The port has propelled industrial growth in the region and is also emerging as power hub of South India. In order to augment the increased demand of the EXIM trade, the port is increasing the capacity to 85 million tonnes per annum by 2015-16 by commissioning five berths under PPP mode and upgrading the existing facilities.

As the capacity augmentation in the present harbor has reached the saturation level and to meet the future demands, the port has proposed to develop an Outer Harbour by extending the present breakwaters. The project would enable the port to berth big ships, leading to lower cost of shipping and handling cargo by achieving economies of scale.

"The port will garner more business as 10 thermal power stations of 15,000 MW capacity are coming up in and around Tuticorin. The port has already taken initiave to increase the coal handling capacity by constructing North Cargo Berth (NCB)-I and II and a shallow water berth for handling cement and construction of NCB III and IV," says a port official.

According to him, the port which began with the mono commodity of coal for the Tuticorin Thermal Power Station has diversified and the cargo profile of the port comprises of import cargo – thermal coal, timber logs, petroleum products LPG and various other bulk, break bulk and containerised cargoes and export cargoes – granite, salt, sugar (Raw), cement and construction materials.

"Our hinterland comprises of southern parts of State of Tamil Nadu, Kerala and also some regions in Karnataka," he says.

In FY14 the port handled a record throughput of 28.6 million tonnes as against 28.2 million tonnes handled in the previous year.

Import volumes, which exceeded 20 million tonnes, were driven by larger quantities of thermal coal, pet coke and containerised cargo. Meanwhile, copper slag, phosphoric acid and machineries contributed to higher exports, the port administration stated in a press release published recently.

Currently, the port is working on the ambitious project of developing its outer harbour. The ₹23431.92-crore outer harbour project will be completed in four phases. "Along with the development of Outer Harbour the surrounding region in an around the port will develop which in turn will lead to over all industrial development of the region as a whole," says the official.

The project would be taken up in the public private partnership mode and will feature 17 berths. Upon completion in 2019-20 would add 328 million tonnes to the total capacity. The first phase includes development of five berths – two for coal and three for container – at an estimated cost of ₹11,635 crore. The capacity addition would be 97.5 mtpa

At present there are 14 berths with capacity of 33.34 million tonnes per annum (MTPA), all situated within two breakwaters in VOC Port Trust.

"Next to Chennai, Tuticorin is all set to emerge as the second preferred destination for transshipment of cargo. With the upcoming developments, the industrial growth in the region will get a boost. The expansion plans will help increase container traffic and a huge volume of coal could also be imported to cater to the emerging power plants in Tuticorin," says a customs house agent.

Recent years, Tuticorin has been witnessing hectic trade, industrial operations and the emergence of public and private power plants.

Container terminals

VOC Port has two container terminals. The first one set up in 1998, is operated by PSA Sical Terminals Ltd, an entity that is 62.5 per cent owned by PSA International, a unit of Temasek Holdings Pte Ltd, Singapore's state-owned investment firm. It has a capacity of 417,000 teu.

The port commissioned a second container terminal in January last year with capacity to handle 6 lakh teu. It is set up by Dakshin Bharat Gateway Terminal Private Ltd, a SPV incorporated by ABG Container Handling Pvt. Ltd, Mumbai, at an investment of ₹312.23 crore.

Container volumes at the port recorded a healthy 6.7 per cent growth touching 507,735 teu in FY14, which also exceeded the target of 500,000 teu set by the Shipping Ministry. In FY13, it handled 4,75,599 teu.

"The first container terminal has reached a saturation point. The second terminal will reduce congestion. EXIM traders, particularly from Tirupur, Coimbatore, Karur and Erode would be benefited by the additional container terminal," says a port user.

However, like other major ports, it will not be an easy ride for the private operator as the tariff will be regulated by the Tariff Authority for Major Ports (TAMP). PSA has already locked horns with the port authorities over tariff setting.

In July last year, VOC Port had had challenged an arbitration tribunal award that backed the demand made by PSA to move to a revenue-share format from a royalty model for the residual period of its container terminal contract at the port that ends in 2028.

> "Along with the development of outer harbour the surrounding region in an around the port will develop which in turn will lead to over all industrial development of the region as a whole"

The arbitration tribunal in Febuary last year had allowed PSA SICALto move to a revenue-share format from a royalty model by adopting the revenue-share percentage of 55.19 per cent quoted by ABG Container Handling Pvt. Ltd in September 2012 for the second container terminal at Chidambaranar port.

PSA had approached the tribunal as it felt the earlier rate cuts ordered by the port tariff regulator will affect the commercial viability of the terminal.

Previously, container terminal privatisation contracts followed the royalty model. The terminal operator had to pay a certain royalty specified in the contract on each container handled at the terminal to the government-owned port. The royalty rises by about 20 per cent every year in July till the end of the contract. In the later years, major ports were allowed to switch to the revenue-share model for port privatisation contracts.

During the 14 years of its operations, PSA made three attempts to raise rates for the services provided at the terminal, but each time the tariff regulator for the Union government-controlled ports slashed rates. However PSA did not implement these rate cuts.

According to the terms of the PSA contract, the royalty per container was ₹102 in the first year of operations. In the 30th year of operations in 2028, it would reach ₹5,178 for a container. PSA Sical currently charges its customers some ₹2,100 for handling a standard container.

Earlier, in October 2011, PSA secured a stay from the district court in Tuticorin to freeze the annual royalty it is contractually mandated to pay Chidambaranar port at the level set for 2011 as part of the 30-year contract

So, if the present situation continues, there will not be level-playing field for the operators of the two container terminals. In that way, the outcome of the case has great significance for the port as well as the private operator.

VOC Port Trust is not the only major port that is fighting a legal battle with its private partners; ChPT and JNPT had also approached the courts to settle disputes related to tariff fixing.

Getting ready to handle containers

Key features

- Proximity to K-G basin
- Offshore vessel handling
- Upcoming PCPIR to drive growth

"Our aim is to achieve greater productivity by enhancing cargo handling capacity by deepening the channel berth and construction for receiving bigger parcels."

M Murali Krishna
GM (BD & L), Kakinada Seaports Limited.

Kakinada Seaports Ltd (KSL) is planning to set up a container terminal with stand alone facilities. The terminal likely to be ready by mid-2015, will have a loading capacity of 2 lakh teu.

The main commodities handled by the port include coal, fertilizers, cement clinker, granite blocks and edible oil. "Our top-three export commodities are granites, clinker and bentonite. While granites are exported to China, clinkers go to Bangladesh and Sri Lanka and bentonite to Malaysia," says M Murali Krishna, GM (BD & L), Kakinada Seaports Limited.

KSL rose to prominence due to its proximity to Krishna-Godavari basin and thereby offering a convenient shore supply support base. The port attends to over 1,000 offshore calls each year. Krishna-Godavari Basin is where India's biggest natural gas reserves are based.

"We expect a lot of development in the hinter land on east coast with the government focusing on specialised industrialisation in the newly evolved state of AP. Development of core sectors and setting up of SEZs, PCPIR, and other Industrial sectors will drive future growth," he says.

The port is well positioned to handle a wide cargo spectrum with coal being the largest bulk commodity handled last year. The port handled 44.96 MMTcoal followed by granite at 24.72 MMT and fertilizers at 17.47 MMT. It also handled 6.58 MMT edible oil and 4.04 MMT cement clinkers.

The port can handle Panamax Vessels of about 70,000 MTS. It has nine dedicated mechanized berths for handling coal, fertlisers and aluminia. It also provides harbour mobile cranes / grabs. The average turnaround time of ships at the port is 2.75 days.

"We also have a warehousing capacity of about 1.2 lakh square metres and adequate open yards," says Murali Krishna.

As part of its expansion plans, KSL will be constructing a deep draft multipurpose berth of 400 metres and will take up associated infrastructure development of navigational channel, dredging back up areas, storage yards. The port plans to invest about ₹300-400 crore in the next 2-3 years for upgrading and expanding facilities.

"Our aim is to achieve greater productivity by enhancing cargo handling capacity by deepening the channel berth and construction for receiving bigger parcels," he says.

Last year, KSL had signed an agreement with Andhra Pradesh Gas Distribution Corporation Limited for setting up of a floating, storage and re-gasification (FSRU)-based liquefied natural gas terminal in Kakinada.

APGDC is a joint venture of Gail Gas Limited and AP Gas Infrastructure Corporation. The memorandum enables them to enter into other commercial agreements.

The project will be implemented through a special purpose vehicle involving APGDC and its partner GDF Suez LNG UK Limited.

The FRSU will have capacity of 3.5 mmtpa and will go up to 5 mmtpa when the land terminal is set up. It will be able to support about 2500 mw of power generation.

The FSRU terminal will reduce overheads associated with importing LNG from west coast through swapping mechanism and will help save about $3-4 per mmbtu.

This year, the Andhra Pradesh government has decided to induct global oil major Shell with 26 per cent equity in the proposed special purpose vehicle (SPV) for setting up the ₹3,600-crore FSRU.

The port expects the government to offer support in its endeavour to enhance capacity and productivity. "Ports are capital Intensive and any material handling equipment imported should be duty free. The government should help enhance rail and road connectivity and offer tax relief and other sops for developing infrastructure," he says.

According to him, the advantages of KSL include maintaining a single window system of facilities and offering dynamic environment to evolve customer friendly logistics solution. "This has helped us position in a competitive world focusing on customer satisfaction," he says.

PARADIGM SHIFT IN PORT DEVELOPMENT

The successful development of infrastructure projects like ports and airports require development of the hinterland as an integrated region, along with industrial and social clusters to support cargo generation and consumption.

Subhasis Ghosh
Managing Partner
APEX Group

Prime Minister Narendra Modi recently announced his support for reviving the Sagarmala project to catalyse port-led development' in the country. During a panel discussion at an industry event recently, a senior official was labouring to get across what "port-led development" actually meant. Many of you connected with infrastructure developers/operators, investors and other stakeholders may also be wondering what this concept is.

Having contributed to multi-country programs in aerospace and logistics related sectors for over two decades, I share with you my take on the same.

Some studies have indicated that, improved infrastructure can contribute to India's GDP by about 2 per cent additionally. India needs to invest significantly in the development of infrastructure to make the 'Make in India' initiative happen.

Why these projects are important: Think of sea ports and airports as physical portals or gateways through which, goods (cargo), related services and people move in and out of the country.

With the continued growth of exports & imports in absolute terms as well as a per cent share of GDP, the development of these gateways will

contribute significantly in supporting India's aspirations for economic growth.

From the developer's perspective, most ports were small fishing villages and most airports were sleepy hamlets in the middle of nowhere, before a development project is taken up to transform these into modern commercial gateways.

Even after securing the development rights, regulatory clearances and winning the significant land acquisition/ aggregation challenges to set up these projects, attracting talented people to relocate to the sites and live there, continues to be a challenge.

It's a myth that a great location by itself can make the port or airport successful. The port can be located in the centre of the coastline with deep draft or an airport at the centre of the hinterland – where ships will reverently sail across and aircraft will happily overfly – however without good commercial reasons, shipping lines do not decide to berth at a new port or airlines, to land at a new airport.

After the physical infrastructure has been constructed, attracting customers for the ports, viz. the shipping lines and likewise customers for the airports, viz. the airlines, remain a challenge for years. Shipping lines don't include a dip into the newly developed port, till there is sufficient cargo to be collected/ discharged , likewise airlines do not plan a landing at the airports, until there is a base load of passengers and cargo.

Interestingly, the established ports and airports, having endured these issues and devised their solutions over time also have the benefit of their regulatory agencies like customs, FDA etc better equipped to clear cargo efficiently. Further, the business ecosystem including offices of freight brokers, agents, forwarders, transporters etc are usually located in the vicinity of gateways, that have other amenities like schools, colleges, universities, malls, entertainment options.

Therefore the successful development of infrastructure projects like ports and airports require development of the hinterland as an integrated region, along with industrial and social clusters to support cargo generation and consumption.

While successful infrastructure developers have got this and begun investing in the development of the hinterlands, they do not have the wherewithal to make it happen on their own, till the government steps in as an owner, coordinator and a facilitator.

From the governance perspective, major ports are administered by the central government and the non-major ports by the state government(s), making coordination of the development priorities cumbersome for the ports as well as their hinterlands.

Sagarmala project is expected to create 10 costal economic regions (CERs), as focal points for integrated planning and development/upgrade of major & non-major ports, industrial clusters in the hinterland and also transportations systems including roads, rail and waterways, along the 7,000-km coastline of India.

This will enable the central & the state governments collaborate to make integrated development of ports and their hinterlands happen.

Cities have historically developed around ports. Venice, Alexandria, St Petersburg, New York, LA and Mumbai Kolkata Chennai are few examples. Modern port cities like Antwerp and Rotterdam in Europe and Asian cities like Singapore, Shenzhen and Shanghai, contribute significantly to the economy of their countries.

Similarly **aerotropolis** like Schiphol (Amsterdam), Dallas Fort Worth (Texas), Dubai International and Incheon (S Korea) etc make significant contribution to their regional/national GDP.

Thinking big, the government is working on an initiative to create an umbrella agency that takes a unified view of the 10 coastal economic regions (CERs)-each set up as special purpose vehicles (SPVs) with equity participation from the state(s) and the centre-responsible for coordination of the Sagarmala project.

With this initiative, Indian ports can then contribute to the development of a wider region, which in turn contributes to cargo generation and consumption for the gateway ports.

India has made relatively better progress in the development of ports through public private partnership (PPP) projects, compared with similar projects to develop airports, roads and other infrastructure.

The concept of port-led development applies to the other infrastructure projects like airports, roads, and power plants as well.

A similar initiative for integrated development in the airports sector, would be really welcome by the stakeholders.

With the commencement of mega-initiatives like the Sagarmala project, in turn supporting multiple infrastructure projects, expect the infrastructure sector to move into a higher orbit, providing a growth impetus to the Indian economy.

IN DEEP WATERS

Without inefficiencies and corruption, the Chittagong Port of Bangladesh can become an important logistics hub of South Asia

RITU GUPTA

Bangladesh has become a leading exporter of clothes in recent years, and one of the reasons behind this success is the Chittagong Port of the country. The port handles more than 85 per cent of the country's imports and exports. Situated on the Karnaphuli river, close to the Bay of Bengal, Chittagong Port is described as the lifeline of the country's economy. According to media reports it handles about $70 billion worth of foreign trade every year; the main export items of the country clothes, leather goods, jute, tea and frozen foods are all taken through this port to the outside world.

There are more opportunities knocking at the door of the port. Neighbouring Nepal and Bhutan want to use the port to transport cargo to their destination countries, and India too wants access to Chittagong Port to send goods to its seven north-eastern states. If the transit agreements between Bangladesh and the neighbouring countries are finalised, then Chittagong Port has the potential to become a regional business hub. In addition, Dhaka can earn millions of dollars in revenue by leasing its port facilities to other countries. Indeed, the geographic location of this port creates the opportunity of easy and cost-effective foreign trade to be carried out with all the South Asian countries as well as other Asian countries. Besides, sufficient and low cost labour is readily available here. However, despite immense potential, the port's reputation has been tarnished due to a number of irregularities, corruption, bureaucratic complexities and lack of safety for ships. As a result, Chittagong Port has been known as one of the costliest and riskiest ports in the world. The port management has been held captive by an unholy alliance of the corrupt officials and employees of the port and customs, dock-workers, clearing and forwarding (C&F) agents, stevedores and others involved.

Modernisation of the port is a key issue. Though the average turnaround time for ships has been brought down to about two-and-a-half days at the moment, exporters say it should come down further, meeting global standards. For example, the turnaround time in Singapore Port is less than 12 hours. "Time is money. If I can take my delivery within a day or a few hours, it would save me a lot of time and money. The lead time for ships should be reduced," says Nasir Uddin Chowdhury of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA). "It has been the gateway to our economic growth. But the load on the port is increasing day by day. If we don't develop and upgrade the port, Bangladesh will miss out on meeting the increasing internal demand," says Syed Ahsanul Alam, a professor at the Chittagong University. With global consultancy firms such as McKinsey predicting that Bangladesh can double its garments exports in the next 10 years, the necessity to modernise the port has become more urgent than ever.

According to many reports, corruption has taken an institutional form in the offices of the Chittagong Port Authority and the Customs Department of Bangladesh. Everybody assumes that no job can be done here on time without taking recourse to bribery or tips. The rules of law and accountability have become almost non-existent. The labour organisations have made the port hostage in upholding the interests of political parties as well as their own.

Insufficient human resource is also a key issue at the port. Many posts in the port and customs are vacant against the approved posts.

Indo-Bangladesh trade

The Indo-Bangla trade has got a big boost as the Bangladesh government has recently agreed in principle to allow the use of Chittagong sea port and Ashuganj river port across the border for the transhipment for goods to the Northeast. Bangladesh has already taken a policy decision to allow its neighbouring countries to use its sea ports for multi-model transit, but now it is waiting for development of infrastructure in dealing with consignments.

The Indian government is also providing funds to develop the Ashuganj Port over river Meghna. Both northeastern states of India and Bangladesh would be benefited if the river port's necessary infrastructures were developed. Ashuganj port over river Meghna in eastern Bangladesh is around 40 km from Tripura capital Agartala. India has also taken the first steps to construct an ₹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 northeast and to boost trade and tourism. The Tripura government has asked a New Delhi-based private company to prepare a DPR to construct the bridge. The Northeast Frontier Railway too has started preliminary work to extend its network up to the Bangladeshi border town and railway station of Akhaurah, just six km from the Agartala railway station.

Both these offices lack educated, experienced and efficient manpower, which is essential for operating highly technology dependent environment. It was found that many officials working in Chittagong Customs House cannot verify import-export documents without the direct cooperation of C&F agents and cannot operate computers by running the requisite software. Because of inefficiency, lack of discretion and corruption of dock-workers' management board, many dock-workers above 57 years of age still continue to work by showing themselves younger on paper.

Besides these problems, a complex and lengthy procedure is followed at the port and customs, encouraging corruption. Besides, the 'one-stop service' has turned into an 'one-room service', where the representatives and agents of importers and exporters move from one table to another and invariably pay bribes. The main problems faced during loading and unloading goods into/from ships at the port include: unjustified formation of labour gangs, frequent occurrences of worker movements, execution of tasks by inefficient workers, and failure of equipment workers to join work on time and leaving the place of work before scheduled time. If tips are not paid at agreed rate, handling is not done and containers are deliberately damaged.

To combat these problems, the country had introduced automated systems in Chittagong Customs House (CCH), but graft is taking place there in vast magnitude, according to the NGO Transparency International Bangladesh (TIB). TIB has suggested that there should be one-stop service under automation at CCH and Chittagong Port instead of several steps to complete export-import activities. The TIB put forward a nine-point recommendation, including taking stern action against the unscrupulous officials involved in corruption, formation of codes of conduct for customs and port officials and their implementation, evaluating efficacy of the automation system and submission of wealth statements of customs and port officials every year. TIB also suggested the introduction of online system at all organisations related to customs duty and import-export release, stopping the opening and delivery of products at the port and making of evaluation reports by an independent third-party regarding the effectiveness of automation and the officers' efficiency. It also suggested formulating behavioural guidelines and technical training for officers and bringing the corrupt people to book.

There is no denying that much depends on the efficient functioning of the Chittagong Port. Most of the country's export and import cargoes are handled through this port. As long as the port remains hostage to the extortion and bribery of port and customs officials, it will not be able to perform its function properly, and the country will continue to suffer for its poor business environment.

Key ports in Bangladesh

Other key ports of Bangladesh include Mongla. There is also a dry port situated in Dhaka known as Kamalapur ICD, the only ICD in the country linked by rail connection. Mongla is located south of Khulna city, and is surrounded as well as well protected by the Sundarban mangrove forest. It lies about 100 km north of the Bay of Bengal and is connected to the major inland river ports and to the rail terminal at Khulna. The port has trade links with almost all major ports of the world, although vessels arriving here are mostly from ports of Asia, the Middle East, Australia, Europe and North America and the ships rarely come to Mongla from the countries of Latin America or Africa. A constraint free large channel is available for anchorage and loading/unloading facilities on both sides for about 33 ships at a time. The port's chief exports include jute, leather, tobacco, frozen fish, and shrimp; major imports include grains, cement, fertilizer, coal and wood pulp.

RISING STAR

Myanmar ports are adding strategic value to the Bay of Bengal and with the right policy support they can reshape maritime trade of south Asia

RITU GUPTA

As the world focuses on the rising tensions in the South and East China seas over maritime territorial disputes, there have been significant developments in the nearby Asian waters. For a long time the Bay of Bengal has been a backwater, but this is now changing. The opening up of Myanmar ports has added a new strategic value to the Bay. Isolated for decades, Myanmar is actively engaging the world's major players in redefining its geopolitical identity today, and this can also be gauged from a recent news report the number of containers that pass through the Yangon Port annually has almost tripled over the past decade, according to the Myanmar Port Authority. The authority expects the rate to accelerate as more jetties are under construction or in the planning stages. In fiscal year (FY) 2003-2004, the port handled 9.8 million tonnes of commodities. In FY 2012-2013, the amount rose to 24.2 million tonnes, and in the last fiscal year it rose above 28 million tonnes. Almost 20 million tonnes have been handled so far this year, data from the authority shows. Kyaw Myint, managing director of Myanmar Port Authority, says that massive expansion plans – which will see the number of jetties almost double – are underway for the surge in trade expected. “As of now, there are 18 jetties, seven more are under construction, and another seven in the planning stage,” he said. When the new jetties are finished the ports will be able to handle 32 container ships at the same time, he added.

Indeed, Myanmar’s favourable geographic location makes it an attractive location to develop port facilities. The country’s 2,800-km coastline runs along the eastern side of the Bay of Bengal and has the potential to become an alternative international trade route to Asia, bypassing the longer route through the Straits of Malacca. The development of its ports can see Myanmar becoming a regional trade and transport hub. Myanmar currently has nine ports along the western and southeastern coast of the country, namely: Yangon, Sittwe, Kyaukphyu, Thandwe, Pathein, Mawlamyine, Dawei, Myeik, and Kawthaung. In addition, Myanmar International Terminals Thilawa (MITT) is a private multi-purpose container terminal owned and operated by Hutchinson Port Holdings. However, with the exception of the country’s principal port in Yangon, the rest are reportedly small coastal ports with limited port handling capabilities. According to official statistics, the Port of Yangon handles about 90 per cent of the country's cargo throughput. The main export items are timber, rice and its products, maize, fishery products and pulses. The main items of import are construction material, machinery and equipments, fertilizers, crude oil, palm oil, cement and wheat.

The growing success of Yangon notwithstanding, the port faces some problems it is not a deep-water port and this threatens to undermine manufacturing growth in Burma's biggest city which is also the main commercial sea gateway into the country. "One of the bottlenecks of manufacturing development [in Burma] is the lack of a deep sea port. Unfortunately, [Rangoon] has no deep sea port and the quick development and integration of the country will benefit greatly from such an investment," says Masato Abe, an economist from the UN's Economic and Social Commission for Asia and the Pacific (ESCAP). Major global lines therefore dock their motherships in Malaysia or Singapore, and send feeder vessels to Yangon Port. During the peak months of March and April, the port throngs with congestion, and it is difficult to ship at all. In UNCTAD's 2013 Shipping Connectivity Index, a measure of a country's integration with the networks of major global shipping lines, Indonesia scored 27.4; Thailand, 38.3; Vietnam, 43.3; Malaysia, 98.2; and Singapore, 106.9. Myanmar's scored 6.0.

Furthermore, apart from lacking the requisite depth, the Port of Yangon does not have sufficient cargo-handling equipment, and container loading and unloading activities are performed very poorly, generating a problem of long waiting time. As the port is not spacious, it does not have many facilities, causing chronic congestion. Also, because the port is close to the center of the city, it is vulnerable to nearby traffic jams. Cargo handling is manual and paperwork old-fashioned – a shipper must submit copies of each document to three separate offices. There is no single window and no electronic reporting. Bills of lading are inaccessible online and tracking is done by hand, making it hard to know the precise location of containers. Some even go missing. Machines, where they exist, are often obsolete; training is outmoded; capacity is low. Kyaw Oo, deputy chief engineer at Myanmar Port Authority, also admits these problems. "Despite having 24 terminals in Yangon and Thilawa ports, they are congested with loading and unloading such that only 70 per cent of the port facilities are in operation. The country in its current situation lacks the technical knowhow and foreign investment to support ongoing development projects like deep sea ports, ports and terminals," says Oo.

Private Sector Opportunities

The problems being faced by Yangoon present significant opportunities in the development of port infrastructure in Myanmar. The growth in volume of imports and exports as a result of increased demand for the country's agricultural commodities, minerals and natural resources are also factors which make it imperative to improve port facilities in the country. Although currently underdeveloped, Myanmar's ports have the potential to become regional transportation hubs serving markets in China, India and the Indo-China region. The shorter international trade route from Europe would allow companies to save on transportation costs and time. Deep water ports are currently being jointly developed at the southern city of Dawei (in association with Thailand) and Kyaukphyu in the north (in association with China). Other recent activities in the ports sector include interests in developing ports in Thilawa and Sittwe. The government has also identified sites in Kalegauk and Bokpyin for the development of ports. The Yangon Port is also in the process of being upgraded and redeveloped into a modern harbor to be completed in 2015. Feasibility studies are also underway to assess how to further improve the Yangon River Channel to improve accessibility and reduce logistics costs.

Myanmar has also been considering developing dry ports and containerisation for ensuring the free flow of goods in the country and providing new opportunities for international trade. Myanmar Railways plans to build dry ports in Yangon and Mandalay, the upper and lower commercial hubs in Myanmar. In Yangon, three sites – Kwayt Ma, Ywathagyi and Danyingone stations – are targeted.

According to experts, apart from the present development plans, much more needs to be done, and that will require more cash from abroad. To attract this money, the government will have to ensure its regulations are properly written and enforced. So far intentions seem benign, and legislators and bureaucrats are being supportive. In March 2013, licences were scrapped for 166 import items and 152 export ones, greatly simplifying the paperwork for many shipments. The question is whether this sort of reform will continue. The new Foreign Investment Law already restricts foreign participation in the sector. Only with the government's permission can roads and ports be built, shipyards operated, and foreign shipping lines represented. Any construction or maintenance of ships must involve a local partner. According to one shipping executive, local agents are pushing to require joint ventures when international shipping firms incorporate locally. Unless restrictions against foreign players are eased, the needed maritime investments are not likely to happen in the right way or on the proper scale. That might leave Myanmar relatively cut off from trade, still effectively isolated despite all the hard-bought recent reforms.

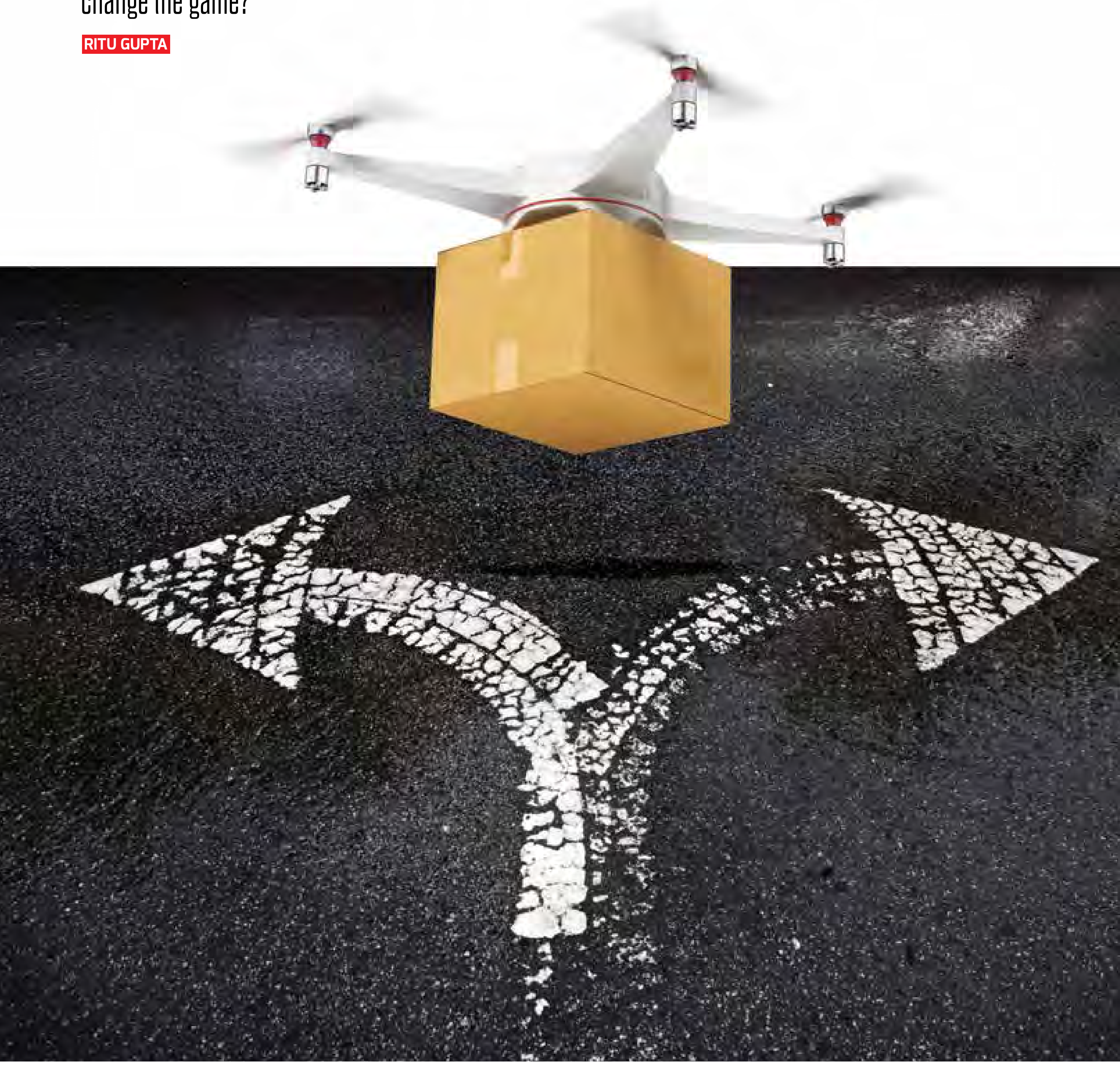
Come 2015, the people of northeast India will be able to use a seaport in Myanmar for transport and trade. The Sittwe port in the Bay of Bengal is expected to link Mizoram in the far east of India to the ocean through riverine transport and roadways. Construction work for jetties and other port facilities, which started in December 2010, is expected to be completed this year. Called the Kaladan Multi-Modal Transit Transport Project, the venture is expected to be fully operational by the end of 2015. The project includes the improvement of Sittwe port in west Myanmar, construction of an inland waterway on Kaladan river and preparation for a highway transportation system linking up with the Mizoram capital of Aizwal. The project was conceived by New Delhi ten years ago and formalized in 2008, primarily to develop trade with Myanmar and other Southeast Asian nations. The project is India's largest development initiative in Myanmar.

The trade route should also bolster India's economic ties with other Southeast Asian countries, while benefiting the 60 million people of land-locked northeast India. Besides trade, the project seeks to expand Indian economic and political influence in East and Southeast Asia. Although the Kaladan project is a bilateral initiative between New Delhi and Naypyidaw, the Indian government is footing the bill, estimated at $214 million.

LOCKED AND BOXED

Completely dependent on the Kolkata Port for exim trade, Nepal faces a big dilemma for economic growth. Can China change the game?

RITU GUPTA



Ports are the lifeline of a country. Most of the foreign trade of a country depends on its sea ports. There are many countries in the world which do not have any sea port. As a result, those land-locked countries face a lot of difficulties in conducting export-import business. One such country is Nepal. Apart from not having its own sea port, Nepal faces many other challenges in terms of connectivity it has mainly mountainous terrain and difficult weather conditions, as a result of which roads and aviation are the major modes of transportation. The presence of railways is negligible, and urban transport services are few. The country uses India's eastern port of Kolkata as its gateway to the sea.

Similar to Bhutan, most of Nepal's trade with the rest of the world takes place through the port of Kolkata/Haldia which lies about 1,000 km away from Kathmandu, a commuting distance of at least 14 hours. To facilitate international trade, Nepal maintains dry port facilities (Inland Clearance Depots) at the major trade points of Bhairahawa, Birgunj, Biratnagar, and Kakarvitta. These dry ports are inland facilities that offer customs offices, security check points, container stacking yards, parking areas, and freight stations. Private operators handle dry ports on that long-term leases with the government. The Nepal Intermodal Transport Development Board oversees the management and operations of these ICDs.

Nepal has bilateral agreements for trade and transit with India, which facilitates transit through along 15 mutually agreed trading routes connecting to the port of Kolkata. The ports accommodate Nepali goods in transit by allotting specific storage, berthing facilities, and access to terminal handling and other services. Although goods from Nepal are exempt from customs and transit duties in India, costs associated with transporting goods from the border of Nepal to the port are quite high. Nepali exports are containerized at the border using containers that arrive from shipping liners at the port. Since Nepal does not have provisions for container facilities, traders must incur the cost of an empty container arriving from the port to pick up exporting goods. Various formalities and paperwork are required at ports – anecdotal evidences suggest that 35 steps need to be completed from the point of arrival of goods till they are loaded onto ships that take about a week; additional waiting time for vessels and other unnecessary delays at the border adds to unnecessary storage costs. At the Port of Kolkata, goods are loaded to feeder vessels and sent to Singapore where they are loaded to larger mother vessels to be exported to Europe and the USA. As suggested by freight forwarders and exporters from Nepal, shipments usually take up to 2 months from the producer gates to reach importers, hence reducing quick access to the world market.

Moreover, another problem is the congestion at Kolkata port. According to media reports, Nepal has been urging Bangladesh to allow it to use Chittagong and Mongla ports. Both the ports are nearer to Nepal than Kolkata, and are suitable alternatives. However, success of Nepal's use of Bangladeshi ports will depend on how well India facilitates transit of goods from these ports up to the Nepal border. It is expected to remain good as India, has in-principle, agreed to keep the corridors smooth.

According to experts, the need of the day is to initiate the process of simplifying the existing trade and transport facilitation procedures and at the same time improving physical infrastructures and logistics in order to minimise the time of delivery and paper work for achieving efficiency and competitiveness of trade. Both the public and private sectors need to join hands in identifying the areas for further facilitation and implement them on a priority basis.

Nepal-China bilateral trade

In a major boost for bilateral trade between China and Nepal, a second cross-border trading route has come into operation in Tibet, allowing the communist trading giant to expand its trade with South Asia. China has opened the Gyirong Port on the Rasuwagadhi border in Nepal. For long, the Tatopani border served as the sole trade route between China and Nepal. The opening of the Gyirong Port had been listed as a key element of the Chinese plans for national ports for 2014. A cross-border China-Nepal Gyirong Port Economic Cooperation Zone will soon be established. Zham is currently the main land-port between the TAR and Nepal: "The Kyirong Port enjoys a long history of being the largest land trading port between Tibet and Nepal. Many shop owners have expressed the hope that the opening of the port can help them get more involved in the border trade," a Chinese official was quoted as saying by the media.

In 2014,China overtook India as Nepal's biggest foreign investor, funding power plants, noodle factories and meat-processing units in one of the world's poorest countries. Trade is also booming: Nepal's commerce with China has outpaced that with India by 17 times since 2006, eroding the influence of India. According to an analyst, trade is emerging as a secondary driver to a relationship that has, so far, been largely dominated by Chinese concerns over Tibet. China sees Nepal as crucial to Tibet's stability, with the country not only serving as an important transit route for Tibetans travelling to India but also home to a large exiled population. Boosting trade ties and commercial support to the Nepali government would serve a dual purpose of increasing China's presence in the country and also giving Beijing greater strategic weight to press authorities there to cooperate more closely on the Tibetan issue.

The analysts have also noted current low level of stock of coal lying with the power plants indicating higher imports in coming days. Imports of all types of coal during the period (first half of 2014-15) stood at 110.15 million tonnes (MT) as against 92.98 MT imported during the corresponding period of 2013-14, according to compilation of data from 31 ports including 12 state-owned major ports in the country.

Black gold fuelling business

Coal is one of the major commodities that will play a predominant role in India's sea trade as an energy hungry nation feeds on the dry fuel to generate 70 per cent of its total power. With the east coast retaining its monopoly in handling the black gold import from South East Asian nations and Australia, a higher demand for coal is set to bring in more business to the ports that dot this part of the sealine.

Top coal suppliers to India are Indonesia, Australia and South Africa. The country is the third-largest producer of coal, after China and the US, and has 299 billion tonnes of resources and 123 billion tonnes of proven reserves, which may last for over 100 years.

According to analyst agency Glencore, with deallocation of coal blocks putting a question mark on India's ability to meet any significant part of country's energy need, the country could soon overtake China as the world's biggest consumer of imported coal.

"India's coal imports are expected to grow from 170 million tonne (mt) to 180 mt in 2015 and then to 300 mt by 2020," said Glencore.

Glencore's figures are based on assumptions that India's coal-fired power capacity would go up from 145 gigawatt installed now to a target of 214 gigawatt by 2020, leading to 345 mt of fresh demand for coal.

The analysts have also noted current low level of stock of coal lying with the power plants indicating higher imports in coming days.

Around 60 per cent of the total 103 thermal power projects in the country are reeling under acute coal shortage with less than a week's stock at their disposal, according to official data.

Of the total 61 plants, with less than seven days of stockpiles, 34 power projects have less than four days of reserve, as per latest data (October 30) of the Central Electricity Authority (CEA).

The 34 projects with less than four days stock include seven power stations of state-run NTPC – Badarpur (Delhi), Indira Gandhi power station (Haryana), Singrauli (Madhya Pradesh) Rihand, Tanda and Unchahar (Uttar Pradesh).

CEA has attributed the reason for shortfall in supply to Coal India and its subsidiaries.

Driven largely by an increase in coal imports by fuel-starved power stations, India's dry-fuel imports rose 18.47 per cent to 110.15 million tonnes (MT) in April-September period of the current fiscal.

"Imports of all types of coal during the period (first half of 2014-15) stood at 110.15 million tonnes (MT) as against 92.98 MT imported during the corresponding period of 2013-14," according to compilation of data from 31 ports including 12 state-owned major ports in the country.

Power and Coal Minister Piyush Goyal had earlier said that the coal materialisation to the power sector was 87 per cent during the first quarter of the current financial year (April to June).

The minister had said that shortage

of supplies was on account of less supply of wagons and transportation constraints.

India's coal demand is expected to rise 6 per cent to 787 million tonnes this financial year, the country's coal minister said, which could lift imports close to 200 million as local supply falters.

Stiff public opposition to land acquisition, environmental red tape and inherent inefficiencies of behemoth Coal India, the world's largest coal miner, have made the country a big importer of coal despite sitting on plentiful reserves.

India's total output has grown at an annual rate of about 2 per cent over the past few years, reaching 566 million tonnes in the year to March 31, when demand totalled 739.4 million tonnes.

Coal India and its closest rival Singareni Collieries, which together account for more than 90 per cent of India's coal production, plan to produce 561.5 million tonnes this year.

With the world's largest miner Coal India, which accounts for about 80 per cent of the domestic requirement unable to meet the demand of the firms, power plants have resorted to imports.

CIL had said it is unable to tap the potential for supplying 300 MT of additional coal due to the absence of critical rail links for lifting the dry-fuel. It estimates that India's coal shortage would hit 350 million tonnes in 2016-17.

CIL had produced 462 MT in the year ended March 31, 2014, against a target of 482 MT. Coal India's production target for 2014-15 has been set at 507 MT.

Coal requirement in AP & Telangana

After the bifurcation, the newly formed states – Andhra Pradesh and Telangana – struggling to find a solution to their power demands, are likely to spur the demand for coal further.

Newly-commissioned Krishnapatnam station alone requires about 1.5 million tonnes coal per year. The project has been completed in record time and it is adding another 800 MW to the AP grid.

Power utilities in the State are facing an acute shortage of coal to service the thermal power projects.

As against the requirement of at least 80,000 tonnes of coal every day, Andhra

Pradesh is able to get 55,000 tonnes as of now and officials are worried over the prospects if the supply situation worsens further.

The Andhra Pradesh Power Generation Corporation (AP GENCO) meets about 30 per cent of its total coal requirement through imports. “We are in discussions for finalising the amount ofcoal imports for the coming fiscal (2015-16). Currently, our annual requirement is about 11 MT coal, of which 6 MT are procured domestically,” says T Prabhakar Rao, Director (Coal & Logistics), APGenco.

APGenco imports coal through central utilities and this is shipped through Vizag, Kakinada and Krishnapatnam ports. “We also bring 2 MT coal from Mahanadi coal fields. This coal is transported from Talcher to Paradip by train and from Paradip Port it is shipped to Kakinada port,” says Rao.

Thermal stations in Andhra Pradesh mostly depend on Mahanadi coal fields and Singareni Collieries for their daily needs. But of late, supplies from both these coal companies have become insufficient to meet the increasing demand.

However, Rao feels rail logistics need to be improved for the transportation of coal logistics. “If we can transport coal domestically using only rail, we get to save ₹900/tonne as against intermodal transportation. For this, railways have to make more rakes available and offer better connectivity. This is important as it will help bring down the cost of power generation. If the cost goes up, consumers will have to bear the burden,” he points out.

New plants are coming up in Telangana also. NTPC has approached the Ministry of Environment and Forest seeking amendments to Terms of Reference (TOR) for its proposed expansion of Telangana's Ramagundam power plant to 2x800 MW.

NTPC is presently operating a coal based 2600 MW (Stage-I, II & III) Thermal Power Station at Ramagundam in Karimnagar District of Telangana.

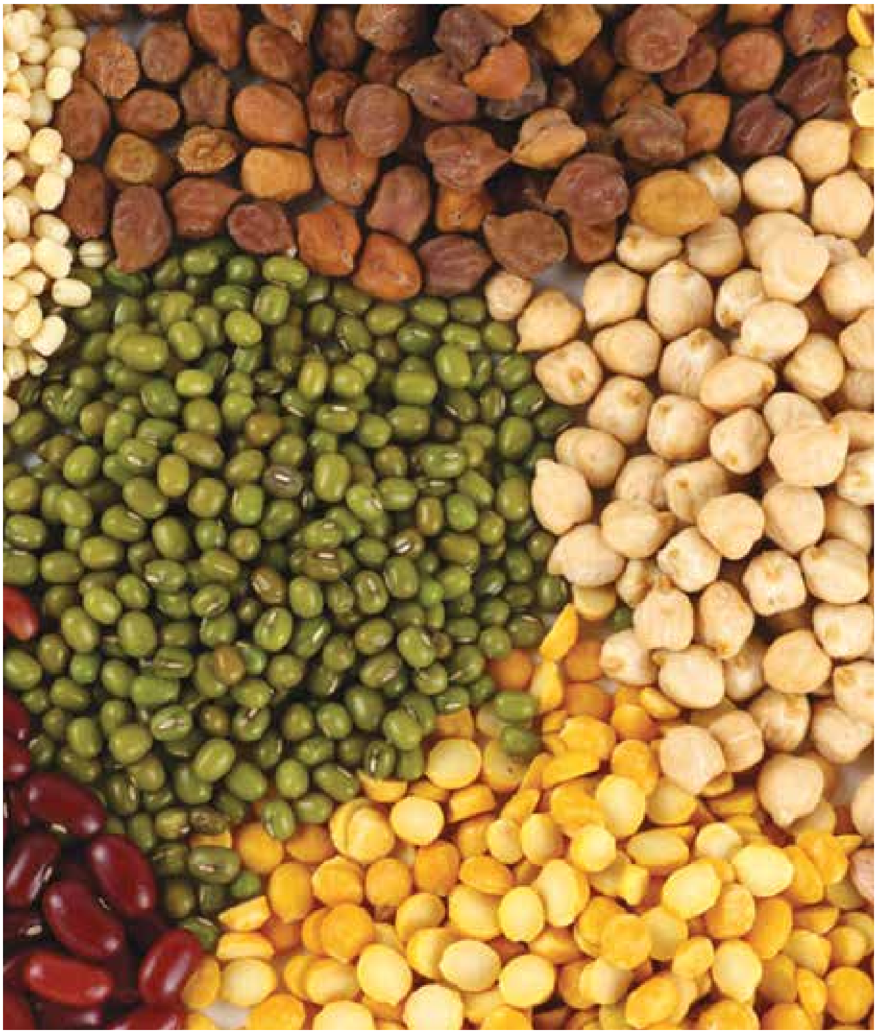
Coal requirement for the project is estimated as 7.37 MTPA (20197 tonnes per day) to achieve 90 per cent PLF, according to a Telangana government official.

Presently, coal is sourced from Singareni Collieries Company Limited or SCCL, a government-owned coal mining company. The official said the state has requested Ministry of Coal to allot 8 MTPA coal for the proposed expansion (Phase-I) which is expected to begin April 2018.

Bharat Heavy Electricals Limited (BHEL) has also signed a memorandum of understanding (MoU) to set up thermal power facilities to produce 6,000MW of electricity in the Indian state of Telangana. It is expected to be ready in three years.

BHEL has already implemented thermal power projects in Telangana state – at Bhupalapally, Singareni Collieries and Kothagudem.

Of the 8,924.86 MW installed capacity in the hands of state power utility AP GENCO, about 54 per cent (4,825 MW) is located in Telangana, while 46 per cent is in the Seemandhra region. However, on close scrutiny, one finds 52 per cent capacity in Telangana lies in hydro power, which is available only when reservoirs receive good inflows, while just 48 per cent capacity is available in coal-fired power plants. On the other hand, Seemandhra has 69 per cent thermal capacity, with 31.46 per cent hydel power capacity.



India's agricultural product export growth was the highest in the world in a decade till 2013, according to a US Department of Agriculture (USDA) report. India's agricultural exports grew by 21.3 per cent, ahead of countries such as Indonesia, Brazil and China. In absolute terms, exports have risen from $5 billion in 2003 to $39 billion in 2013 ($1 billion equals ₹6,050 crore at current exchange rates). According to the USDA report, government subsidies are driving exports, especially for wheat and rice.

East Godavari district alone produces 20-25 lakh metric tonnes of paddy every year and the West Godavari contributes more or less an equal quantum.

Agri commodity trade set to zoom

Agri commodity exports from India have zoomed to $45 billion in 2013-14 from $25 billion in 2011-12. The spurt came on the back of cumulative efforts of farmers, relatively stable government policies and active involvement of the trading community, comprising small and medium enterprises (SMEs), have brought in increased business to ports on east coast. With the trend expected to continue, it will bring much cheer to trade and business community in this part of the region.

"India is the leading producer of chillies contributing close to 40 per cent of world's production. It is also the world's largest exporter. The major producers are Andhra Pradesh, Karnataka, MP, Odisha, Maharashtra and Tamil Nadu. Andhra Pradesh alone commands around 53.27 per cent of the chilli production in India. With the country's spice exports anticipated to reach record high this year, east coast ports and traders in Andhra Pradesh will benefit tremendously," says an anlayst with a brokerage firm.

Accgrding to him, Kakinada, Kolkata, Vizag and Gangavaram ports are the leading handlers of agri commodities on east coast. "India has the potential to lead the global export tables in agriculture, given its vast land resources and low productivity that leaves headroom to improve," he says.

Over the past decade, MNCs including Glencore, Cargill, Louis Dreyfus, Bunge, Olam and Noble raised their stakes in the Indian farm space. Concurrently, large Indian corporates such as Ruchi, Adani, Shri Renuka and

ITC strengthened their positions in oilseeds, edible oils, sugar and wheat, respectively. Likewise, SMEs can now transact with the outside world on a real-time basis and are rivals to multinational trading companies and large corporate.

India's agricultural product export growth was the highest in the world in a decade till 2013, according to a US Department of Agriculture (USDA) report. India's agricultural exports grew by 21.3 per cent, ahead of countries such as Indonesia, Brazil and China. In absolute terms, exports have risen from \$5 billion in 2003 to \$39 billion in 2013 (\$1 billion equals ₹6,050 crore at current exchange rates). According to the USDA report, government subsidies are driving exports, especially for wheat and rice.

India plays an important role in exports of commodities such as rice, cotton, sugar and beef, according to the report. Other products where it holds sway are soybean meal, guar gum, corn and wheat. Now, the US remains India's largest market. However, it is the developing world that has become a major target market for Indian agricultural products. In 2013, 79 per cent of India's exports went to developing countries, compared with 56 per cent in 1999.

India is also the world's top rice exporter. It toppled Thailand in 2012 to become the world's biggest rice exporter after the government lifted a four-year-old ban on non-basmati rice shipments in 2011 to trim a growing mountain of the grain following bountiful harvests.

In 2013-14, India's total rice exports stood at a record 10.5 million tonnes, comprising 4 million tonnes aromatic basmati rice and 6.5 million tonnes of the non-basmati variety.

"While India's shipments of the basmati variety are likely to remain steady in 2014-15 at around 4 million tonnes, total rice exports could drop to 8 million tonnes due to the slide in exports of non-basmati rice," says an official of Indian Rice Exporters Association.

However, he feels that will not create any major dent in Indian port business as overall agri commodity exports and imports are set to grow. "The Anchorage Port in Kakinada has the potential to become rice export zone, provided the government focuses on developing infrastructure and facilities in the port. Andhra Pradesh is the rice

bowl of the country. As the East and West Godavari districts are known for paddy procurement and record yields every year, the surplus paddy is being exported to foreign countries through the anchorage port. Following the lifting of ban on rice exports in September 2011, there is a steady increase in rice exports and the exporters are focusing more on the African countries," he says.

East Godavari district alone produces 20-25 lakh metric tonnes of paddy every year and the West Godavari contributes more or less an equal quantum.

In 2012-13, 26.73 lakh metric tonnes of rice had been exported from Kakinada. However, 2013-14 witnessed a drop in the export activity due to Samaikyandhra movement with exports touching 22.67 lakh metric tonnes.

Another agri commodity that is gaining momentum on east coast in edible oil imports. Edible oil leads the agri commodities' import basket in India with a 60 per cent share. Pulses (18 per cent), fresh fruits (10 per cent), cashew (six per cent) and sugar (three per cent) also contribute to the overall trade. The dependence on imported pulses is 18 per cent of the total 20 mt of annual consumption. The import bill for edible oil was \$7,250 mn in 2013-14 (\$9,851 mn in 2012-13). Pulses worth \$1,828 mn was imported in 2013-14, compared to \$2,450 mn the previous year.

"As edible oil is mainly imported from Indonesia and Malaysia, it is easier for ships to call at ports on east coast. India's annual consumption of edible oil is estimated at 19.5 mn tonnes, of which around 60 per cent is met through import. Main ports in the country that handle edible oil imports are Kandla, Mumbai, Kolkata, Cochin, Kakinada and Mangalore," says an official of Solvent Extractors' Association of India.

However, the situation may soon change with the government in December last year hiking the import duty on both crude and refined edible oil by 5 per cent to protect the interest of domestic farmers and oil processors amid fall in global prices.

The customs duty on crude oil has been increased to 7.5 per cent from 2.5 per cent earlier, while the duty on refined edible oil has been raised to 15 per cent from 10 per cent, as per the notification issued by the Central Board of Excise and Customs (CBEC).

India's vegetable oil imports rose 12 per cent to an all time high of 11.82 million tonnes in the 2013-14 marketing year ended October, on rise in domestic consumption and low rates of cooking oils in global markets.

While the Solvent Extractors' Association and other domestic producers have welcomes the move, industry experts feel, this will affect imports and lead to high retail prices.

According to SEA, current stock of edible oils as on December 01, at various ports is estimated at 860,000 tonnes.

Key features

- High Vannamei production
- Increased export volume of cultured shrimp
- Drop in shrimp production in SE Asian countries

"East coast is playing a significant role in the rising seafood exports. Of the total earnings, about 40 per cent comes from Andhra Pradesh, which is the main vannamei shrimp cultivating area. While export volumes are high on west coast, east coast accounts for high value exports."

V Padmanabham
President (Andhra Pradesh),
Seafood Exporters Association.

East coast drives seafood export growth

As India plans to double seafood exports to $10 billion by 2020, east coast is set to play a major role due to the growing demand for L Vannamei shrimp in world markets.

The country's seafood export reached an all time high of $5 billion last fiscal. The increased production of Vannamei has helped achieve higher exports.

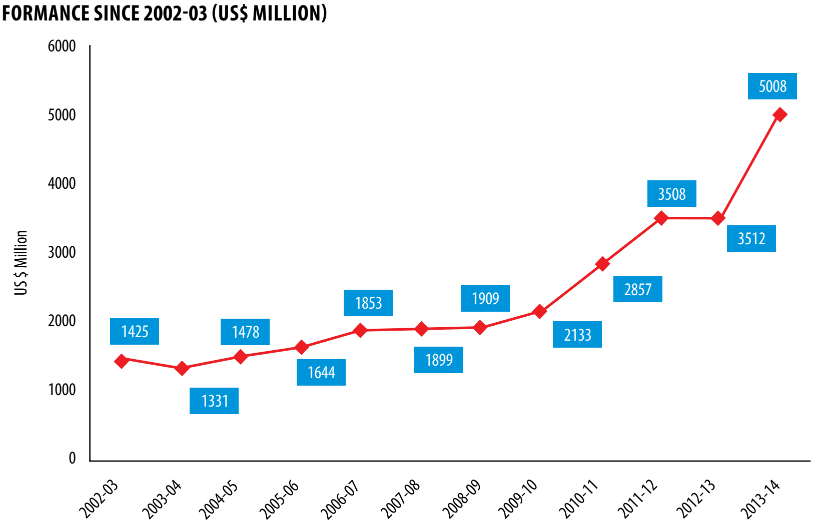
Besides, there was a fall in the production and export of shrimp from Southeast Asian countries and the lowering of countervailing duty on Indian shrimp exports in the US.

According to the estimates of the Marine Products Export Development Authority (MPEDA), exports aggregated to 9,83,756 MT, recording a growth of 5.98 per cent compared to the previous fiscal. The unit value realization also reached a record high of $5.09 per kg as against $3.78 in 2012-13.

In 2012-13, India exported 928,215 tonnes valued at ₹18,856 crore. In 2011-12, the country had exported 862,021 tonnes valued at ₹16,597 crore.

Frozen shrimp accounted for a share of 64.12 per cent of the total export earnings. There was all time high growth in unit value realisation of frozen shrimp at 35.05 per cent. The overall export of shrimp in 2013-14 was to the tune of 3,01,435 MT worth $3.2 billion. US is the largest market for frozen shrimps and imported 95,927MT from India.

FORMANCE SINCE 2002-03 (US$ MILLION)



The export of cultured shrimp has shown tremendous growth of 36.71 per cent in quanity and 92.29 per cent in dollar terms.

The export of Vannamei has shown significant growth to 1,75,071 MT from 91,171 MT and $1.9 billion from $731.01 million compared to 2012-13.

Exports during 2013-14 compared to 2012-13

Export details	2012-13	2013-14	Growth%
Quantity tonnes	928215	983756	5.98
Value Rs.crore	18856.26	30213.26	60.23
Value US $ Million	3511.67	5007.70	42.60
Unit value (US$/Kg)	3.78	5.09	34.55

Vannamei exports recorded a growth of 92.03 per cent in quantity and 171.81 per cent in value. US accounted for 44.59 per cent of the total Vannamei exports followed by EU at 17.01 percent, South East Asia at 16.54 per cent and Japan at 4.01 per cent.

Production in Southeast Asian countries was affected due to the spread of a disease called Early Mortality Syndrome. As a result, supply from Thailand, the world's second largest shrimp producer, dropped around 50 per cent from the normal 500,000 tonnes a year. Other leading producers Vietnam and Malaysia had also been hit. India could cash in on this global situation and enhanced its exports to these countries too.

"East coast is playing a significant role in the rising seafood exports. Of the total earnings, about 40 per cent comes from Andhra Pradesh, which is the main vannamei shrimp cultivating area. While export volumes are high on west coast, east coast accounts for high value exports. Unit value of export from east coast is high. West coast mainly depend on sea catch from Gujarat like cuttle fish, east coast exports cultured shrimp," says V Padmanabham, President (Andhra Pradesh), Seafood Exporters Association.

Visakhapatnam, Krishnpatnam, Paradip, Kolkata and Chennai Ports handle maximum seafood exports on east coast.

"We export mainly to the US, European Union, Middle-East and Russia. China and South Africa are the new markets we have added. We also export to Vietnam, Thailand and Indonesia. Worldwide, there is huge demand for cultured shrimp – vannamei," he says.

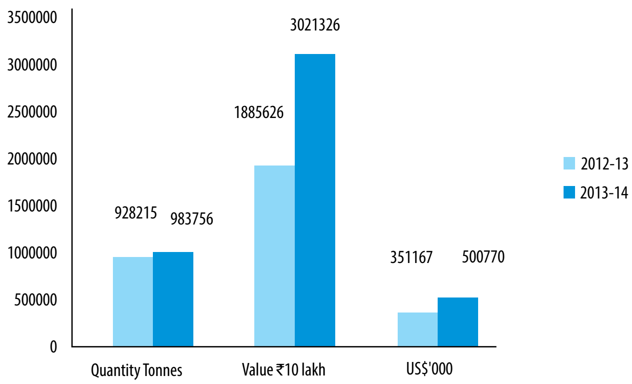
During April to October this year, seafood exports in India increased by 15.9 per cent to ₹196 billion ($3.1bn) from April to October this year, when compared to the same time a year ago.

Export volumes, however, decreased slightly by 0.81 per cent to 549,142 metric tonnes during the period, from 553,652 tonnes last year. The unit value increased 17.4 per cent to $6.06 per kilo from $5.15/kg, year-on-year.

This year also the growth is mainly due to the increased production and export of cultured shrimp.

In India, frozen shrimp emerged as the main seafood item for exports, both in terms of quantity and foreign earnings. In value terms, it accounted for 73.14 per cent of the total earnings. The share of frozen shrimp in terms of volumes was 39.73 per cent, followed by frozen fish, frozen cuttlefish and frozen squid.

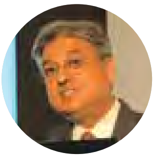
EXPORTS DURING 2013-14 COMPARED TO 2012-13



Padmanabham feels, India has lot more potential that can be tapped with the help of policy support from the government. "With the increase is production of Vannamei shrimp on the rise, there is shortage of quality fish seed. We import broodstock from Hawaii. This will be kept in quarantine facilities in Chennai. From there it will be transported to hatcheries and then farmers collect seed from there for cultivation," he says.

Current facilities are not enough to handle the rising need for production. "The government should look at more quarantine facilities and multiplication centres in a public private partnership mode so that farmers can procure quality seeds without any trouble. These centres can be monitored and certified by the government," he says.

"Petronet LNG is setting up its third terminal at Gangavaram in Andhra Pradesh. Petronet is working on the commercial structure including the pipeline connectivity before constructing the plant. The expansion from 15 mtpa tp 17.5 mtpa would cost ₹1,000-1,100-crore."



A K Balyan
Managing Director and CEO,
Petronet LNG

Stepping on the gas

India's east coast is set to become the country's new power hub. East coast, which has been leading in handling coal, will soon house two LNG terminals. This is expected to pave way for east coast to emerge as the gateway to satiate the country's growing demand for energy.

Petronet LNG is setting up its third terminal at Gangavaram in Andhra Pradesh. The company has received all approvals for the 5-mtpa greenfield terminal at Gangavaram. Petronet is now looking to complete the import facility by 2018.

Besides, the Board of State-owned Indian Oil Corporation has cleared the ₹5,150-crore Ennore-LNG Terminal project, to be set up jointly with Tamil Nadu Government.

Gangavaram Terminal

Earlier, state-owned Hindustan Petroleum Corp Ltd (HPCL) had evinced interest in ingpick up 8 per cent stake in the ₹5,000-crore liquefied natural gas (LNG) terminal at Gangavaram.

The Viskhapatnam refinery of HPCL, which is only a few kilometers away from Gangaravam Port, is being expanded to 15 million tonnes per annum from current 8.33 million tonnes and the expanded unit will have a gas requirement of close to 2.5-3 million standard cubic meters per day.

Andhra Pradesh government too has evinced interest and is likely to get 5 per cent stake, leaving Petronet with 69 per cent shareholding.

Years ago, HPCL had missed the LNG bus when it got left out of the PSU consortium that formed Petronet. Indian Oil, ONGC, GAIL and Bharat Petroleum each have 12.5 per cent stake in Petronet.

GAIL India Ltd has expressed interest in booking half of the 5 million tonnes a year import capacity of the proposed terminal, indicating the growing need for clean energy fuel.

According to a Petronet official, the company is looking for strategic partners who can either bring in gas turned into liquid at minus 160 degrees Celsius (liquefied natural gas or LNG) or buy a minimum quantity of the imported fuel to be sold in the domestic market.

Petronet is working on the commercial structure including the pipeline connectivity before constructing the plant.

The commercial structure would require at least 40 per cent of the 5 million tonne per annum (MTPA) capacity committed to the local market, or through tolling arrangement.

The construction would also require assurance of pipeline connectivity to the regional market on the east coast, he pointed out.

The Gangavaram terminal, expected to cost ₹4,500 crore, would raise Petronet LNG import capacity to 25 MTPA.

Petronet currently has two operational LNG import terminals – 10 million tonnes a year Dahej facility in Gujarat and 5 million tonnes per annum facility at Kochi in Kerala.

STEERING QUALITY EDUCATION
AMET UNIVERSITY

AMET UNIVERSITY
(Under Sec. 3 of UGC Act 1956)

Cordially invites you
to grace the

SECOND ALUMNI MEET

with your presence

Day & Date : Saturday, 7th February, 2015

Time : 17.00 hrs

Venue : AMET University Campus
135, ECR Road, Kanathur
Chennai

Programme :

16.30	Registration
17.00	Interaction with Department
18.30	Formal Inauguration
19.30	Fun Session
20.30	Dinner

RSVP: The Co-ordinator, AMET Alumni Association
SMS to 76676 87766 or Mail to alumni@ametuniv.ac.in

SECOND ALUMNI MEET

Last date to confirm on or before 02/02/2015

It is now looking at expanding its Dahej terminal by another 2.5 million tonne per annum (mtpa), taking the total capacity to 17.5 mtpa. The terminal is currently being ramped up from 10 mtpa to15 mtpa.

"The expansion from 15 mtpa to 17.5 mtpa would cost ₹1,000-1,100 crore,'' said AK Balyan, Managing Director and CEO, Petronet LNG adding that the firm's board has given its go-ahead for a detailed study on the matter.

Already, companies including HPCL have expressed interest in booking capacity in the terminal. At present, Petronet has four storage tanks and two more are being built as part of expansion to 15 mtpa.

It has leased storage at the Kochi LNG terminal to UK's BG Group, which will import one cargo, store it at Kochi and take it out. Also, the company is now sending LNG via trucks to some customers.

In April last year, Petronet had signed a short-term contract with Qatar's Ras Laffan Liquefied Natural Gas Co to import 800,000 tonnes of LNG over 12 months to supply to refineries.

Petronet currently imports 7.5 million tonnes a year of LNG from Ras Gas on a long-term contract that was signed in 2004.

The firm, which meets about 30 per cent of the country's gas demand, has so far sourced over 1,250 cargoes at its Dahej LNG terminal.

While its Dahej terminal is the firm's cash cow, which helped it grow its profits by 184 per cent between fiscal 2010 and fiscal 2013 from ₹404 crore to ₹1,149 crore, its Kochi terminal which opened last year continues to stick out like a sore thumb.

According to analysts, unfinished work on laying pipelines to transport gas imported at its Kochi terminal to buyers in Karnataka could cost Petronet LNG Ltd ₹500 crore this fiscal year.

Capacity utilisation at the Kochi terminal of India's largest gas importer fell below 1 per cent in the June quarter, and has never crossed 10 per cent since it was commissioned in August 2013. Analysts with the research arm of Nomura Securities International Inc., said in a 5 August report that they do not expect utilisation at Kochi to improve much, with the terminal likely to post an accounting loss of ₹400-500 crore annually.

Utilisation levels at the 5 million tonnes per annum (mtpa) liquefied natural gas (LNG) terminal threatens to bleed the company which has been healthy otherwise with a commendable profit. Voicing concerns, brokerage Edelweiss Securities Ltd said, there was no visibility on both Kochi-Mangalore and Kochi-Bangalore pipelines, and hence it did not see earnings growth before FY16.

He had also urged the Kerala Government to take a 'positive initiative' in getting the gas pipeline laying work in northern Kerala completed.

The laying of pipelines, he said, is crucial for the gas sector and its completion will benefit the neighbouring Tamil Nadu and Karnataka in receiving natural gas from the ₹4,600-crore LNG Terminal in Kochi, which is underutilised.

The ₹4,200-crore terminal has struggled largely because the over-1,000-km pipeline Kochi-Mangalore and Kochi-Bangalore pipelines being built to serve power and fertiliser firms in Karnataka are not ready yet, due to protests from local populations along the pipeline's route.

Making matters worse, state-owned FACT Ltd, a contracted customer which operates a fertilizer plant near Kochi, stopped buying as gas prices jumped.

"If we had the pipelines in place and the original set of customers, it could have ensured up to 15 per cent utilisation rates for us and that would have offset our losses from the terminal. But at this rate, I think we will have an impact of ₹350-400 crore on our profits," said Balyan.

Ennore Terminal

Ennore LNG Terminal will be set up at a cost of ₹5,150 crore. "We have received the approvals for the project. We also have appointed the project management consultant," IOC Chairman and Managing Director B Ashok said.

The land for the project has been acquired and the plant will have 5-million tonne capacity.

IOC and Tamil Nadu Industrial Development Corporation had signed pacts two years ago for setting up the terminal.

The terminal is expected to be commissioned by 2017.

Indian Oil, which has stakes in British Columbia and Petronas in Malaysia, would look for import of LNG once the Ennore plant comes into operation.

While Indian Oil holds 45 per cent stake, 5 per cent is with TIDCO and the remaining 50 per cent with investors.

The company is also in discussions with several companies for a Joint Venture on the Ennore-LNG Terminal project.

IOC is also setting up a refinery in Paradip, of which 97 per cent of it was completed and was expected to be commissioned by March 2015.

IOC is also setting up a pipeline, connecting Paradip to Hyderabad.

In FY14, IOC bought about 3.41 million tonnes of re-gasified liquefied natural gas (R-LNG). Of this, 45 per cent was consumed internally, while 55 per cent was marketed.

IOC is also considering to have two more terminals under its ambit. The PSU is contemplating whether to go ahead and set up greenfield LNG terminals or buy equity in under-commissioning projects.

The rush for LNG terminals is mainly due to projections of India's gas demand rising to 466 mmscmd in 2016/17 from 286 mmscmd currently. Domestic supply barely meet a third of the demand.

However, according to industry experts coal, including imported, continues to be more cost effective for the Indian power generation sector.

Of the 200,000-MW of installed capacity, only 10 per cent or 20,000-MW was currently using natural gas.

LNG remains an expensive option for power sector, unless it is priced at $10-11 per million Btu.

Most of the LNG imported into India was being used for non-power sector, including fertilisers. Around 16 MTPA of Petronet LNG's current capacity was already committed to the market.

India is expected to see increase in the flow of R-LNG as demand for the cleaner fuel rises, while domestic production staggers.

VPL INTEGRAL CFS

About Us

VPL Integral CFS, a joint venture between M/s. Vizag Profile Group and M/s. Integral Trading & Logistics, operates the Container Freight Station established in an area of 10 acres at Gajuwaka. The CFS has a covered warehouse with state of art facility and capacity of 25,000 square feet as well as a designated area for examination and verification of containers for general and project cargo. The CFS has invested in World-class IT systems and has a capacity for storing more than 4,500 TEUs at any given time.

Business and Economic advantage of Location

Site is ideally located, 4 km from NH-5 Gajuwaka and in between SEZ, Duvvada, Jawaharlal Nehru Pharma City, APIDC Units and RINL.

Fuel Station and vehicle running repair facilities are also adjacent to the boundary of proposed site, which is advantageous to fleet to get faster services in maintenance of the vehicles.

- Nearest Highway : NH-5 – about 4 kms.
- Nearest Rail Head : Duvvada Rly. Station about 5 kms.
- Nearest Air Port : Visakhapatnam Airport – 7 kms.
- Nearest Seaport : 1.Vishakapatnam Port Ltd. – about 22 kms.
  2.Gangavaram Port – about 2 kms.

Industrial corridors:

- Chennai Bengaluru Industrail Corridor
- Chennai - Vizag Industrail Corridor
- PCPIR
- NIMZ in Chittoor and Medak in AP, TS

"The comprehensive integrated master plan for development of Chennai-Bengaluru Industrial Corridor (CBIC) will be ready by March 2015, says Masanori Nakano, Japanese Consul-General."

Industrial corridors to change economic landscape

The planned industrial corridors in the southern region are likely give a fillip to the economic prospects of states that dot the east coast. It is also expected to accentuate the trade and freight traffic in the region by expanding connectivity and access to hinterland. With the Central government's thrust on manufacturing in the country, it is natural to consider that these corridors will potentially transform the industrial landscape of joining states.

The Union Finance Minister in his budget speech in July last year had proposed several industrial corridors. He announced a Chennai-Bengaluru industrial corridor, a Bengaluru-Mumbai eco-corridor, a biotechnology cluster, and industrial smart cities to be developed in the proposed Chennai-Bengaluru Economic Corridor region. He also confirmed the long pending project of establishing an industrial corridor between Visakhapatnam and Chennai.

Corridor as a particular spatial organisation for economic development has caught the imagination of planners as they can work as growth engine for the country. These corridors are great nodal points of circulation – ports, railway terminals, container hubs, and financial and other data processing centres. They sum up the logistical strategy today in this age of neo-liberal economy.

The corridors will also facilitate, among other things, resources required for companies to commence operations. Over time, districts and villages along the stretch will attract foreign investment and attain sustainable development and emerge as a hub of social and economic development.

The Chennai-Bengaluru Industrial corridor

The proposed corridor between Chennai – Bengaluru – Chitradurga, stretching across around 560 km would have an Influence area spread across the states of Karnataka, Andhra Pradesh and Tamil Nadu. "The strategy to develop the CBIC is part of the plan to achieve accelerated development and regional industry agglomeration in the states of Tamil Nadu, Karnataka and Andhra Pradesh. Japan is keen to partner with us considering that an increasing number of Japanese companies including SMEs have made direct investments to establish their manufacturing base or other forms of business presence in this area," says a government official.

According to the government's budget proposal, three new smart cities would come up in the Chennai-Bangalore Industrial Corridor region – Ponneri in Tamil Nadu, Krishnapatnam in Andhra Pradesh and Tumkur in Karnataka.

The corridor will have food processing, automobiles, chemicals and petrochemicals, metallurgical industries, machinery, electronics, textiles, pharmaceuticals, electrical machinery and IT and financial services, said the official.

The Japan International Co-operation Agency (JICA) in consultation with the Department of Industrial Policy & Promotion and three southern states has identified 25 priority projects for the Chennai-Bengaluru Industrial Corridor (CBIC).

These projects are in different stages of implementation and are meant to decongest Chennai and Kamarajar ports. Majority of them are in Chennai and the rest will come up along the national highways of Karnataka and Andhra Pradesh.

With this project, Chennai is expected to emerge stronger as an industry-commerce hub as two industrial corridors connect the city.

The projects identified by JICA includes proposed and ongoing major projects in Chennai and Kamarajar ports, development of Sriperumbudur dry port, greenfield airport at Sriperumbudur, four-laning of road from Hoskote to Dobbaspet and from Mulbagal to Renigunta via Chittoor, dedicated high-speed freight corridor and developing Chennai-Bengaluru expressway, among others.

"The comprehensive integrated master plan for development of Chennai-Bengaluru Industrial Corridor (CBIC) will be ready by March 2015," says Masanori Nakano, Japanese Consul-General.

According to him, the number of Japanese companies in India has increased by four times in recent times, of which 60 per cent pertained to manufacturing sector. "This trend will continue to remain. Japanese firms are also interested in developing infrastructure projects such as Delhi-Mumbai Industrial Corridor and CBIC, among others. We are interested in increasing cooperation between the two countries," he says.

"The idea has generated considerable enthusiasm in the South India. The plan currently includes a dedicated rail freight corridor and offers solutions to address the private sector's complaint of bad roads, poor access to ports and frequent blackouts. Japanese firms such as Nissan, Yamaha and Toshiba are likely to set up their units along the proposed Chennai-Bengaluru corridor. Toyota also has some investment plans for Hosur," says an industrialist.

"The partnership between AP government and ADB will give a boost to industrial development across Andhra Pradesh. Apart from the financial assistance, the ADB chief said the bank would help the state government attract investors from China, Japan, South Korea and European countries."

Chennai-Vizag Industrial Corridor

The Vizag corridor was originally planned by the UPA government for the people of Seemandhra, who were upset by the division of Andhra Pradesh.

The proposal received a major fillip last year as the Asian Development Bank (ADB) agreed to pump in a staggering $2.5 billion (over ₹15,000 crore) in the form of financial assistance to develop the corridor.

The Vizag corridor is expected to lead to modernisation of ports, airports, roads and the rail network along the 800-km coastline. It will also create additional gas pipelines and power transmission lines to feed fuel to existing and new industrial clusters and special economic zones in the region.

The project envisages development of five industrial zones. These zones are to come up in Visakhapatnam, Kakinada, Machilipatnam, Anantapur and Erpedu-Srikalahasti.

"The partnership between AP government and ADB will give a boost to industrial development across Andhra Pradesh. Apart from the financial assistance, the ADB chief said the bank would help the state government attract investors from China, Japan, South Korea and European countries," says an Andhra Pradesh government official.

Besides the five cities and towns in the state that the industrial corridor would pass through, Rajahmundry, Bhimavaram, Nuzivedu, Vijayawada, Guntur, Bapatla, Ongole, Nellore, Gudur and Naidupeta would also stand to gain in the form of rapid industrial development.

The corridor envisages self-sustaining industrial townships with world-class infrastructure, road and rail connectivity for freight movement to and from ports and logistics hubs, domestic, international air connectivity, uninterrupted power and quality social infrastructure.

The proposed industrial corridor is likely to attract an investment of ₹1 lakh crore in 10 to 15 years. The prestigious project is expected to create more than 50,000 jobs, both directly and indirectly, in the first phase alone.

As part of the project, several industrial clusters are likely to come up in the seven coastal districts of AP. In fact, in his budget presentation, Union finance minister Arun Jaitley had specifically mentioned the development of Kakinada Port in East Godavari district and also a hardware cluster in the region.

"The idea is to create a strong economic base with globally competitive environment and state-of-the-art infrastructure to activate local commerce, enhance foreign investments and attain sustainable development. The corridor is expected to open the floodgates for new investment opportunities and will redefine the economic landscape of Seemandhra," says an official of CII.

While the Chennai-Bengaluru corridor will include only three districts of Seemandhra, the Visakhapatnam-Chennai corridor is expected to cover maximum number of districts and villages along the stretch of the corridor. Essentially, this will ensure that development is not restricted to one or a few locations but whole state.

It is among the key components of the National Manufacturing Policy (NMP) that aims to raise the share of manufacturing in Seemandhra to the country's GDP. The industrial corridor will pave way for the emergence of industrial cities otherwise known as 'smart cities'. They will help develop infrastructure linkages such as pioneer power plants, assured water supply, high capacity transportation and logistics facilities for industries.

Once implemented, the industrial corridors will result in world-class tolled road, high-speed rail link and centres along the corridor would develop as industrial clusters.

"The key drivers of growth in the coming years would principally be the five primary causes. Frequent and **faster transit** from and to gateway ports, **better customer service** at the dry-port in all facilities, **e-filing of all documents** to minimise delay, minimum dwell time of containers, cargo, vehicles within the terminal and finally cost-effective working from the exporter and importer's view point."

Kalyanarama
Executive Director,
South Central Region,
Container Corporation of India.

Concor bets big on boxes

The Container Corporation of India (Concor) is betting big on the increase in the quantum of cargo originating on the east coast. In an effort to take advantage of the growing traffic on east coast, Concor is planning to set up logistic parks in at least three locations in Andhra Pradesh and at two places in Telangana. It has also planned four multimodal logistics parks, MMLPs in Odisha and two warehouses in Assam and Tripura.

"The key drivers of growth in the coming years would principally be the five primary causes. Frequent and faster transit from and to gateway ports, better customer service at the dry-port in all facilities, e-filing of all documents to minimise delay, minimum dwell time of containers, cargo, vehicles within the terminal and finally cost-effective working from the exporter and importer's view point," says Kalyana Rama, Executive Director, South Central Region, Container Corporation of India.

The logistic parks are being planned at Krishnapatnam, Kakinada and Machilipatnam in AP, whereas in Telangana they will be set up at Karimnagar and Patancheru on the outskirts of Hyderabad in the near future. These logistic parks will cater to both domestic and international needs.

In addition, with the Andhra Pradesh state government planning to set up a string of ports in each district of AP, Concor is planning to work closely with the state government for setting up logistic parks at viable locations.

While the investment is expected to be around ₹100 crore each for the logistic parks at Patancheru in Hyderabad, Kakinada and Krishnapatnam, it is expected to be around ₹40 to 50 crore for the one in Karimnagar.

"We have already identified around 135 acres for setting up a logistics park at Krishnapatnam and forwarded the proposal to the state government for land acquisition," says another Concor official.

He said the development of these ICDs would help in providing efficient and effective logistics for the industrial development coming up in Andhra Pradesh and also in harnessing the raw-material resources.

He said they have sought another 100 acres for a logistics park near the Kakinada deep water port, which is also planning to expand its container terminal operations. Furthermore, he said that a logistics park will be set up at Machilipatnam once the operations commence at the port.

Concor is building ₹372-crore multi-modal logistic park (MMLP) at Vizag. Concor has already completed the first phase of the project spread across 10 acres and the second phase on 19 acres will be completed in the next 3-4 months. Full-fledged operations at the 98-acre facility are likely to be completed by around 2016.

The existing park can handle around 15 to 20 trains per month. "Once we shift to the new MMLP, we will be able to handle around 120 trains per month. There will be an increase of nearly 10 times in traffic with the new logistics park," says the official.

In 2013-14, Concor registered a turnover of ₹54 crore in Vizag, up from around ₹40 crore in 2012-13. This fiscal, it is targeting a turnover of around ₹65 to 70 crore. And, once the MMLP is completed, it is expected to clock in a turnover of around ₹100 crore."

In addition to this, Concor will be setting up four terminals in the neighbouring Odisha. It has in fact, 15 new terminals on the drawing board for the present five-year plan and nine of these are in advanced stages.

"Our main focus was to ensure we build our facilities closest to the ports and by the industries coming up in the states. In tandem with that rationale, one can see that there are paper and aluminum industries in Muniguda. Most industries may have their own railway siding, but the sidings are always not made for carrying containers."

Upcoming logistics parks

- The logistic parks are being planned at Krishnapatnam, Kakinada and Machilipatnam in AP, whereas in Telangana they will be set up at Karimnagar and Patancheru on the outskirts of Hyderabad in the near future.
- Concor is building ₹372-crore multi-modal logistic park (MMLP) at Vizag. Concor has already completed the first phase of the project spread across 10 acres and the second phase on 19 acres will be completed in the next 3-4 months.

Elaborating on Concor's plan on the eastern region, Sharad Verma, Chief General Manager, Concor, says, with steel and other industrial units dotting his region, he is optimistic of a bullish year ahead.

"Our main focus was to ensure we build our facilities closest to the ports and by the industries coming up in the states. In tandem with that rationale, one can see that there a paper and aluminum industries in Muniguda. Most industries may have their own railway siding, but the sidings are always not made for carrying containers," he says.

He feels while the viability of movement through containers is less, growth in containerisation in the eastern region is 23 per cent higher compared to last year. "New commodities containerised last year in Odisha and Jharkhand are sponge iron and pig iron. The boxed cargo every year from West Bengal include rice, steel and FMCG cargo from Johnson & Johnson, Hindustan Unilever. Our customers are certainly interested to switch to using containers, but they want reliable service and competitive rates. We are able to make the change from road cargo to rail by providing good service with our assets. Around 25-30 per cent of eastern region is gunny based from our two terminals in Shalimar and Majhera. This is followed by sponge iron and pig iron," he says.

According to him, double stacked trains become a reality on east coast once the Dedicated Freight Corridor (DFC) comes up.

"Yet, the constraints of Kolkata and Haldia ports are still a hurdle as we cannot berth biggest vessels owing to the draft problems. Our focus would be to move trains along the coastal region of Andhra and Odisha," he explained.

Talking about challenges, he says, the eastern region is the only one that has to deal with 6-7 jungle railways. "Others have maximum two or three and this region is spread across five states which in itself a big challenge. What is challenging is the coordination with the many agencies involved to move a rake. If a rake has to move from one place to another, we have to rope in so many officials for the cargo to pass by safely and on time," he points out.

Dry ports to gather momentum

Lack of hinterland infrastructure is a major reason for lower containerisation level in India. However, with containerisation expected to rise in the country, especially, on east coast, new opportunities will open up to develop infrastructure. This in turn will trigger the growth of dry ports or ICDs and CFSs.

According to industry experts the key drivers for container traffic across geographies are port infrastructure, hinterland infrastructure and capacity of rolling stock to transport containers from hinterland locations to ports.

"Containerised cargo traffic is growing on east coast. This is set to pick up further with rapid industrialisation in the newly formed state of Andhra Pradesh. In fact, Andhra Pradesh and Tamil Nadu will drive the growth of containerised cargo on east coast. In line with this, ICD and CFS facilities will also expand on east coast," says G Sambasiva Rao, Managing Director, Sravan Shipping Services.

Rise of ICDs:

- Increased container cargo
- Containerisation of bulk commodities
- Single window clearance for setting up ICDs

"Containerised cargo traffic is growing on east coast. This is set to pick up further with rapid industrialisation in the newly formed state of Andhra Pradesh. In fact, Andhra Pradesh and Tamil Nadu will drive the growth of containerised cargo on east coast. In line with this, ICD and CFS facilities will also expand on east coast."

G Sambasiva Rao
Managing Director
Sravan Shipping Services

According to him, currently, 25 per cent of cargo on east coast is containerised with bulk dominating the rest. "Container cargo share is expected to move to about 40 per cent in the next 10 years. While states like Odisha, West Bengal, Jharkhand and Bihar may find it difficult to take up rapid industrialisation due to political reasons, Andhra Pradesh along with Tamil Nadu will be able to attract a lot of investment," he says.

One of the main reasons for the west coast domination in India's container traffic is because of the presence of large industrialised states like Gujarat and Maharashtra. With the states on east coast set to host enterprises, it is only natural that its share in container traffic will also increase.

"Along with the rise in containerised cargo, we expect 20-25 per cent growth in allied ICD and CFS facilities on east coast," says Rao.

At present 62 CFS facilities are there on east coast, of which 45 are in Tamil Nadu, 8 in Andhra Pradesh, 7 in West Bengal and 2 in Pondicherry. West Coast on the other hand has 81 CFS facilities.

With best compliments from

Ocean Sparkle Limited™

(An ISO 9001:2008 and ISO 14001:2004 LRQA Certified Company)

The winner of the **Emerging India Award - 2005** in the 'Infrastructure' category from **CNBC TV18** powered by CRISIL and sponsored by ICICI Bank

Our Bouquet of Services

- Comprehensive Port Operations and Management
  - Harbour Towage
  - Mooring Services
  - Pilotage
  - Maintenance of Marine Craft
  - Ship Traffic Communication
  - Oil Spill Response services
  - Preparation of Port Operational Manuals, DMP etc.
  - Health, Safety and Environment Patrols
  - Maintenance of Navigational Aids
  - Maintenance Dredging
- Ship-to-Ship Operations

Our Operations at:

West Coast	East Coast	Overseas
• Kandla	• Paradeep	• Oman
• Jamnagar	• Vishakapatnam	• Sri Lanka
• Pipavav	• Kakinada	
• Dahej	• Krishnapatnam	
• Mumbai	• Ennore	
• Dabhol	• Chennai	
• Jaigarh	• Karaikal	
• Goa	• Nagapattinam	
• Cochin	• Cuddalore	
	• Tuticorin	
	• Gopalpur	

Registered Office :
128, Srinagar Colony, Hyderabad – 500 073, Ph : 040-6653 7720, 2374 3507 / 1138, Fax: 040-23748752
Email: oslhyd@oceansparkle.in Website: www.oceansparkle.com

Excellence through professional participation

Sravan Shipping operates one CFS in Visakhapatnam. Its second CFSin the port city will be ready by May 2015. It is also in the process of setting up another facility in Krishnapatnam, which will be operational by the end of 2015.

Rao's optimism also stems from the fact that many of the bulk commodity handled by ports can also be containerised. Manganese, for instance is being now converted in to containers. Once industrialisation picks up many such commodities can be containerised," he says.

Andhra Pradesh government is also moving swiftly to make Vizag a maritime and industrial hub. It is also in the process of setting up a maritime board. "Gangavaram and Vizag ports together handle about 80-85 MT cargo. By 2020, this throughput will reach 175-200 MT and we need growth in allied infrastructure to commensurate with this increase in cargo traffic," points out Rao.

"India has rightly focused on the development of port terminals and maritime shipping networks for the past 10-12 years both on the West Coast and the East Coast. The thrust on logistics development is now gradually shifting to inlands of India. The cargo traffic too is now getting diverted from ports to hinterlands areas which we call ICD's and/or CFS's or dry ports. Cargo gets consolidated and deconsolidated at these hinterlands," says Dhruv Kotak, Joint Managing Director, JM Baxi Group.

The modern freight distribution requirements and the increased focus on intermodal transport solutions are the main drivers of hinterland logistics. In the past few years many ICD's and/or CFS's, have come up across many states in India. "These dry ports or ICDs are the future growth engines of our country," says Kotak.

Developed countries in North America and Europe have efficient and very solid distribution network connecting various ports to hinterlands. India is very much on the growth trajectory path and the various transport networks and modes will support each other in times to come.

Single Window Clearance for proposals for setting up of Inland Container Depots/Container Freight Stations (ICDs/CFSs) has been functioning since 1992 under the Department of Commerce. The Inter-

> The thrust on logistics development is now gradually shifting to inlands of India. The cargo traffic too is now getting diverted from ports to hinterlands areas which we call ICD's and/or CFS's or dry ports.

Dhruv Kotak
Joint Managing Director, JM Baxi Group

Ministerial Committee (IMC) in the Department of Commerce has sanctioned 286 ICDs / CFSs till 16-06-2014. During the year 2013-14 IMC sanctioned 8 ICDs and 6 CFSs. Out of 286 ICDs/CFSs, 190 are functional and 96 are under implementation.

It was Central Warehousing Corporation established in 1957 with its seven warehouses having a total capacity of 7000 MT that set the track for the establishment of dry ports. "Now CWC is operating 464 Warehouses and 36 CFS/ICD's across the country with total storage capacity of 10.64 million tonnes for the storage of food grains, fertilizers, industrial goods, bonded goods, other notified commodities and Import/Export cargo. Our CFS/ICD capacity stands over 15.32 lakh MT. The concept of CFS was introduced in India first of all by the CWC in 1984 and the very first CFS was established in Mumbai," says an official of CWC.

CWC is also planning to expand its capacity and many of them are expected to come up on east coast.

According to the Ministry of Shipping, there are 247 dry ports in the country, of which 170 are functional and the rest are under implementation. Nearly 40 percent of these dry ports are owned by CWC and Concor while the rest are owned by private players.

Containerisation level in the country is just above 50 per cent. But container traffic is growing at 13.27 per cent per annum. Considering the growth in container cargo, the government is planning that future terminals will not only have ICD / CFS but will also accommodate agri parks, cold chains, bulk handling facilities, collateral warehousing, liquid logistic facilities (liquid silos).

In accordance with this strategy, the government is developing Rajiv Gandhi Dry Port cum Multimodal Logistics hub through PPP mode at Sriperumbudur. This will be a major boost to the ports on east coast, especially, Chennai, the largest container port on east coast.

Work has begun on widening the road leading to the dry port. The road will take off near Thandalam on the Chennai-Bangalore Highway (NH 4).

It will pass through villages, including Nayapakkam, Mevalurkuppam and Mannur. No land acquisition is required for four-laning of the major district road that runs in both Kancheepuram and Tiruvallur districts.

In future, it will be made a six-lane road. Currently, feasibility study is being conducted to establish rail connectivity to the dry port.

"It will provide alternative access to the port. It will do well for the State government to help complete the project," says a government official.

However, even with an increased focus on building dry ports in the country, there are issues that need to be sorted out. "Existing ICDs face problems related to transportation delays due to city traffic congestion, trailer idle time due to wait at city entry points for roads to open, severe space shortage leading to delays and inconvenience to CHAs and severe warehousing space shortage," says the government official.

Rao also concurs with this. "Container evacuation is a big problem in ports like Chennai due to its location. CFSs should be linked to ports through a dedicated four-lane road. While planning for CFS infrastructure, this should be kept in mind. Besides, at least 20 per cent area within the port should be reserved for parking," he says.

According to him, when a new terminal or port is planned, authorities should ensure smooth movement of cargo through dedicated roads 24/7. "In ports like Vizag, once the cargo leaves its premises, it will be stuck in city traffic. This should not be the case," he explains.

He says comprehensive planning, where local bodies also can participate will help resolve the issues. And, that should be the way forward in the case of new ports and terminals. mg


KPCT
KRISHNAPATNAM PORT
www.krishnapatnamport.com
YOU CAN HELP YOUR BUSINESS GROW, WHEN YOU THINK INSIDE THE BOX!
Welcome to India's Fastest Growing Container Terminal. Discover the advantages of world-class infrastructure, 24x7 customer support, unmatched efficiency and seamless connectivity.
Thinking of growth? THINK INSIDE THE BOX.
MAERSK
MAERSK
KPCT
Krishnapatnam Port Container Terminal - A Gateway port with1.2 million TEU Capacity • 400 Reefer Points • 365 Days Operation • 4-Lane Connectivity to National Highway 5 • 42 km Internal Rail Network • 1.7 Million sq ft of Warehouse Space