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Port expansion pace is not in line with user needs

MARITIME AGENDA 2020

A PAPER TIGER

When the UPA government unveiled a detailed document in 2010 laying out a timetable for several operational milestones, whispers were agog about the impracticality of this white paper. Five years later, there is greater disapproval about the agenda becoming a reality. The Maritime Agenda undid itself right from the start

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India has to look at win-win situations

China here, China there, China China everywhere! Even as Asia's largest economic power plans to build a railway network to Nepal through the ranges of the world's tallest peak, India has greater challenges to mount- to improve trade and connectivity from the Indian Territory among the Saarc nations.

China's rising economic interests with India's neighbourhood starting from the tumultuous Pakistan to Sri Lanka, Nepal and Myanmar is certainly a cause for worry. In the last three years, China has promised massive infrastructure and monetary support to these nations. Ports are coming up in Sri Lanka and Pakistan and major expressways connecting China to Myanmar and Nepal are under serious consideration. These decisions will have both geopolitical and economic implications on the way India does business with its neighbours.

While Prime Minister Modi's swift actions and promising foreign policy does send out the right signals to these countries, it has to be followed by immediate action for India to boost its influence in the subcontinent. The scale of projects China has avowed is difficult to match, but can instead be a good substitute is immediate action on all the announcements made during the PM's visit to these countries. Despite all the advances made by India in terms of inking free trade agreements and other initiatives, cross border trade in the region accounts for just about five percent.

In the meantime, India should make haste in independently strengthening its network with these countries by engaging with them to promote multilateral progress.

India has two options to make quick amends to its late wooing of these nations. First, improve connectivity to these nations directly by laying new roadways and developing ports and second, encourage trade by offering sops to the industry. Simultaneously, India can win China's attention by accepting its invitation and be a part of the Bangladesh-China- India-Myanmar corridor and be collateral in reaping benefits of trade. Greater involvement in improving regional connectivity can also help quell border tensions between the two nations. In the meantime, India should make haste in independently strengthening its network with these countries by engaging with them to promote multilateral progress.

India has to look at a win-win situation in the next few years. India has to take the lead in making sure the linkages of transport, energy and telecom networks help in enhancing trade in the region and create a European Union kind of a network to be the greatest beneficiary of trade in the coming century.

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Container loaded with red sanders seized

The customs officials have seized ₹1.81 crore-worth red sanders stuffed in a container. A container shipped to Jebel Ali Port, Dubai via Tuticorin harbour was recalled. On the arrival of the container, it was scanned and moved to local Container Freight Station. A team of customs officials went to the freight station and found that the container had been stuffed with 4.03 tonnes of red sanders logs. This is the first occasion in the recent past wherein a container had been recalled by the customs after it had left the Indian shores and found loaded with contraband, worth about ₹1.81 crore.

IR Class launches high level advisory committee in the UAE

IR Class (Indian Register of Shipping) has set up a senior level advisory committee in the United Arab Emirates in an effort to increase activity and foster business links in the region. The committee comprises of 11 senior representatives from the shipping industry in UAE and is headed by Leonid B Culas, chairman, Transworld Group based in Dubai. The committee will meet on a half yearly basis in order to give high level strategic advice to IRS on how the organization can deepen and strengthen its business links and activities in UAE. IRS currently has a growing volume of both marine and non-marine projects in the UAE.

Menlo Logistics expanding automotive presence in India

Menlo Logistics, the global logistics subsidiary of Con-way Inc, has expanded its automotive logistics operations in India with the establishment of a new after-sales spare parts facility in Dharuhera, near New Delhi in Haryana state.

The 3,846-square-meter facility is situated in an OEM automotive parts cluster including Manesar, Neemrana, Bhiwadi, Bawal and Dharuhera. Close to the highway network, the warehouse provides good access to a car transporter hub and also Delhi International Airport, which is 66 km away.

AP, Centre at loggerheads over Bhavanapadu Port?

The proposed Bhavanapadu Port seems to be turning out to be a high stakes affair for both the central and state governments. While the state government is mulling taking the public private partnership (PPP) route to develop the minor port at Bhavanapadu in Srikakulam district, it has been reported that the Union shipping ministry has also written to the AP government to consider developing the port jointly with Visakhapatnam Port Trust (VPT).

Bhavanapadu Port is likely to be followed by development of ports in West Godavari and Prakasam district, in a phased manner. According to a government official, the AP government is examining if the project has to be taken up under PPP basis or by tying up with VPT. But there has to be clarity over the revenue share that state government will get if it joins hands with VPT.

Global Quality Award for CMA CGM Logistics Park Dadri Pvt Ltd

CMA CGM Logistics Park Dadri Pvt Ltd, a joint venture between AMEYA Logistics, Mumbai and CONCOR, has been conferred with the “Century International Quality Era Award” by the Business Initiative Directions (BID) Group One. This award is in recognition of the company’s impeccable CFS services in NCR, which is characterized by timeliness, flexibility, swiftness, safety and reliability. Capt Virender Mohan Bawa, CEO, CMA CGM Logistics Park received the award at the InterContinental Geneva Convention Hall, from Jose E Prieto, president of BID Group.

Chief Secretary of Gujarat is the new Chairman of Gujarat Maritime Board

DJ Pandian, IAS, Chief Secretary of Gujarat, has taken over as the Chairman of Gujarat Maritime Board (GMB). Pandian is a Senior IAS officer with 35 years of distinguished service in public administration, including corporate governance. Initially, he served as Collector in different districts of Gujarat. He also had a tenure with the Department of Economic Affairs, government of India, as Director (External Commercial Borrowing) under the Ministry of Finance. Besides, he had an illustrious stint with the World Bank in Washington DC as Advisor to the Executive Director.

As the Managing Director of Gujarat State Petroleum Corporation (GSPC), Pandian spearheaded the expansion of the GSPC Group into the entire hydrocarbon value chain.

ecommerce to boost Indian railways logistics

The Indian Railways intends to get a boost for its logistics wing from the emerging ecommerce and e-retailers in India, by being their preferred mode for goods transfer in heavy volumes. For this very purpose, the railways is developing a special policy to lure the big players like Amazon and Flipkart.

Suggestions will be sought from all major online retailers before a detailed plan is firmed up.

India's ecommerce market will grow to $100 billion (about ₹6 lakh crore) by 2020. The railways wants to be a part of this growth and benefit by collaborating with them. Currently, the railways earns around ₹2,100 crore from its parcel business, which could go up to ₹5,000 crore in three years if it manages to tap the emerging businesses.

Kandla Port Trust plans SEZ

Kandla Port Trust (KPT) is planning to develop a Port-based Multi-Product SEZ on an area of 5,000 hectares in Kandla and Tuna. Of the 5,000 hectares, 3,600 hectares would be located at Kandla and 1,400 hectares at Tuna port. To be set up next to Kandla Port, the project is likely to be one of the biggest port-based SEZs by public sector in the country. "We seek to develop a renewable energy park covering an area of 1,000 hectares. The remaining 2600 hectares land would be used by non-polluting manufacturing industries. On the other hand, the Tuna region would focus on establishing a ship-building and repair facility along with several ancillary units to support the activity," revealed KPT Chairman Ravi Parmar.

Simrad E5024 ECDIS system

Simrad has released its new Simrad E5024 ECDIS system, an IMO type approved navigation device aimed at the commercial shipping markets. The system is designed for use aboard SOLAS vessels including large passenger ships, tankers, and cargo ships subject to the ECDIS Carriage Mandate. Ideal for vessels required to retrofit ECDIS to meet amended SOLAS requirements, the modular E5024 ECDIS system offers simple installation in either single-station or dual-station (PLECDIS) configurations.

It has a 24-inch, full-HD 16:9 widescreen helping to show large clear charts, and features a wireless trackball controller with on-screen keyboard.

Port connectivity important for holistic development of the country

Connectivity of Port plays an important role in the holistic development of the country and Indian railway is committed to this cause, said Suresh Prabhu, Union Minister for Railways. He was speaking at the signing of Memorandum of Understanding of Roha-Dighi Port Rail connectivity. Transportation is a key to industrialisation and railway will develop more connectivity projects all over the country to play an important role in realising Make-in-India dream of Prime Minister, Narendra Modi, Prabhu added.

This project will provide good connectivity to the major cities in Maharashtra, resulting in enhanced industrial activities and in turn will give impetus to the economic development of the country, said Manoj Sinha, Minister of State for Railways.

Anant Geete, Union Minister of Heavy Industries and Public Enterprises said that Roha–Dighi Port connectivity is the first step towards the fulfilment of Prime Ministers announcement of connecting all the ports in the country.

FFFAI announces 22nd biennial convention

The Federation of Freight Forwarders' Associations in India (FFFAI) is hosting its 22nd biennial convention from May 21-23rd, 2015, at Grand Hyatt, Mumbai. More than 500 custom brokers and freight forwarders from all across India will participate in the convention. All shipping lines, airlines, custodians, terminal and CFS operators are participating as delegates, sponsors and advertisers. The event will feature two full days of business and knowledge sessions along with theme entertainment, cocktails and dinner in the evening. Break-out meetings such as B2B networking meetings and a mini-trade fair will also be organised. Union and state ministers, senior bureaucrats from the ministry, government departments, and leaders from the EXIM fraternity will grace the event as chief guests, keynote speaker, and guests of honour. The convention will address the major challenges faced by the fraternity.

VOICES

India has surpassed the US in steel production, but is still far behind China. We need to beat China as we cannot afford to lag behind anyone when it comes to 'Make in India'"

Narendra Modi
Prime Minister of India

The Department of Industrial Policy and Promotion will extend all possible support to address the challenges of French companies wanting to invest and manufacture in India."

Amitabh Kant
Secretary,
Department of Industrial Policy and Promotion

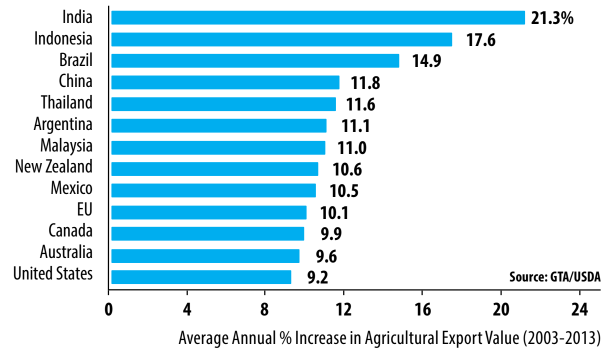
So we have got Japan absolutely mature, China approaching maturity - India is the next big frontier for Western Australia. The benefits of this will be 10 to 15 years away but they'll be huge and India will have an impact on us like China has had."

Colin Barnett
Premier, Western Australia

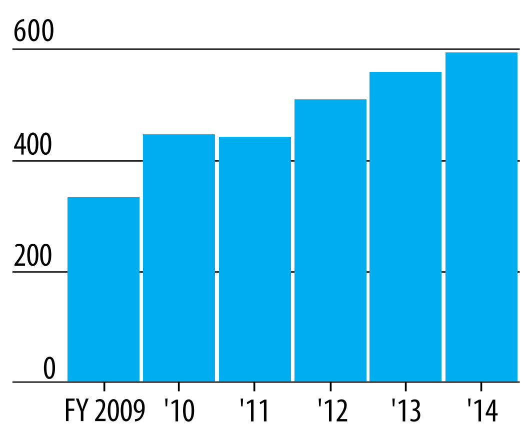
NUMBERS

India's agri exports: The fastest growing in the world

India Leads in Export Growth Rate Over the Past Decade

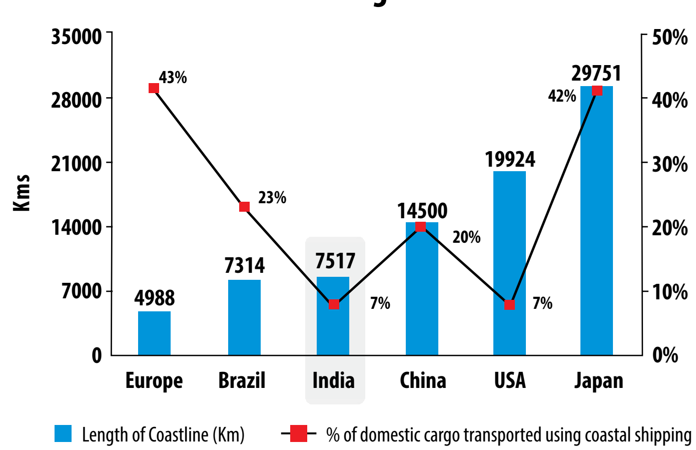


India's passenger-car exports, in thousands



Source: Society of Indian Automobile Manufacturers

Global comparison: India's share of coastal shipping in domestic cargo movement



Sources: KPMG in India analysis

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Amendments to Merchant Shipping Act planned

The government is planning to empower itself to prescribe security measures for all vessels and ensure that all seagoing crafts are registered under a central system.

A series of amendments proposed in the Merchant Shipping Act (1958) include stiffer penalties for violations, such as a ₹25 lakh fine for any vessel, Indian or foreign, discharging oil or waste within the coastal waters of India. In a note sent to various ministries for comments, the government has said that it is seeking to close a gap in legislation that allows a certain class of vessels to avoid registration - a certain type of non-propelled vessels as well as seagoing craft of less than 15 tonnes that operate outside the coastal waters of India. The major change will be a new section on compliance of security systems that will empower the central government to prescribe measures including installation of security alert system to all vessels.

GMR Infrastructure wins ₹5,000 crore rail corridor project

A consortium led by GMR Infrastructure has won the bid for construction of the 417 km eastern dedicated freight corridor railway project estimated to cost ₹5,080 crore on EPC (Engineering, Procurement and Construction) basis. The World Bank-funded project is divided into two packages - one from Mughalsarai to Karchana (near Allahabad) for 180 km and from Karchana to Bhaupur (near Kanpur) for 237 km in Uttar Pradesh.

The project is to be completed in 45 months, GMR said. The eastern and western rail freight corridor projects are expected to be game changers in the country by creating the much required rail transportation capacity.

YardMan – RFID based container tracking and yard optimisation system

Coresonant Systems has released 'YardMan' that combines RFID, GPS, OCR and image processing technologies with the most advanced business rules and algorithms to automate real-time tracking and tracing of containers in the yard as well as at the ports and terminals. YardMan is powered with advanced container location capabilities and uses real-time location system rather than using the full capabilities of a more traditional, static YMS. YardMan enables optimization of container yard and its resources. It offers full automation, visibility from the time the manifest is received till the vehicle approaches the inbound gate, for dock activity, movement of trailers around the yard, till the vehicle leaves through the outbound gate.

First direct container vessel from India arrives in Qatar

The first direct container vessel - *MS Convent*, part of a non-stop service launched to facilitate trade between India and Qatar, recently arrived in Qatar. The vessel arrived at the Doha Port where it was received by high-level officials, after completing its maiden voyage from Nhava Sheva port in Mumbai. The move facilitates the thriving trade activities between the two countries that have witnessed significant growth in the recent years. The service is launched by Milaha Maritime & Logistics, a subsidiary of the Qatar based Milaha Group which delivers integrated transport and supply chain solutions in the Gulf Cooperation Council.

Unlike existing services in the market, the new weekly service will enable direct shipments between Nhava Sheva and Doha without the need for transshipment in the UAE's Jebel Ali, thus increasing reliability and reducing transit time and costs.

IRS successfully completes well stimulation vessel conversion

IRClass, a leading Classification Society and member of IACS, has recently completed the survey and certification of '*Greatship Ramya,*' during its conversion from an offshore supply vessel (OSV) to a well stimulation vessel for Schlumberger under its single class. The vessel is now deployed with an Indian Oil major in the offshore sector.

Due to the tight delivery timelines, Schlumberger chose to get the conversion done under single class of IRClass.

Krishnapatnam Port is the largest contributor to the freight earnings of SCR

Krishnapatnam Port has emerged as the single largest contributor to the freight earnings of South Central Railway (SCR) in the last couple of years.

In 2014-15, the port accounted for 23 per cent of the total freight earnings of SCR that stood at ₹9,398 crore. "The freight loading by rail from Krishnapatnam Port has shown a dramatic increase in the past five years from 5 million tonnes (mt) in 2010-11 to 20.92 mt in 2014-15," revealed SCR General Manager, Pradeep Kumar Srivastava.

Import of iron ore by steel manufacturing companies contributed to the freight business. Among other companies, Jindal Steel of Bellary, Tata Steel Limited and Sunflag Iron & Steel Company Limited of Nagpur are the major importers of iron ore from southeast Asian countries, Australia and New Zealand through the port. The SCR is currently transporting 18 rakes of cargo a day from Krishnapatnam Port. On other hand, the cargo offtake from Kakinada port, the other major port in the SCR zone, ranged from 4-6 rakes a day. Accordingly, Kakinada port accounts for just 4-6 per cent of SCR's total freight earnings. Besides iron ore, the major commodities being handled by the SCR at the two ports include cement, coal, food grains and fertilisers. Of late, granite blocks from Karimnagar in Telangana were also being exported from the port, mostly to China. Srivastava said freight movement from Krishnapatnam would further increase as finished goods were being exported from the port.

Vessel traffic management system installed at Kamarajar Port

A Vessel Traffic Management System (VTMS) facility has been installed at the Kamarajar Port in Ennore. It will improve ship navigation at the port and in adjacent coastal waters, and help detect oil spills at an early stage in the harbour area. Pon Radhakrishnan, Union Minister of State for Road Transport Highways and Shipping, inaugurated the ₹14.10-crore facility located at the port's signal station. A similar facility has also been installed at Chennai Port.

JSW Infra to expand Jaigarh Port

Sajjan Jindal-led JSW Infrastructure has undertaken a major drive to expand its Jaigarh Port, taking the current 15 million tonnes capacity to 65 million tonnes with seven terminals that would include an LNG terminal, a container terminal and a petroleum terminal. The plan involves a total investment of ₹10,000 crore over the next five years. The company has tied up with Hiranandani Energy (H-Energy) to set up an 8 million tonnes per annum re-gassification plant at the port and a pipeline facility is planned with GAIL to cater to the huge LNG demand. The re-gasification plant will ensure consistent supply under a tolling model, which would allow gas customers the flexibility to import LNG directly from the international market at a competitive

price and on flexible terms. The company is providing a 35 km rail connectivity to the port through a separate special purpose vehicle in collaboration with Maharashtra Marine Board. Besides, the company is also setting up road connectivity.

DHL upgrades Resilience360 risk management tool

DHL has upgraded its industry-leading risk management solution Resilience360 by adding enhanced new capabilities. Resilience360, the first of its kind in the industry, is an end-to-end supply chain risk management platform that alerts customers about global incidents and risks to their global supply chain in almost real time - enabling customers to maintain an advantage over their competitors by immediately responding to incidents and pre-empting or minimizing business interruption. The new enhancements will now allow customers to visualise the route of their supply chain by integrating Resilience360 with their Transport Management System. Customers can then scan the latest position and status of all their shipments worldwide. This will make it easier for customers to correlate shipments with disruptive incidents and identify potentially affected areas that require corrective actions. A new country-specific risk page provides an overview of supply chain relevant risk scores and incident trends.

JNPT, SCI and Mumbai Port Trust can raise ₹1 trillion in cheap foreign debt

Shipping Corporation of India, JNPT and Mumbai Port Trust can raise dollar-equivalent of ₹1 lakh crore from overseas markets, Shipping Minister Nitin Gadkari has said. These firms have dollar-equivalent of ₹4,000 crore revenue per year and the same can be used to raise funds in borrowings payable in 20-25 years at low interest rates.

Money raised through this route will result in huge savings on interest outgoes, and can be utilised for long-term finance needs in the sectors like works on inland waterways, port development and ship building.

Oil companies seek storage facilities near Vizhinjam

Indian Oil Corporation Ltd, Bharat Petroleum Corporation Ltd and Hindustan Petroleum Corporation Ltd have approached the Kerala state government seeking 20 hectares of land beside the proposed Nemom-Balaramapuram rail link to the Vizhinjam international seaport project for setting up storage facilities.

The oil companies will bear the cost for land acquisition. A consortium of oil companies and railways has been mooted for taking the project forward. Once the storage facilities are set up, the oil companies can bring petroleum products from refineries to the capital district either by sea or rail network.

In FY15, JNPT reports marginal cargo output

Jawaharlal Nehru Port Trust (JNPT) has reported a marginal increase in its cargo handling for the fiscal 2014-15 at 63.80 million tonnes. The port handled 62.33 million tonnes of cargo, including containers and liquid cargo, in the previous fiscal. In the core container segment, it reported 7.33 per cent growth in traffic handled at 4.467 million TEUs, which is the highest ever single year handling.

The port's share in the overall container traffic handled in the country stood at 56.13 per cent. APM Terminals witnessed the highest traffic with a 45.06 per cent share, followed by JNPCT at 28.97 per cent, while the NSICT had a share of 25.97 per cent.

Of the total cargo handled by the port, share of containerised cargo was 56.93 million tonnes or 89.24 per cent, liquid cargo was 6.19 million tonnes or 9.70 per cent while the remaining 0.68 million tonnes or 1.06 per cent was miscellaneous cargo in the form of dry bulk and break bulk.

Cochin Port Trust reports operational profit of ₹18.5 crores

The Cochin Port Trust has made a reasonable turn around in 2014-15 financial year. The Port has achieved an operational income of ₹384.82 crore and operational expenditure of ₹366.32 crore resulting in an operating profit of ₹18.5 crore. This is against an operating loss of ₹20 crore in the previous year. The operating ratio of the organization came down from 105 per cent to 95 per cent.

The Port handled total tonnage of 21.6 million tonnes against 20.88 million tonnes in the previous financial year, achieving a growth rate of 3.4 per cent. The Port also made achievements in the peripheral activities with a 12 per cent growth in bunker sales and also entered into LNG bunkering. The CFS of the port showed an 8.6 per cent increase in volume of container stuffing/destuffing.

Navkar Corporation files paper for ₹600 crore IPO

Navkar Corporation has filed draft documents with capital markets regulator SEBI to garner up to ₹600 crore from initial public offer. The Maharashtra-based firm would mobilise up to ₹510 crore by issuing fresh equity shares, while Sidhhartha Corporation would rake in up to ₹90 crore through sale of existing shares. The funds would be used for capacity enhancement of the Somathane CFS, development of the non-notified areas of CFSs and establishment of a logistics park at Valsad in Gujarat.

CMA CGM launches its first container tracking mobile app

The CMA CGM Group has launched its first mobile application offering a follow-up solution and real-time data collecting on the container's position, the upcoming vessels departures and other services by CMA CGM. The application is available on the App Store and Google Play in five languages (English, French, Spanish, Portugese and Chinese). Users will be able to follow loading operations, search for routes or consult vessel schedules.

34 per cent of the phone calls from clients aim at getting information about a container's position. This new mobile application will therefore save time and offer instant information. Other functionalities such as an "Eco calculator" will soon complete this new application, allowing the clients to know exactly the carbon footprint their container produces. "The launching of this mobile application is only the beginning of a vast technological innovation programme by CMA CGM," says Elie Zeenny, Senior Vice President, Group IT Systems.

JSW Jaigarh Port achieves yet another milestone

Jaigarh Port added another feather to its cap becoming the first Port on the 720 Km long western coast of Maharashtra to berth *MV Indian Friendship* carrying 168000 MT Steam Coal of JSW Energy, first Capesize Vessel on 17th April 2015.

The event was graced by Chief Guest Shri Gautam Chatterjee Addl. Chief Secretary Transport & Ports, Govt. of Maharashtra; Guest of Honour Shri Asheesh Sharma, CEO Maharashtra Maritime Board, District Collector, Supdt. of Police, Asst. Commissioner of Customs, Officials from Konkan Railway, Dy. Commdt Coast Guard, Shri Darshan Hiranandani, MD Hiranandani Group, Shri Sheshagiri Rao Joint Managing Director JSW Steel & CFO JSW Group and Directors of Jaigarh Port.

Capt. BVJK Sharma, JMD & CEO showcased the vision 2020 of Jaigarh Port wherein the Port would be equipped to cater to Australian Q-max and Valemax size vessels in near future.

Shell ready to meet ECA challenges

The implementation of Emission Control Areas (ECAs) on 1 January 2015 requires ships to use fuels with up to 0.1 per cent sulphur content. Shell Marine Products (SMP) was the first to introduce a complete line of ECA-approved marine lubricants in September 2014. This complete portfolio includes Shell Alexia S3, formulated for use in two-stroke engines with low sulphur and distillate fuels up to 0.5 per cent sulphur. SMP also offers Shell Gadinia for medium-speed four-stroke engines like the one in the Harvey Energy, Shell's new chartered offshore supply vessel (OSV) in the Gulf of Mexico. Shell Mysella for gas-powered engines is used on Shell's chartered barge Greenstream, the world's first 100-per cent LNG-powered barge which carries goods along Europe's Rhine River."We have been pleasantly surprised by the demand that our ECA-approved lubricants have got. We have been quick to expand availability of our product range throughout our port network." said Jan Toschka, General Manager of Shell Marine Products.

Smart city to come up at Kandla Port

The ambitious plan of Nitin Gadkari, Union minister for road transport, highways & shipping, to develop a smart city around each major port is likely to start with Kandla port, where a smart city will come up in a few years' time. The terms of reference (TOR), or project charter, is currently under preparation for the project, covering Kandla and Gandhidham areas.

The smart port industrial cities will be built in line with international standards and will have wide roads, advanced townships, special economic zones, greenery, etc. The ports will also have international benchmarking, ship-breaking and ship-building centres, besides other ancillary things.

Alang may suffer if EU shipbreaking law passed

European, Turkish and Chinese ship breakers are set to benefit from strict new EU laws on scrapping old ships, potentially significantly impacting South Asian beach scrap yards. Karmenu Vella, European Commissioner for the Environment and Maritime Affairs says, "the shameful practice of European ships being dismantled on beaches" will be ended with the introduction of the new law. The measure will require that EU-registered ships be scrapped only at sustainable facilities with proven safeguards for the environment and its workers.

An approved list of ship breakers is expected to be published next year and is likely to include yards in China, Turkey, North America and the European Union, but not South Asia.

It will be the first large-scale implementation of the International Maritime Organization's 2009 Hong Kong Convention on ship recycling, which until now has only been ratified by three countries: Congo Republic, France and Norway.

India unveils new trade policy to boost exports

India's Commerce Minister Nirmala Sitharaman unveiled the much-awaited Foreign Trade Policy 2015-20 with an aim to double exports to $900 billion by 2019-20 while giving a boost to the Make in India initiative. The focus is on supporting both the manufacturing and services sectors, with a special emphasis on trade facilitation and improving the 'ease of doing business.'

The new FTP seeks to consolidate all previous export incentive schemes under two new schemes, namely "Merchandise Exports from India Scheme (MEIS)" for export of specified goods to specified markets and "Services Exports from India Scheme (SEIS)" for increasing exports of notified services.

Amazon to open warehouse in Telangana

Amazon India has announced plans to open a large warehousing facility in Telangana to deliver products faster in southern Indian states. The facility or fulfilment centre (FC), which will be spread across 280,000 sq ft, will be operational from May. With the new facility, Amazon will have 11 fulfilment centres operational across nine states in India.

This is the largest investment in infrastructure in any single state, to date, by Amazon in India. The FC will allow Amazon.in to offer its Fulfilment by Amazon (FBA) service to thousands of small and medium businesses in the state and empower them to gain access to and service customers across the country at significantly low operating costs.

Rhenus Logistics India launches Hi-Tech logistics service

The Indian arm of Germany-based Rhenus Logistics introduced its renowned Hi-Tech logistics in India. The services include an integrated offering to manage transportation of sophisticated machines like ATMs, computer servers, data centers, medical diagnostic machines such as the CT Scans, MRI Scanners, X-Ray Machines, etc. The new service from Rhenus Logistics offers end-to-end solution and includes suitable packaging, transportation from seller's factory to the nearest port, shipping into India, upto the installation and training in the buyers premises.

Rhenus Logistics is currently giving prominence to healthcare sector and plans to extend its services for banking, retail, fitness & wellness, IT and data storage industry. Vivek Arya, MD of Rhenus Logistics India mentioned that "The market in India is growing rapidly and the customer is demanding better handling of such equipment. With the government's vision expressed through 'national health assurance mission,' we expect the demand to increase exponentially. In banking, it is expected that over 4,00,000 ATM machines are to be installed in near future."

Container port operators' request for migrating to a new tariff regime turned down

Global container port operators such as DP World Ltd, APM Terminals Management BV and PSA International Pte Ltd have their backs to the wall after India's shipping ministry turned down a request to migrate their facilities – some operating from as far back as 1997 – to a new and more favourable tariff regime than the one they are currently subjected to.

A migration to the new tariff regime would result in a multifold jump in the revenue of these terminals, offering them a return on capital employed (ROCE) in excess of the permissible limit of 16 per cent, while the government will not gain anything from this exercise.

The shipping ministry, instead, prefers to re-bid some 10 terminals in accordance with the terms and conditions, including the tariff-setting guidelines used for bidding out new port contracts, and the existing operators of each of these terminals will be given the right of first refusal to match the highest bid (in case they are not) and take the contract.

Guaranteed business to local ship owners

The government has scrapped a key restrictive tender policy requirement to ensure guaranteed business to local ship owners, in a bid to strengthen and promote the Indian shipping industry. In a public tender, an Indian ship has the so-called right of first refusal to match the lowest rate quoted by a foreign-flag ship and take the contract, according to rules set by the director general of shipping.

This is subject to the condition that the difference in the bid price between the Indian flag vessel exercising the right of first refusal and lowest rate quoted by the foreign-flag vessel shall be limited to 10 per cent. The right of first refusal is not available to Indian registered ships if the difference in bid price is more than 10 per cent.

This requirement has now been scrapped for tenders to finalize a so-called contract of affreightment (CoA) and channel deepening works at ports.

In the earlier requirement, local fleet owners were at risk of losing business, if their price quotation did not come in the 10 per cent range of the lowest foreign bid. Now, they can quote any price and still be considered for the right of first refusal. This will ensure guaranteed business for local ship owners.

Amazon to try made-in-India model globally

Amazon is shipping abroad its 'Easy Ship' model that it has perfected in India. Easy Ship is a pick-up and delivery model that was tailored for Indian market, and now will be tried in the company's home market, the US, as well in the UK and China, but with some local adaptations.

Easy Ship ensures that the vendors don't require to stock products in Amazon's warehouses; instead, Amazon's delivery person will pick up the product from the seller's doorstep when a consumer order comes in. With this model, Amazon has been able to significantly scale up in India and is confident of its success in global markets as well.

New era for R&D with establishment of Global Research and Innovation Center in Singapore

L to R – R M Kurashiki (ClassNK), T Kinoshita (ClassNK), P M Ravindran (ClassNK) and Dr Thepsithar (NTU)

Leading classification society ClassNK (Chairman and President: Noboru Ueda) held a press conference on 20 April in Singapore to promote the activities of its new Global Research and Innovation Center (GRIC).

Joined by representatives from Nanyang Technological University, ClassNK Executive Vice President Tetsuya Kinoshita explained the rationale behind GRIC and the current goals for the center. The two main sectors that GRIC will cover are:

Maritime technologies: Research and development into creating new technologies and improving existing technologies in the fields of safe/smart ships such as condition-based monitoring technology, and eco-technology covering areas such as alternative fuel engine technologies, and emission control.

Marine renewable energy: Establishing a marine energy test site for the tropics to support R&D in energy storage systems, biofouling materials, energy converters, prototype design testing, and creating possibilities to provide energy for maritime industry usage like in ports and harbours.

ONGC, OIL and BP to invest in Mozambique

ONGC, OIL and BPCL will in the next four years invest $6 billion in developing a giant gas field off the Mozambique coast and converting the fuel into LNG for export, revealed Oil Minister Dharmendra Pradhan. ONGC Videsh Ltd, Oil India Ltd and a unit of Bharat Petroleum Corp Ltd together hold 30 per cent interest in Rovuma Area-1, which is estimated to hold recoverable gas reserves of up to 75 trillion cubic feet.

"We have invested more than $6 billion so far (in the Mozambique field) and another $6 billion will be invested by 2019 to develop Rovuma Area-1 field," Pradhan said.

An estimated $18.4 billion will be required to bring first set of discoveries in Rovuma Area-1 on to production and convert that gas into LNG for ease of shipping to consuming nations like India.

India, China cut crude oil imports from Nigeria

India, which recently replaced the US as Nigeria's biggest oil market, cut its import of the country's crude by 38 per cent in December, while China did not import a barrel from the country in the period. India's import of Nigerian crude tumbled to 5.2 million barrels in December, from 13.7 million in October and 12.4 million in November 2014.

China, which bought 1.9 million barrels of Nigerian crude in October, reduced its import from the country by 50.3 per cent to 946,913 barrels in November. With the decline in imports from India and China, the share of the Asian region in Nigeria's crude oil export dropped to 20 per cent in December from 30 per cent in October and 27 per cent in November.

Government plans two immersed tunnels

The shipping ministry has envisaged two immersed tunnels – one between Kakdwip and Sagar Island in West Bengal and the other connecting Chatham and Bamboo Flat in Andaman Nicobar Islands. These immersed corridors are expected to improve connectivity and the task has been given to National Highways and Infrastructure Development Corporation Ltd (NHIDCL) that has called tenders from consultants to prepare the techno-economic study of both the stretches.

"We have given two options to the bidders – to prepare reports for building elevated stretches and immersed tunnel. The ministry will take a decision based on their technical feasibility and the amount required to build these infrastructures," a senior NHIDCL official said.

Anoop Kumar Sharma is the CEO of Essar Shipping Ltd

Capt Anoop Kumar Sharma has taken over as whole-time director and CEO of Essar Shipping Ltd (ESL). He replaces Ramakrishnan A R, who retired from service on March 31. Capt Sharma has been associated with ESL since August 2008.

An alumni of Narsee Monjee Institute of Management Studies, Mumbai and a fellow of Institute of Chartered Shipbrokers, London, Capt Anoop is also the member of the Governing council of Narottam Morarjee Institute of Maritime studies. He was previously associated with Shipping Corporation of India for 16 years where he was the Senior Vice President of the Chartering division.

Evergreen, Simatech to operate weekly India-Mideast service

Evergreen Line and Simatech Shipping have reached a vessel-sharing agreement to jointly operate a new container service connecting the Indian subcontinent and the Middle East, starting in early May.

The weekly loop, branded the Chennai-Colombo-Gulf Service, or CCG, will employ four vessels of around 2,000 20-foot-equivalent units capacity, with three of the ships deployed by Simatech and one by Evergreen.

The port rotation for CCG will be Colombo, Sri Lanka; Visakhapatnam, Krishnapatnam and Chennai, India; Colombo; Cochin, India; Jebel Ali, United Arab Emirates; Sohar, Oman; Cochin and back to Colombo.

The first CCG vessel has an estimated departure from Colombo on May 9. The new service will help further push the growth of business at Krishnapatnam port.

Ennore Port asks govt to fast track road project

The authorities at Kamarajar Port Limited or the erstwhile Ennore Port, expressed concern about the need for better last-mile connectivity, given the fact that India's first major corporate port is set for expansion with a container terminal, a multi-cargo terminal and a couple of coal berths for state-run power utility Tangedco in the next two years.

The project in question is the 21.1km long Northern Port Access (NPA) Road. The six-lane plan to connect Ennore Port with Panchetty near Thachur on NH5 remains only on paper, despite NHAI completing feasibility study in 2008 itself. The delay in execution of NPA Road would hit the Ennore Port in the coming years, when the traffic sees manifold increase.

SIMA mulls customs free bonded warehouse at Mangalore port

Mills in southern India hope to use the facilities provided by the Mangalore Port to import and store raw cotton for consumption by small and medium sized mills. The congestion in various ports has prompted the Southern India Mills' Association (SIMA) to explore the possibilities of utilising Mangalore Port which has got excellent warehousing facilities.

SIMA has suggested that the port authorities extend facilities of a customs free bonded warehouse for cotton without attracting any tax/ levies as done in the Malaysian Port. In this regard, a meeting was held between office bearers of SIMA and the chairman of Mangalore Port Trust. Port officials have assured to take all necessary steps to provide bonded warehouse after getting permission from Central Government.

Kamarajar Port posts pre-tax profit of ₹421 crore

Ennore-based Kamarajar Port Ltd posted a 5 per cent growth in pre-tax profit to ₹421.47 crore in 2014-15 as against ₹400.19 crore registered during the previous year. Operating income was up 12.3 per cent to ₹563.64 crore for the period as compared with ₹501.93 crore. Throughput increased 10.6 per cent to 30.25 million tonne as against 27.34 mt. The major share of the throughput was imports of coal by the Tamil Nadu Electricity Board (TNEB).

The port expects to achieve cargo throughput of 32.2 mt during FY16, and a higher throughput for the year after, on the back of proposed capacity expansion. During the 12th Five Year Plan, it plans to increase its capacity from 30 million tonnes to 81 million tonnes involving an investment of ₹7,705 crore, both own and private.

NTC to beef up security at Indian ports

India will set up a National Targeting Centre (NTC) in line with the one set up in the United States, post 9/11 attacks on the World Trade Centre. NTC in USA is aimed at strengthening security of cargo containers moving through seaports so they cannot be used to smuggle terrorists or weapons and works under US Customs and Border Protection. India`s NTC will keep an eye on any suspicious consignment headed for Indian seaports.

"India`s NTC will involve a multi-agency approach such as Customs, Navy, police to ensure that no nuclear biological or chemicals enter Indian soil," said D Sreekumar Menon, director-general, National Academy of Customs, Excise and Narcotics. "It will be working on the basis of inputs from various sources - both from legal angle as well as its own intelligence gathering mechanism that will red flag any attempt to bring in any suspicious cargo in to the country."

Kolkata dock system handles all time high record cargo in 2014-15

Kolkata Port Trust has revealed that Kolkata Dock System (KDS) handled an all-time high cargo throughput of 15.282 mt in 2014-15 over 12.875 mt in 2013-14, recording a significant growth of 18.7 per cent. It has been the highest ever cargo throughput achieved by the KDS, surpassing the previous highest throughput of 13.741 mt achieved in 2007-08, by 11.21 per cent since 1870. Haldia Dock Complex (HDC) handled 31.01 mt in 2014-15 recording a high growth of 9 per cent over 28.511 mt handled in 2013-14.

Kolkata Port Trust Chairman, R P S Kahlon said, the port handled 6,30,095 TEUs in 2014-15 registering a significant growth of 12.11 per cent in container traffic over 5,62,020 TEUs handled in 2013-14 against 6.71 per cent growth registered by the major ports of India.

Thermal coal imports at major ports jump 19 per cent during April to February

India's 12 major ports handled about 77.74 million mt of imported thermal coal during the 11-month period of April-February, up 19 per cent year-on-year, the latest data from the Indian Ports Association showed. Coking coal imports over the 11-month period fell to 29.16 million mt, down 1.6 per cent. Paradip port on the east coast handled the highest volume of thermal coal imports during the period, at 27.41 million mt, up 20 per cent on the year. Paradip also received the highest coking coal shipments over April-February, at 7.07 million mt

Telangana govt to submit proposal on dry port to centre

The Government of Telangana will soon send a detailed project proposal to the Centre on setting up a dry port in the state, revealed Minister for roads and buildings, Tummala Nageswara Rao. The state is also pursuing inclusion of Godavari river in the inland waterways project taken up by the Centre, he said. The development is in line with the plan of setting up about a dozen dry ports in the land locked states to make Indian exports more competitive.

Exporters would be facilitated to conduct all their customs and export paperwork at the inland dry ports, from where their consignments would be forwarded and loaded onto ships in the nearest sea ports. There is a possibility of positioning the dry port in Telangana, between Khammam and Nalgonda districts, from where goods could be sent to the ports at Kakinada or Visakhapatnam through an inland waterway.

Port of Antwerp expected to handle 198.8 million tonnes by end of 2015

The port of Antwerp is expected to handle a total of 198.8 million tonnes of freight by the end of this year. That's an increase of 4.2 per cent in comparison with 2013 and a new record for the port. 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 container trade shows impressive growth, both in tonnes and in number of boxes. The number of standard containers (twenty-foot equivalent units) rose by 4.5 per cent to 8.96 TEU. This means that Antwerp should pass the 9 million TEU mark next year. In terms of tonnage also, the growth was more than respectable, up 5.6 per cent to 108.1 million tonnes.

APM Terminals Mumbai sets a new throughput record

Despite dismal truck turn times and a truck driver walkout at India's largest container terminal earlier this year, APM Terminals Mumbai hit a new record for Indian ports in fiscal 2014-2015. The Nhava Sheva facility handled more than 2 million TEUs in the fiscal. At JNPT, the APM Terminals gateway currently accounts for 45 per cent of Jawaharlal Nehru Port's throughput and roughly 20 per cent of India's total container traffic.

Earlier this year, the port authority introduced "paperless" gate-in operation for export containers at Nhava Sheva. Since the introduction, APM terminal is handling an average daily gate throughput of 5,000 TEUs, up almost 1,000 TEUs year-over-year. In February alone, APM Terminals in Mumbai handled a record 164,678 TEUs, the highest February volume ever recorded by an Indian container terminal.

Gateway SpotLight, a special feature by *Maritime Gateway*, showcases the unique initiatives of business groups across maritime sectors in their products, services and processes that helps them achieve and sustain better productivity, efficiency, environment conservation and above all judicious business practices. **Gateway SpotLight** provides an opportunity for businesses to bring to light their best practices at work and thereby such a **FOCUS**.

Presenting CMA CGM LOGISTICS PARK DADRI A Joint Venture with CONCOR under this feature.

CMA CGM LOGISTICS PARK DADRI RECEIVES GLOBAL QUALITY AWARD AT GENEVA

CMA CGM Logistics Park Dadri Pvt Ltd, a JV between AMEYA Logistics, Mumbai and CONCOR, conferred with "Century International Quality Era Award" and received an international acclaim from the Business Initiative Directions (BID) Group One on 22nd March 2015. This award was for recognition of company's impeccable CFS services in NCR, which is characterized by Timeliness, Flexibility, Swiftness, Safety and Reliability.

Recognised for commitment to Quality, Leadership, Technology and Innovation, CMA CGM Logistics Park Dadri Pvt Ltd was presented the CQE Century International Quality ERA Award to acknowledge strong commitment to quality and excellence. CaptVirender Mohan Bawa, CEO, received the award at the InterContinental Geneva Convention Hall, from the president of BID Group, Jose E Prieto.

Initiated with an eye on the constantly emerging needs of international trade in Northern India, CFS-CMA CGM Logistics Park Dadri is amongst the renowned CFS service providers for containerized sea cargo and air cargo within the NCR region and adjoining big cities of Western Uttar Pradesh. We offer a broad portfolio of CFS services including Railways Transportation Services, Roadways Cargo Services, Sea Cargo Services, Customs Clearance Services, Warehousing Services, etc. Our expertise also includes providing comprehensive and tailor-made solutions to meet our most valuable clients. Simply put, we co-ordinate the activities of various participants viz, Exporter, Importer, Customs, Airlines, etc. in the logistics chain to achieve their shipping objectives economically, efficiently and consistently.

Expressing delight at receiving international accolade,

Capt V M Bawa said, "we are immensely proud to receive the quality award conferred by the BID Group One in an event participated by outstanding personalities from the business world and diplomatic corps. Recipients from all over the world are icons of commitment to leadership, technology and innovation, making them models for others in the sector". CMA CGM Logistics Park is committed to meet and exceed customer expectations of service, by providing round the clock, highly efficient world class container freight services from its facility in Greater Noida.

The BID Group One awards are constituted to best companies and organizations from various countries around the world for achievements in Quality and

Excellence. The companies are analyzed based on certain parameters and the information received from the business communities, publications, advertising, trade fairs and exhibitions, consultancy companies, universities, Chambers of Commerce, Embassies and their Commercial Offices. The awards are presented on the basis of commitment to the criteria outlined in the QC100 TQM (Total Quality Management) model, which serves as guideline to business leaders in the improvement of processes and systems.

We have been known for delivering reliable cargo handling services. Our CFS has been credited for providing hassle-free services for delivery and clearance of both export and import consignments at ICD Dadri. Leveraging on the extensive logistics, communications network and support of shipping lines, our team can create cost-effective solutions tailored to meet the needs of the trade. The CMA CGM Logistics Park Dadri, set up in Greater Noida, UP, is a JV between Ameya Logistics Pvt Ltd (a JV of CMA CGM France and Container Marine Agencies, Mumbai) and the Railway PSU CONCOR. It provides state of art facilities to its customers in terms of containers handling, bonded warehousing and other value added services. Professional management and immaculate services has been the very soul of CCLPD existence and continued success in providing total satisfaction to their customers.

To give every customer consistently excellent service standards the CMA CGM Logistics Park Dadri has invested in ample space. With strategic planning and with due importance given to the storage and quick entry, exit of containerized cargo, the space is well laid out and divided into units specifically devoted to various CFS functions. We have ourselves set the path of creating and maintaining an ICD service standard that will set new benchmarks in this service intensive industry. With this in mind we have invested in building the backbone of the CFS, by building up a stable support in terms of vital work infrastructure. Apart from the equipments, the CFS has also set up a professional well informed team that knows and can cope with constant demands of the CFS business. We are completely focused on delivering a very customer oriented, container and Air business related service portfolio. The ICD therefore, is carrying on business and trade of all types of container exports, imports and repairs in addition to Export and Import of Air Cargo. For this, it is dealing with the entire chain of the trade related to business. It is dealing with owners, forwarding agents, CHAs, contractors, freight brokers, haulage contractors and chartering agents. Co-ordinating with carriers, multimodal operators, container storage facilitators and container business related service providers, for any and all types of cargo containers. It is also playing a pivotal role in the CMA CGM Logistics Park service portfolio.

CMA CGM Logistics Park Dadri has entered the containerized cargo and air cargo movement business with a clear business agenda – provide a superior, relevant and very business friendly service standard to each and every client by keeping in mind the priorities of CFS business. CCLPD has made tailor made portfolio of services that deliver results, are flexible and also offer capabilities that stand true to vital commitments of time and delivery schedule. Today, our presence is conspicuous in CFS services of sea going cargo containers and this can be primarily credited to "Well Planned Services", "Defined Mode of Operation", "Resourceful Network", "Talented Workforce", and "Business Ethics". We have taken our presence to new horizons by linking our CFS as a satellite Air-cargo complex to Delhi and Mumbai Airports – the only CFS to do so in northern India. Under our own custodianship, we are giving flexibility to the trade and facilitating movement of LCL to and from Delhi/Mumbai airports in custom bonded closed body trucks (CBTs) in accordance with Circular No.57/98 of Customs. This service has been strong addition to our existing sea logistic services.

To provide a superior and very business friendly service standard to every client by considering the priorities of CFS business. CCLPD has made tailor made portfolio of services that deliver results, are flexible and also offer capabilities that stand true to vital commitments of time and delivery schedule. mg

Container volumes increase at major ports

Despite congestion and infrastructure woes, India's major ports record 6.7 per cent YoY growth in container volumes in 2014-15

Container volumes grew 6.7 per cent year-over-year in fiscal year 2014-2015 at India's major ports owned by the central government, according to provisional port figures released.

The latest statistics show cumulative yearly traffic totaled nearly 8 million 20-foot-equivalent units in the April 2014 through March 2015 period, up from 7.46 million TEUs in the previous year. Containerized cargo tonnage increased about 4 per cent to 119.4 million tons.

Annual throughput at Jawaharlal Nehru Port Trust, also known as Nhava Sheva, increased 7.5 per cent to 4.47 million TEUs, surpassing its previous yearly high of 4.32 million TEUs recorded in fiscal year 2011-12 even as congestion continued to trouble the country's largest container handler. The port trust had set a target of 4.35 million TEUs in 2014-15, officials told JOC.com.

Statistics show APM Terminals-operated Gateway Terminals India, JNPT's largest facility, moved 2.01 million TEUs, up from 1.9 million TEUs a year earlier, with volume at port-run Jawaharlal Nehru Container Terminal (JNCT) reaching 1.3 million TEUs, relatively flat compared to the numbers in 2013-14; and DP World's Nhava Sheva International Container Terminal handling 1.16 million TEUs, up 20 per cent from 970,000 TEUs.

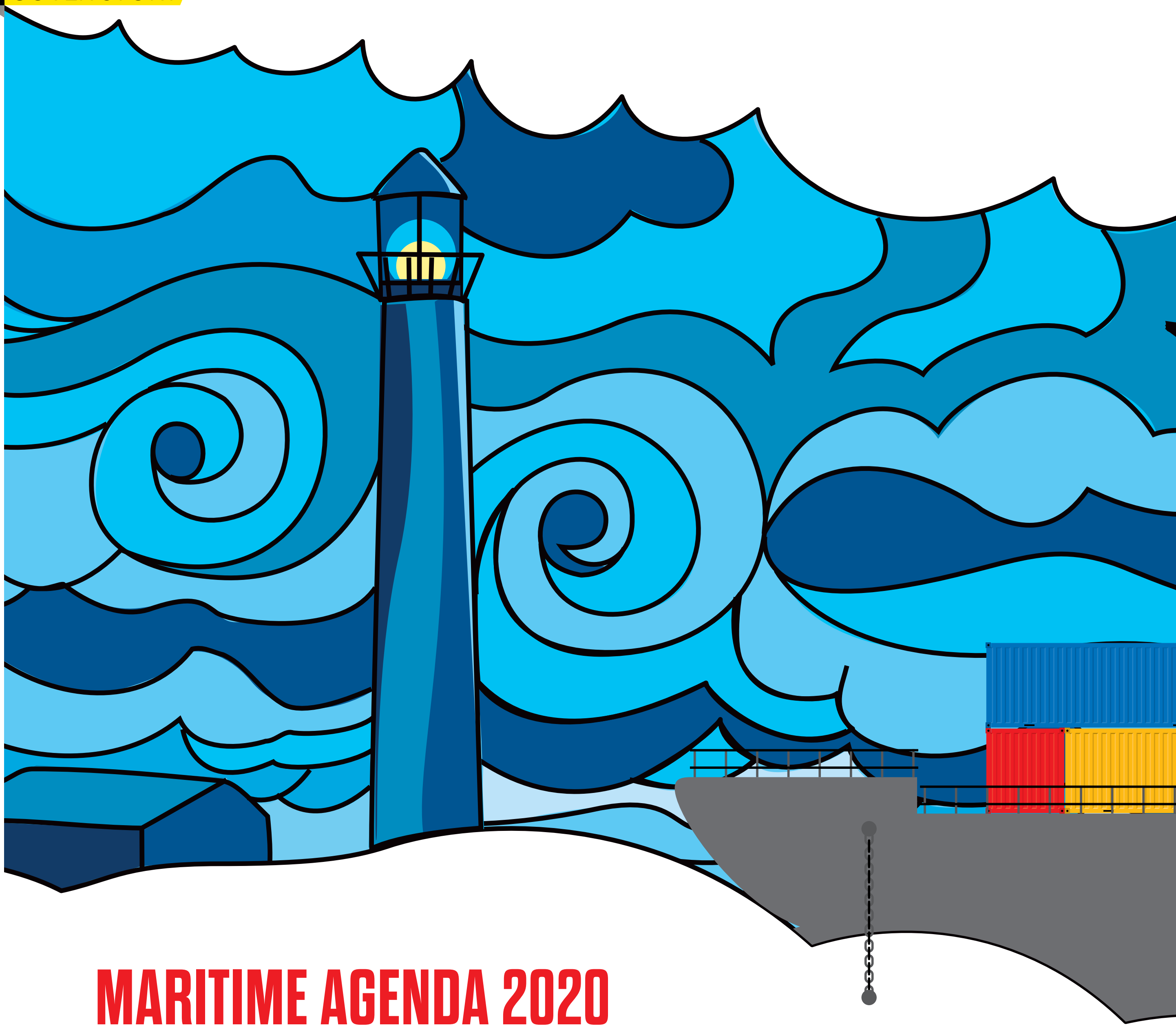
JNPT accounts for more than half of total container volumes handled at India's 12 public ports and around 40 per cent of the nation's overall containerized ocean trade. The west coast port is in the midst of a major capacity expansion program, albeit belatedly, to handle the growth in cargo. In July, the port awarded a $1.3 billion contract to PSA International for the construction of a fourth terminal in two phases, comprising a 2,000-meter-long quay (about 6,562 feet), a 200-hectare backup area, 24 quay cranes and an annual capacity of 4.8 million TEUs when fully built-out. This followed a dredging contract assigned by the port trust to Netherlands-based Royal Boskalis Westminster to deepen the main fairway to 46 feet to allow bigger container ships call at the port. "The first phase of the capital dredging work has been completed," a port official told JOC.com.

In addition, Dubai-based DP World is nearing completion of work to commission its second container facility in Nhava Sheva with a designed capacity of 800,000 TEUs per year. The $200 million project comprises a berth length of 330 meters (about 1,083 feet), a 13.5-meter (44-foot) depth, a 27-hectare storage yard, four rail-mounted quay cranes and 12 rubber-tire gantry cranes. "The construction of 330-meter container jetty is almost in the final stages. The concessionaire is endeavoring to commence commercial operations in early 2016," the official said.

In related news, Ajay Singh, CEO of DP World Nhava Sheva, said a new process allowing truckers to transfer containers between NSCIT and JNCT has been put in place to help speed up cargo flow. "After dropping export containers at any of the terminal, empty trailers can proceed directly to pick up import units from the other terminal. Gate out/in process shall be performed at the junction point of both terminals," Singh said in a trade communique. The move followed a similar initiative by GTI after truck turn times worsened in JNPT.

According to the newest data, Chennai port handled 1.55 million TEUs in fiscal 2014-15, up 5.5 per cent from 1.47 million TEUs. Other state-owned port complexes also saw healthy growth in container-handling on a year-over-year basis. Kolkata Port, which includes Haldia Dock, moved 630,000 TEUs, up from 562,000 TEUs. Traffic at Tuticorin port, renamed V.O. Chidambaranar, reached 560,000 TEUs, up about 10 per cent from 508,000 TEUs in the previous year. Vallarpadam Container Transshipment Terminal, a DP World facility in Cochin port, handled 365,000 TEUs, compared with 347,000 TEUs. mg

Source: Customs Today



MARITIME AGENDA 2020

A PAPER TIGER

When the UPA government unveiled a detailed document in 2010 laying out a timetable for several operational milestones, whispers were agog about the impracticality of this white paper. Five years later, there is greater disapproval about the agenda becoming a reality. The Maritime Agenda undid itself right from the start.

Mohammed Shareef MP

The Maritime Agenda 2020, an ambitious plan meant to overhaul the ailing maritime industry, has not brought in the much needed good tidings. And not many industry experts are surprised at that. "Right from the beginning, the agenda was merely a written statement of intent. The goals stated were difficult to achieve and they resembled targets laid down in the plan period where just about 30 per cent of the stated tasks were achieved by any government," rued **K Ravichandran, Vice President, Co-Head, Corporate Ratings of ICRA Limited (ICRA),** which is an Indian independent and professional investment information and credit rating agency. The time bound development plan that envisaged to bring the sector to life has made very less an impact. A review of this development plan put forth by the shipping ministry reveals hardly any target was achieved and some initiatives implemented were of little consequence to the industry. The agenda and yearly plans remained on paper and the government couldn't move any of the proposed prospects even by an inch for more than half a decade of the time frame set by it.

The agenda comes of importance as the maritime sector contributes to the economic prosperity of any country. About 80 per cent of the world's cargo is moved by sea and almost 100 per cent of the hydrocarbon transportation between nations is being carried out by sea. Considering India's vast coastline, the country should have been one of the front runners of the maritime sector but as fortune may have it, the case is rather different. Let alone competing with global players within the sector, India is far behind its Asian counterparts. And here is where the maritime agenda 2020 were to play a key role. The shipping ministry devised an ambitious plan in 2010 to boost overall development of country's shipping.

Of the long list of proposed enterprising plans envisaged in the MA 2020, the following ones topped the list for the sheer fact that if implemented well, would have brought in immense growth:

- Increase Indian tonnage four-fold to 43 million Gross Tonnage (GT)
- Increase India's share in global shipbuilding to 5 per cent
- Promote coastal shipping and facilitate hassle-free multimodal transport.
- Improve port performance on par with the best in the world

While analysing each of these points, it could be seen that not many targets set in the agenda were achieved till April, 2015. Though industry stagnation could have been the result of global economic meltdown, failing to develop infrastructure can only be categorized under lack of vision and policy paralysis, experts averred.

Tonnage

India has one of the largest merchant shipping fleets among the developing countries. The overall share of Indian ships in the carriage of the country's seaborne trade has been declining over the years. From about 31.5 per cent at the turn of the 20th century, the seaborne trade has shrunk to around 10.9 per cent in just over a decade. Even as around 95 per cent of the country's total trade by volume and 70 per cent by value is done using ships, fleet under the Indian flag carries out only for 1.1 per cent of total global trade by sea. Given this situation, the high-reaching target of achieving 43 million gross owned and controlled tonnage by 2020 to up India's share in total freight, for many experts, seems unattainable.

The greater tax advantages available to a majority of foreign players compared to their Indian counterparts, the service tax on voyages and time charters make operating an Indian fleet more expensive. This restrictive regime has over the period resulted in an uneven playing field for national shipping line in the country resulting in stagnation of capacities and increased reliance on foreign flag vessels.

The picture looks morbid as the growth of gross tonnage of India's shipping fleet is progressing at a snail's pace when compared to other nations. The country's gross tonnage that was 6 million tonnes in 1980, it could only reach up to 10.4 million tonnes in 2012 and 10.31 million tonnes in 2015. Over the same period, a small state like

Singapore had developed itself into a global cargo hub with its gross tonnage rising from 8 million tonnes to 54 million tonnes. Even China that had only 7 million tonnes of shipping capacity in 1980 rallied up its fleet to gross tonnage of 38 million tonnes. Amidst this scenario, MA 2020, however, has plans to untangle the tonnage issues as it is intended to raise the Indian tonnage by attracting massive investment. It was also expected to bring in stringent policy interventions even as none of the plans took shape.

K Mohandas, former secretary shipping who was at the helm of affairs of bringing about the MA 2020 explains the reasons for this abysmal state of affairs, "In 2008, the global meltdown resulted in the slowdown of the shipping industry. Expectation was that recovery would come about in five years of time. The economic recovery in the developed countries, in US and Europe didn't happen and with the result, the world trade continued to be stagnant."

According to him major policy paralysis coupled with the bad economic weather globally affected in the stagnation of the shipping industry in the country.

In India, the Shipping Corporation of India (SCI) which owned about one third of the tonnage had plans for substantial addition to the fleet but because of the fall in revenues, this acquisition didn't materialize. Several private companies too were caught in the crisis.

"The addition to capacity could, therefore, happen only through many existing ships being brought to India for flagging and obviously this didn't happen because the policies with respect to taxation, manning etc. were not made more industry friendly to date. So, poor decision making only compounded the existing global dip in the economy resulting in stagnation of the shipping industry," Mohandas added.

Shipbuilding

India's leading shipbuilding company, the Cochin Shipyard started operations in 1972, the same year Korea's Hyundai Heavy Industries launched its shipbuilding venture. Forty years later, the Korean company claims a market share of 15 per cent in the global shipbuilding industry, having delivered more than 1,686 ships to 268 ship-owners in 48 countries ever since its inception. However, Cochin Shipyard's total deliveries on the other hand, were 107 by the end of 2012. While South Korea, a country smaller than the state of Maharashtra, alone managed a 40 per cent share in the global shipbuilding, India's share remains at a measly one per cent.

India's shipbuilding witnessed a meager growth during the period of 2006-08. While the country's industry was at 0.8 million Gross Tonnage (GT) in 2006, it went up to 3.5 million GT in 2008 marking a growth of 0.4 per cent thereby raising India's share of shipbuilding to 1.1 per cent in the global market. But that growth was transient as the bar plummeted soon after. While growth continued at 3.4 million GT in 2009 by 2013 it came down to 1.1 million GT, a decline of 0.6 per cent in the global market share.

Even as global meltdown and non availability of the subsidy are topping the list of reasons generally cited for the lukewarm performance of the industry, lack of productivity and management are known to be the underlying reasons hampering timely deliveries, thereby, damaging the reputation of Indian shipbuilding industry in the global market. Mohandas who was instrumental in bringing about the MA 2020 throws lights on the Indian shipbuilding scenario. He said, "as an aftermath of global recession, the shipbuilding industry across the globe affected adversely. In China several shipyards had been shut down. So it is needless to talk about the case of Indian shipyards." According to him the country's shipbuilding development has to be done by building naval vessels, special vessels like dredgers and gas carriers, because the country would find it difficult to compete in the global market when it comes to building of regular tankers and container ships. He added, "The agenda was hopeful of raising the Indian shipbuilding share in the global market to five per cent as the country expected economy to better in the near future. But that did not happen. In fact, betterment in Indian shipbuilding share happened when the shipbuilding subsidy was available till 2007. In order to attract clients from places like Greece, Norway, Denmark etc., you need to be financially strategic. Shipyards in Pipavav, Kattupalli have huge capacity and these can be better utilized." In a nutshell, the agenda was built on the hope that the government will continue to be any shipbuilder's financial crutch and markets will favour India. However, in the absence of both the factors, so far the industry in India failed to rise from its ailing bed.

Antony Prince, President, GTR Campbell Marine Consultant Ltd, who knows the pulse of the global shipbuilding market, however, doesn't agree that global economic meltdown and non availability of subsidy alone contributed to poor performance of Indian shipbuilding industry. According to him the ambitious plan of raising the country's

Hopeful of achieving the targets: Janardhana Rao, MD, IPA

The port sector in the country is moving ahead as per the draft formulated in Maritime Agenda in 2010. In fact, for the first time during the recent past, the major ports have attained a growth rate of 4.64 per cent for the outgoing financial year 2014-15 over the previous year. Keeping in view the pace of the traffic and massive capacity additions in ports, there is no doubt in achieving the targets set out in Maritime Agenda in 2010. It may also to be kept in mind that due to global financial crisis the growth of maritime trade particularly in major ports have been almost negligible during last for-five years or after the formulation of Maritime Agenda.

Ports are pursuing the upgradation of the facilities through extensive mechanization process and also increasing the drafts of the channel for accommodating deep draft vessels which is the need of the hour. Further, ports should not lag behind in improving the rail and road connectivity and also explore the possibility on integrating the IWT with the ports for effective evacuation of the cargo for improving the port productivity.

The total investment envisaged for the development of port facilities in Maritime Agenda for Major Ports by 2020 was around ₹1 lakh crores and for non major ports it was around ₹1.68 lakh crores. It may be noted that for the year 2013-14 itself, 30 projects were identified with an estimated investment of ₹26445.50 cr and for a capacity creation of 282 MMT. Out of the 30 projects, 11 are already awarded with estimated capacity of 75.87 MMT and an investment of ₹3575 cr. The investment made during the last few years in non-major ports was enormous.

shipbuilding percentage in the MA2020 was unrealistic. Even during the subsidy period, Indian shipyards couldn't deliver the ships as per the order, he affirmed. "With 21 major shipbuilding facilities and numerous other minor shipyards, India has ample infrastructure to build the immediate requirement of ships. If we look at the past performance of the shipyards we can see that it is not the lack of infrastructure but the lack of productivity and management that hampered timely deliveries. This damaged the reputation of the Indian industry globally," Prince said. Among many other subsidies there was one where 30 per cent shipbuilding subsidy was made available to shipyards until 2007. "There was a worldwide shipbuilding boom starting from 2003 and Indian shipyards received a disproportionately large number of export orders compared to previous years. However, most shipyards failed to deliver the ships resulting in massive order cancellations and the inability to benefit from the subsidies," Prince pointed out, drawing attention to poor ground level conditions. According to him though supportive government policies and favourable taxation and financing are important aspects, companies that are into shipbuilding also need to invest in building expertise and consequent ship design.

Coastal shipping

Though India has a 7,500 kilometers long coastline, shoreline shipping has played only a small role in country's shipping. In the period between 2012 and 2013 only 160 million tonnes of cargo was transported through coastal shipping. According to the Directorate General of Shipping 70 per cent of India's 835 vessels are engaged in coastal shipping as on December, 2014. But, surprisingly, India's movement of domestic cargo through water transport is paltry in comparison to other countries. While the figure stands at 20 per cent in China, 24 per cent in Brazil and over 42 per cent in Japan it is at a mere seven per cent in India. MA 2020 had proposed to bring about massive changes in this regard as it mooted infrastructural development and a comprehensive policy on coastal shipping. With the plan remaining only on paper, coastal shipping in the country is still at nascent stage due to lack of supporting infrastructure. Till date there are no separate berths earmarked for cargo even at major ports. Experts say facilities should be made for Ro-Ro movements; incentives and policies have to be drafted for hassle free coastal shipping. While the draft policy in this direction was made in 2010, it has not yet been actualized.

Since there was no follow up on the policy, a committee constituted under the leadership of Captain PVK Mohan looked into coastal shipping. It too came up with several recommendations to improve the ground situation, but none of these guidelines were followed. Infrastructure development alone cannot bring an overnight change as incentives need to back the same. Experts said that since cargo movement happens mostly in one direction, the return trip becomes ballast, thereby, resulting in losses in shipping. Thus it is necessary to reduce the cost by reducing taxation and also by reducing manning, experts explained. Coordinated effort is needed to achieve even moderate efficiency in coastal shipping reiterated Mohandas. "The government in partnership with the industry can yield some results. For example, automobiles are being transported from Chennai to Mundra Port and vice versa and if there is mechanism to coordinate timing of shipment wherein Hyundai cars can be shipped to Mundra and on the way back if the same vessel can take Maruti from Mundra, it could avoid ballast movement, reducing the loss."

Port performance

The Agenda was meant to develop Indian ports to international standards, but proceeding in this direction has been rather slow. As per the statistics available with Indian Port Association, the present performance of the Indian ports is significantly below the international benchmarks of port productivity. The average ship turnaround time at Indian ports is approximately four days as per the 2015 reports of IPA, whereas the comparable figure of Singapore is six to eight hours. The cargo handling performance of the Indian ports also needs to be revved up as the present conditions are incomparable to those overseas. For instance, the number of containers handled per ship per hour ranges between seven to fifteen at most Indian ports while the comparable figure in Colombo is around 25 and that in Singapore is approximately 30. The inefficiency of India's ports leads to colossal losses at the national level. The

World Bank has estimated that delays in container handling alone cost the country around $70 million per annum.

Though MA 2020 has set one of its prime agendas as to improve port performance on par with the best in the world, according to **A Janardhana Rao, Managing Director, Indian Ports Association,** the performance at major ports in India cannot be compared with global competitors in general.

"If individual terminal's comparison is made by a particular comparable port we are at par with the leading ports particularly in terms of container and dry bulk productivity in selected terminals," Mr.Rao adds.

However he admits it is pertinent to mention at this juncture that for the first time in port sector, Ministry of shipping has taken this issue in the right earnest and initiated a study on Benchmarking of Port Performance Standards at par with International Standards through a world level consultant who had been involved in such assignments globally.

However, one change the MA 2020 brought about was that the non-major ports started handling an increased share of total seaborne trade traffic. The major ports handled almost 75 per cent of the total seaborne trade traffic as per the 2013-14 statistics. During this period major ports handled 555.50 million tonnes and non major ports handled 417.13 million tonnes of cargo. Now the situation has changed with major ports accounting for 57.11 per cent of the country's seaborne trade and non-major ports accounts for remaining 42.89 per cent of the trade. It should be noted that currently private ports like Mundra, Krishnapatanam and Pipavav are handling a heightened share of non-major port's traffic. And the future could bring in better tiding for non-major ports. "While the latest statistics for FY 2014-15 is yet not available, it is seen that traffic at major ports is slowly picking up. After reaching a high of 570 million tonnes in 2010-11, it slid to 546 mt in 2012-13. But 2013-14 saw a growth to 555 mt. A similar trend is expected in 2014-15 as well. Meanwhile the growth at the non-major ports is seen to be much higher. It is expected that close to 45 per cent of the total Indian cargo will be handled at these private ports," said **Shashank Kulkarni, Sec Gen Indian Privtae Ports and Terminal Association (IPPTA).**

> The major ports handled almost 75 per cent of the total seaborne trade traffic as per the 2013-14 statistics. During this period major ports handled 555.50 MT and non major ports handled 417.13 million tonnes.

Whither forward?

While the essence and the spirit of the MA 2020 was lost in the due process of it not being able to achieve any of the set targets, what can perhaps salvage the situation is a robust and integrated growth of the shipping sector. With the new government taking over, the MA 2020 has donned the avatar of the Sagarmala Project, where setting up of new ports and a fillip to inland waterways are said to be underway to make the Indian shipping sector vibrant. However experts reckon that this port building spree alone won't bring about any changes in the sector. Proper connectivity and support infrastructure to the port sector in terms of evacuation are the areas demanding immediate attention. On the other hand, procedural bottlenecks need to be cleared.

Shashank Kulkarni, Sec Gen IPPTA says, "Both major and non major ports are facing acute shortage of supporting road and rail connectivity for the efficient evacuation of the cargo to and from hinterland. While only the private ports like Mundra, Pipavav and Krishnapatanam have better rail road connectivity all other ports including the private terminals of the major ports face similar problems."

The growth of the sector is constrained due to many developmental, procedural and policy related challenges namely, involvement of multiple agencies in development of infrastructure to promote industrialisation, trade, tourism and transportation. The presence of a dual institutional structure that has led to development of major and non major ports as a separate, unconnected entities and lack of requisite infrastructure for evacuation from major and non major ports leading to sub-optimal transport modal mix and limited hinterland linkages that increase the cost of transportation and cargo movement.

In a nutshell, realistic target need to replace non rhythmic pieces of literature the industry does not resonate with, with more defined doles that describe a path of action. Relentless pursuit of goals and committed effort should substitute lethargy and inertia for India's shipping to shine again.

Port expansion pace is not in line with user needs

"While many ports particularly those on the east coast which are catering to the steel industry requirements greatly have progressed with some of the developmental plans, it is a great concern that the pace of such developments do not commensurate with the needs of the large users like SAIL," reveals **P Raychaudhury,** Executive Director Transport and shipping, Steel Authority of India Limited

Q Tell us about your coking coal procurement and import process?

A SAIL is importing coking coal as availability of indigenous coking coal is not sufficient to meet the requirement of steel plants. Further, the quality of domestic coking coal is inferior and accordingly imported coking coal of superior quality is blended with indigenous coking coal. T&S department organises shipping arrangement under voyage charter or through the contract of affreightment (COA) through ports of Visakhapatnam/Gangavaram, Paradip, Dhamra and Haldia. The major activities in respect of import of coal generally involves chartering of ships for movement of coal to India, discharging from ship at ports, stacking/storage and dispatch by rail to SAIL steel plants. SAIL now undertakes chartering of ships directly from 2014 onwards. Earlier the shipping arrangements were made through Ministry of Shipping (Chartering Wing). As per the existing practice, vessels carrying imported coal are lightened first at Vizag / Gangavaram, Dhamra and Paradip Port and then brought to Haldia as per river draft available. Haldia can be used always as 2nd port of discharge due to draft limitation of approximately 7.0 to 8.0 metres maximum. The coal is also transported by coastal movement from one port to another, at times of urgency. At Gangavaram and Dhamra, the ports directly render handling services that include stevedoring of vessels for discharge, stacking/storage and finally despatch by rail to steel plants.

Q What challenges do you face in the import/export process?

A SAIL is one of the major importers through East Coast ports. SAIL imports approx. 14 million tonnes of coking coal at present which is likely to go up to 18 million tonnes by 2015-16. Finished steel is exported to various overseas countries through East Coast ports. The major issues confronting SAIL and steel industry as a whole are inadequate port facilities and infrastructure, poor road condition within the ports, inadequate cargo handling equipment, poor maintenance and high down time, inadequate storage and warehousing facilities, low IT application, poor connectivity, lack of integrated logistic services etc. While many ports particularly the East India ports which are catering to steel industry requirement greatly have progressed with developmental plans, it is a great concern that the pace of such developments do not commensurate with need of the large users like SAIL.

Q What measures do you suggest to streamline the logistics?

A Most of the major ports are proceeding with expansion plans and creating new facilities under their own control or through PPP. SAIL has been using such facilities under BOT arrangement at Vizag and Haldia. Sufficient infrastructure and facilities for coastal movement should be developed which can overcome the draft limitation of some of the old ports. For SAIL, Haldia Port is the most strategic port due to proximity to the SAIL plants in the eastern part. However, draft limitations have restricted SAIL as it is unable to bring larger size parcels. This has led to high cost of imports by using alternative ports.

Other suggestions to improve coal logistics include:

- Opening up capacity, especially for rail and waterways.
- Streamlining processes across government bodies that have a role to play in the logistics sector, thereby reducing stoppages and touch points of cargo movements, as well as increasing the speed with which goods are moved in and out of the country.
- Channelizing the movement of commodities to suitable modes of transportation. Divert the transportation of bulk commodities from road to increasingly appropriate modes such as rail and waterways.
- Shifting cargo-clearance activities away from expensive real estate to inland or port or airport locations.

Viability Gap Funding for ports

Increasing trade and manufacturing in India has necessitated the requirement for new ports along India's coastline. However, given the quantum of investment required for such huge works of infrastructure calls for a financial support from the government. One of the key prerequisites for availing central funding is the creation of an economic asset

Deepika Amirapu

Port projects that serve the needs of the trade can be funded through viability gap funding where the centre and state contribute to make the project financially feasible, experts in the industry reckon. Central and state governments should play an active role in choosing the port location after taking in to consideration the requirement of trade than opting for a location that is market driven.

The most important criterion for availing a grant should be the economic benefit the port can reap in the years to come even if the financial benefits are marginalized in the first few years.

"Ports, like roads and railways, fall under the category of infrastructure meant for public good. Therefore, governments should decide on the nature of the facility and then call for developers to establish a port than working the other way round," says **Santosh K Mohapatra, former Chairperson, Paradip Port.**

Once the governments concur on a feasible location for a port, funding options can be explored by the private developer including availing a grant from the centre and state if the project seems unviable for geographical reasons. Viability Gap Funding means a grant one-time provided by the public sector central government or state government for financial support to public private partnership projects in infrastructure, with the objective of making a project commercially viable. Grants can be accorded to private developers if the port in the said location can grant a huge economic advantage but may not be able to charge a high user fee because of the remoteness of the location.

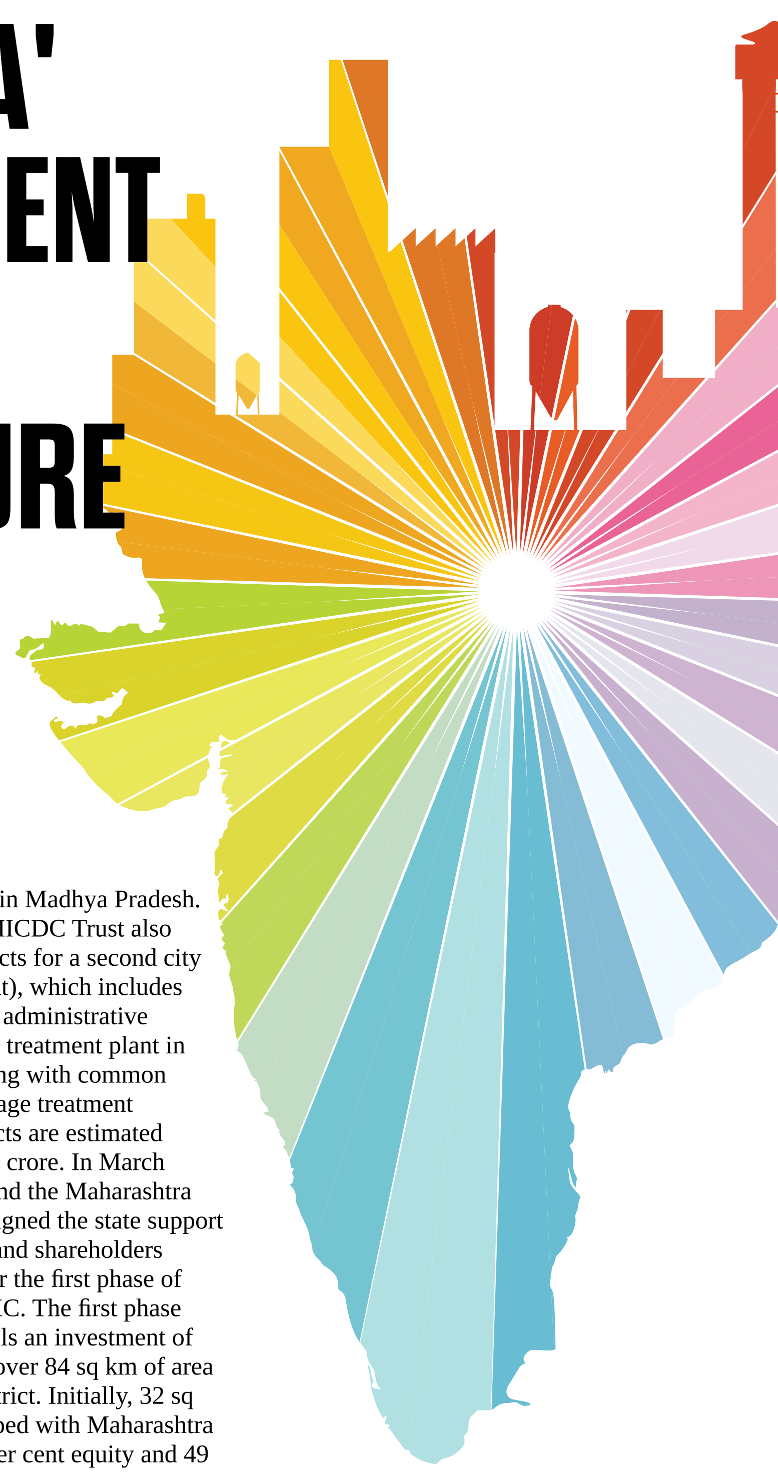
Usually, support under this scheme would be available only for infrastructure projects where private sector sponsors are selected through a process of competitive bidding. The total viability gap funding under this scheme will not exceed twenty per cent of the total project cost; provided that the government or statutory entity that owns the project may, if it so decides, provides additional grants out of its budget, but not exceeding a further twenty per cent of the total project cost.

Economic growth and trade expansion in recent years have enhanced the relevance of port sector as a critical element in globalisation of the Indian economy. The four critical elements that determine the financial viability of a port are the traffic volumes, port tariffs, concession period and capital costs. The concession period typically granted by the state government for construction and development of ports is 40 years or more. Such a timeframe should normally enable a robust project structure and any further extension would improve financial viability only marginally as the present value of projected revenues thereafter would be comparatively low from the concessionaire's perspective. With projects involving such high risks, government intervention is key in choosing the location of the port. "The private sector is nimble footed and invests cautiously putting their money in areas that will only attract the right kind of cargo." **Ravichandran K, Senior Vice President, Co-Head, Corporate Ratings.**

Currently, just one port project in Southern Kerala- Vizhinjam, is now being granted funding from both the governments. The ₹4,050-crore project shall be set up in design, build, finance, operate and transfer modal by a consortium of private developers. Projects that are allocated central funding seldom break even within the given time frame.

In such cases, capital subsidies alone may not suffice in ensuring the financial viability of the project. It may, therefore, be necessary to provide development rights over port estate for generating additional revenue streams with a view to making the project self-sustaining. It is expected that revenues from port estate will also cross-subsidise the project operations and help reduce the burden on the users as well as the exchequer. This would also help in an integrated development of the Project as well as the neighbourhood areas. mg

'MAKE IN INDIA' REQUIRES URGENT CREATION OF INFRASTRUCTURE



All thanks to the Modi government, despite all the delays and issues in funding and land allocation, work has started for the development of industrial corridors

Ritu Gupta

Prime Minister Narendra Modi during his recent visit to Germany said his government has "re-energised" the Indian growth engine and that the country wants to become a manufacturing hub to serve its domestic market as well as exports. In an Op-Ed piece in *Frankfurter Allgemeine Zeitung*, Modi said that 'Make in India' requires urgent creation of infrastructure. "The substantial enhancement in financing in the federal budget for highways, railways and energy is a step in this direction. Work has begun on the development of Delhi-Mumbai Industrial Corridor." Indeed, five years after work started on building smart cities along the Delhi Mumbai Industrial Corridor (DMIC), the Modi government made sure that it moves past the conceptualization stage and seeks bids for building core infrastructure of the corridor. On February 5, 2015, the Delhi-Mumbai Industrial Corridor Development Corporation (DMICDC) invited bids for trunk infrastructure, setting the stage for construction of core projects in the proposed greenfield city in the Pithampur-Dhar-Mhow investment region in Madhya Pradesh. Thereafter, the DMICDC Trust also cleared three projects for a second city in Dholera (Gujarat), which includes roads and utilities, administrative building and water treatment plant in the first stage. Along with common effluent and sewerage treatment plants, these projects are estimated to be worth ₹2,650 crore. In March 2015, the Centre and the Maharashtra government also signed the state support agreement (SSA) and shareholders agreement (SA) for the first phase of the ambitious DMIC. The first phase of the project entails an investment of ₹17,391 crore to cover 84 sq km of area in Aurangabad district. Initially, 32 sq km will be developed with Maharashtra government's 51 per cent equity and 49 per cent of the central government. The Maharashtra government's equity will be towards land, while the Centre will contribute funds for the development of trunk infrastructure. In addition, the Centre will pump in ₹3,000 crore for each industrial township project.

According to sources, work on the Integrated Industrial Township in Greater Noida is also progressing and some of the work will be bid out very soon. A fifth project is the Global City near Gurgaon, for which the master plan is being prepared. **Talleen Kumar, CEO & MD of DMICDC,** expects phase I of India's largest infrastructure project to be completed by 2019. The entire DMIC project, over two phases, is to be spread

over 24 cities and cover 5,500 sq km. The Japanese government has promised an initial $4.5 billion for the first phase of the project. "In consultation with the Government of Japan as well as Government of India, JICA has been trying to formulate projects under DMIC, but we have not funded any of the projects to date," says **Yoshida Hiroshi from the New Delhi-based JICA office**.

However, despite being a flagship project of the previous government, DMIC hasn't been without its share of setbacks. For instance, the ₹40,000-crore exhibition-cum-cargo complex at Dwarka in Delhi is proving to be one of the bones of contention. The land is already with the Delhi Development Authority (DDA), but the government has not been able to get the DDA to transfer the land to DMICD. Some funding issues are also plaguing the project though the Japanese have committed $4.5 billion in a first installment on terms of 0.1 per cent interest, 10-year moratorium and 40-year repayment, very little progress has been made for getting the terms of the tied-aid project relaxed.

Another mega project which is also always in the limelight for both good and bad reasons is the Chennai-Bengaluru Industrial Corridor (CBIC). The multi-crore CBIC, modelled along the DMIC, is expected to boost commerce between south India and east Asia by enabling quicker movement of goods. The master plan to develop one of the three industrial cities in the CBIC was to be ready by March, 2015, but to date the Japan International Cooperation Agency (JICA) the key funding agency of the project has only made a draft plan which has been submitted to JIBC for approval. "We are expecting it would be finalized in April or May. Under CBIC study, JICA is supporting to prepare master plan for 3 selected industrial nodes. In addition, we have identified 25 prioritized projects for de-bottlenecking of existing industry and encouragement of industrial advances. Also as one of early bird assistance, JICA is providing a development policy loan (DPL) to Tamil Nadu government to assist policy reform and infrastructure project development," said Hiroshi.

The master plan is being made for Tumkur in Karnataka, Ponneri in Tamil Nadu and Krishnapatnam in Andhra Pradesh. According to **Ichiguchi Tomohide, deputy chief representative, JICA**, there are lessons learnt from DMIC. "Since DMIC is totally a greenfield project it took a long time and faced land acquisition problems. Unlike DMIC, the CBIC will not be a total greenfield project," he said. According to officials, Phase-I of the corridor will extend up to Bangalore from Chennai and it would later be extended to Andhra Pradesh. According to industry players, the government is keen to set the ball rolling on the corridor before the Global Investors Summit in May 2015. "This would encourage investment in the region by foreign investors who come for the summit," said **S N Eisenhower, vice chairman, CII,** Tamil Nadu. "The proposed corridor is a dream project for us and we are monitoring its progress. While it was mentioned in the interim budget presented last year, there was no mention of it in this year's Union budget. From the Tamil Nadu side too, there is very little movement and this is a great disappointment," said a member of the Federation of Indian Chamber

Delhi Mumbai Industrial Corridor

of Commerce and Industry (FICCI). Former chief minister and AIADMK general secretary, J Jayalalithaa had also been quoted by the media as saying that the Centre has ignored CBIC while allocating funds to Maharashtra and Gujarat for DMIC. "The funds have been allocated for the industrial corridors in Gujarat and Maharashtra while the rest of the country is largely ignored. Adequate funds should be made available for the Madurai-Tuticorin and Chennai-Bengaluru corridors," she said.

However, all is not unwell. A silver lining to the country's infrastructure woos may soon be seen in the form of the Visakhapatnam-Chennai Industrial Corridor (VCIC). According to the officials of the Andhra Pradesh government, the Centre has accorded top priority to VCIC as compensation to the denial of special status to AP after bifurcation. "VCIC is going to be the first corridor in the country to take shape because unlike other corridors, it has been incorporated in the Andhra Pradesh Reorganisation Act, 2014, an act of Parliament. The Centre wants to work as per timeline mentioned in the Act," sources said. The TDP government has also decided to give priority to VCIC, which is being developed in association with Asian Development Bank (ADB). The project is now being conceptualised to trigger enormous growth in the manufacturing output of the state. The ADB has projected tremendous growth for Andhra Pradesh

Progress Report on the Industrial Corridors

Delhi Mumbai Industrial Corridor (DMIC)

- First round of bidding started in February 2015
- The first node/ city level Special Purpose Vehicle (SPV) under DMIC Project with the name and title of "Aurangabad Industrial Township Ltd." has been incorporated.
- Integrated Industrial Township Project at Greater Noida, Uttar Pradesh; Integrated Industrial Township Project in VikramUdyogpuri Near Ujjain in Madhya Pradesh; Activation Area of Dholera Special Investment Region in Gujarat and Phase-I of ShendraBidkin Industrial Park in Maharashtra are moving towards implementation.
- Request for Qualification proposal for the empanelment of the EPC Contractors for roads and services for Activation Area of Ahmedabad Dholera Special Investment Region in Gujarat has been floated.
- Final environmental clearance has already been obtained from the Ministry of Environment, Forest and Climate Change for three DMIC Nodes viz. ManesarBawal Investment Region in Haryana, Khushkhera-Bhiwadi-Neemrana Investment Region in Rajasthan and Ahmedabad Dholera Investment Region in Gujarat.
- Detailed Project Report for Mass Rapid Transit System between Ahmedabad Dholera has been finalized. The preparation of Detailed Project Report for the Mass Rapid Transit project between Gurgaon and Bawal is at an advanced stage of finalisation
- Significant progress has been made in the Model Solar Power Project at Neemrana, Rajasthan which is being implemented as an Indo Japan Partnership Project. The first batch of Solar panels have arrived at the site, EPC contractor has been appointed and the actual commissioning of the project has been initiated
- Considerable progress has also been made in the Logistic Data Bank Project, which is one of the Smart Community Projects being implemented in partnership with the Government of Japan. Tariff Authority for Major Ports (TAMP) has notified the levy of Mandatory User Charges (MUC) as part of their scale of rates. The project is being taken forward for the implementation in partnership with NEC Corporation of Japan.

Chennai Bengaluru Industrial Corridor (CBIC)

- Perspective plan has been finalized, and three nodes, Tumkur (KN), Ponneri (TN), and Krishnapatnam (AP) have also been identified and finalized.

Vizag Chennai Industrial Corridor (VCIC):

- The Conceptual Development Plan has been finalised, and work on preparation of Regional Perspective Plan (RPP) has been initiated.
- Four nodes have been finalised and Asian Development Bank has agreed to prepare Master Plans for the two identified nodes viz. Vizag and Yerpedu-Srikalahasti, for which parcels of land have been identified.

in the next 20 years. Once VCIC becomes functional, the ADB has projected that the manufacturing output would reach ₹3,000 billion by 2025 and ₹7,825 billion by 2035. Without it, the performance of manufacturing sector in the state would be just average. The explosion in the manufacturing output is possible because VCIC envisages development of industrial nodes along the east coast. "ADB has finalised four economic nodes as part of the corridor in AP namely, Visakhapatnam, Kakinada, Machilipatnam and Tirupati-Srikalahasti. While the Vizag node will specialise in pharma, metallurgy, non-metallic minerals, chemical and petrochemicals and food processing, Kakinada will do so in food processing, chemical and petrochemical, paper and non-metallic minerals. Machilipatnam will be developed for pharma, metallurgy, food processing and non-metallic minerals and Tirupati- Srikalahasti for electrical equipment, textiles, food processing, metallurgy and non-metallic minerals," the sources informed.

The first phase of the developing industrial clusters along the VCIC is expected to take off by May-end 2015 or early June 2015 in Visakhapatnam district at Atchutapuram. The first phase development will involve creating world-class infrastructure under the Atchutapuram node at an estimated cost of around ₹900-1000 crore. In a recent meeting between representatives of the state government and ADB, the latter agreed to submit the detailed project report (DPR) for the Atchutapuram node by April 2015 end. The state government is expected to accord clearances for developing the project with funds from the ADB. The development of infrastructure will include putting in place arrangements to provide round-the-clock quality power, continuous water supply to industries, roads connected to the national highway and ports along with railway sidings for the benefit of industries.

Apart from these three corridors the government is currently working on two more industrial corridors-- Amritsar-Kolkata, and Bengaluru-Mumbai. According to officials, the government plans to put in place a wide range of reforms for these plans to materialise, the industry also needs to push for innovation.

Providing last mile connectivity to ports

End-to-end connectivity to the hinterland is an important factor in the efficiency and growth of major ports. On that front, significant work remains to be done and hence the SPV (Port Infrastructure Vikas Nigam Ltd) has been formed

Ritu Gupta

Recently, the Union Cabinet gave its approval for formation of a Special Purpose Vehicle (SPV) to provide efficient rail evacuation systems at major ports, thereby enhancing their handling capacity and efficiency. The SPV would provide last mile connectivity to the major ports, help in modernization of evacuation infrastructure, operate and manage internal port railway system; and raise financial resources for funding port related railway projects. The task ahead for the SPV is a mammoth one, as the major ports have identified a shelf of nearly 40 projects which includes the last-mile connectivity projects and internal port rail projects which would require an estimated investment of ₹2,372 crore. The SPV, to be called Port Infrastructure Vikas Nigam Ltd (PIVNL), will be formed with equity stakes from all 12 major ports and Rail Vikas Nigam Limited (RVNL), with a 90:10 shareholding pattern. The initial authorised share capital will be around ₹100 crore, divided into a million equity shares of ₹1,000 each. It is also proposed to raise resources from multilateral funding agencies and other financial institutions to finance Port Connectivity Projects. PIVNL would be registered as a company under the Companies Act. It would be manned by professionals with expertise on rail transport and port logistics. The company will construct, operate and maintain rail and road infrastructure to facilitate connectivity for transportation of goods from ports in India or abroad. PIVNL is to be formed within a month of Cabinet approval. "End-to-end connectivity to the hinterland is an important factor in the efficiency and growth of a port. On that front, significant work remains to be done and hence the SPV has been formed," a ministry official says. Indeed, in 2013-14, only 28 per cent of the total cargo handled by major ports was transported by Indian Railways, to and from the hinterland. According to a World Bank study, the optimal share of transporting goods through rail should be at least six percentage points higher.

The PIVNL would work in close co-ordination with the Indian Railways and leverage the existing participative model of the Indian Railways for enhancing last mile connectivity to the ports. The work of PIVNL is expected to result in substantial reduction in dwell time of cargo at ports and bring down the overall logistic cost for trade. PIVNL's focus on port connectivity will also fit well into the ambitious Sagarmala project, which aims at promoting port-led direct and indirect development.

Experts hope that PIVNL would help solve decades old problem of evacuation. India's ports have suffered from chronic under-investment and a lack of strategic planning, including inadequate linkages to railway and road transport networks. To help the sector further the government plans to develop 101 new national waterways that will create a logistic supply chain with intermodal (rail, road and waterways) connectivity. The Finance minister Arun Jaitley also proposes to work towards converting 12 public port trusts in India into corporations under the Companies Act to bring greater efficiencies in operations, raise funds for growth and compete better with their private sector counterparts. The Union ministry also plans to start work on about ₹2,400 crore projects for last mile connectivity to all 12 major ports. "The government is also keen on increasing the percentage of cargo being evacuated through rail from major ports," Nitin Gadkari, the Union minister for Road Transport, Highways and Shipping, was quoted as saying by the media. He added that the Shipping Ministry will procure rakes and wagons on its own as Railways faced shortages of these, and the absence of rakes at times lead to delays of even a fortnight in evacuation of cargo from ports such as Paradip.

According to experts, the positive impacts of the formation of PIVNL and other such initiatives will depend upon the turnaround time the proposals take and if they really materialize from concepts papers in to something concrete.

Not yet fancied

The Central Board of Excise and Customs has introduced the Authorised Economic Operator scheme to ensure easier cargo movement between Indian and international ports. While it has lowered transaction costs, the scheme has not caught the fancy of exporters as the tangible benefits are fewer

Deepika Amirapu

India has developed an Authorised Economic Operator (AEO) Programme consistent with World Customs Organisation (WCO) SAFE Framework of Standards. The trade supply chain has become extremely complicated and vulnerable to external threats which led to an urgent need to have a system that ensures end-to-end supply chain security while ensuring faster release of goods. Authorised Economic Operator Programme has been developed by the WCO to standardise the procedure for this programme. Many customs administrations globally have also adopted the same or similar programmes to ensure supply chain security.

AEO Programme is an effective tool for customs to business partnership towards a common objective of securing supply chain. Under AEO Programme, approved economic operators are given preferential treatment in terms of faster clearance and less physical inspections along with other benefits subject to their conformance of prescribed security standards and compliance with tax laws.

C Rajendiran, Commissioner, Customs, Visakhapatnam said, "Apart from the tangible benefits, the AEO certification has other intangible benefits as well. Once they become authorised economic operators, they fall in to the low risk category and hence are not put through intense scrutiny in Indian and international ports. They enjoy a safe channel across the border. The biggest upside, however, is the fact that exporters need not submit a bank guarantee for their wares and hence the transaction costs are down significantly."

Once certified, members involved in cargo trade can avail the benefit for three years after which they have to apply for a renewal.

The development of the Indian AEO Programme was started on pilot basis in August 2011 and is applicable to all economic operators such as importers, exporters, logistic service providers, customs house agents, warehouse owners, carriers, freight forwarders, port operators and authorised couriers. There is also no threshold limit prescribed for eligibility under AEO Programme which would enable any player in the global supply chain including SMEs to apply to get certification under this Programme. It is envisaged that in the near future Indian Customs will seek to enter into Mutual Recognition Agreements with other Customs administrations for mutual recognition of our AEO programme. This will yield significant benefit to Indian traders.

Sushil Mulchandani, Chief Operating Officer, Visakha Container Terminal Private Limited said, "This certification is similar to the ISO certification and can be displayed on any official transaction documents by those of us who have been certified. Processes are more secure once this certificate has been granted and cargo can be received at international ports without passing through very stringent norms."

The CBEC has developed an "Interactive Customs Tariff" application as part of the ongoing trade facilitative measures. The purpose of the application is to enhance public access to information on duty payment and other regulatory requirements for clearance of goods, when imported into India. The application is designed to show

Key benefits proposed to be extended to an AEO include:

Benefits

- Reduced examination and inspection
- Acceptance of pre-arrival import declarations
- Acceptance of export declaration without bringing goods into Customs Area

Criteria

- No major non-compliances under Customs, Excise and Service tax laws
- Satisfactory system of managing commercial and where appropriate, transport records Proven financial solvency
- Maintenance of approved security and safety standards in terms of cargo security, conveyance security, premises security, personal security

Source: KPMG

various customs and other applicable duties. It helps the importers in calculation of actual effective duty applicable by taking into account the various exemption notifications. It also provides alerts related to anti-dumping duties and MRP based abatements and displays Compulsory Compliance Requirements (CCRs).

However, this scheme failed to be a hit among the exporters as the financial benefits are far fewer than the intangible benefits. Those certified say the customs department has very high standards making it difficult for any trader to meet. Moreover, there is not much awareness about this scheme among the trade bodies.

KPMG in its report on the programme says, “The implementation of the AEO Scheme in India is a welcome trade facilitation measure aimed at increasing cooperation between businesses and the Government. Further, after grant of AEO status, continuous monitoring of the key processes and necessary corrective measures (including training) would be required to be taken to ensure effective and efficient compliances."

Dighi-Roha rail will facilitate 100 mn tonnes of cargo movement across the country

The Prime Minister’s vision of Port-led growth takes shape in Maharashtra with the signing of MoU between Rail Vikas Nigam Limited and Dighi Port Limited from Dighi to Roha integrating the region with DMIC. The Chief Minister stressed that the most significant points of connectivity are Yavatmal, Gadchiroli, Beed, Nanded and Ahmednagar. This will change the entire landscape of the state. The entire coastline of India is 7600 kms of which 10 per cent i.e. 760 kms is in Maharashtra alone said Suresh Prabhu, Hon’ble Union Minister for Railways, 20 per cent economic growth in Maharashtra will add 2 per cent to the overall economic growth of India.

BETTING BIG ON 'WATERWAYS'

The central government has announced an investment of ₹500,000 crore towards making 101 rivers across the country navigable for transport of cargo and people

Itishree Samal

In the backdrop of growing congestion on Indian roads and lack of dedicated railway freight corridors in the country, the only alternative left for a hassle-free cargo movement is transportation through waterways, which is also proven to be comparatively cheaper than rail and road. Taking this into consideration, the Indian government has taken major initiatives in order to improve the current state of the waterways in the country. In a recent move, the Centre is committed to invest around ₹500,000 crore to develop waterways across the country over the next 10 years. It has given its nod to convert 101 rivers including Godavari, Bramhaputra and Ganga into waterways during the period in order to create a logistic supply chain with intermodal (rail, road and waterways) connectivity.

Transportation through waterways, both coastal and inland, is fuel efficient, environment friendly and more economical than rail and road. Yet, the sector remained neglected for long. Globally, European countries along with China in Asia use extensively waterways as a mode of transport, while on the domestic front, it is close to non-existent

"We gave the legislative status in Parliament to five waterways that were already there. After starting work on these five waterways, a Bill on development of 101 rivers as waterways that aimed at promoting the low-cost mode of transport would be passed in this Parliament session. Cabinet, chaired by Prime Minister Narendra Modi, has already approved this."

Nitin Gadkari
Union Minister for Road Transport, Highways & Shipping

in India. Though, India has an extensive network of inland waterways in the form of rivers, canals, backwaters and creeks, no major developments have been done in the sector in the recent past.

The total navigable length of inland waterways in India is 14,500 km, out of which about 4,503km are national waterways. Currently, the country has only six national waterways: the Allahabad-Haldia stretch of the Ganga river (running through Uttar Pradesh and West Bengal); the Dhubri-Sadiya stretch of the Brahmaputra (Assam); the Kottappuram-Kollam stretch of the West Coast canal along with the Udyogamandal and Champakkara canals (Kerala); the Kakinada-Puducherry stretch along with the designated stretches of the Godavari and Krishna rivers (Andhra Pradesh, Puducherry); the designated stretches of the East Coast canal, the Brahmani river and the Mahanadi delta (Odisha); and the Lakhipur-Bhanga stretch of the Barak river (southern Assam).

The proposed 101 waterways have the potential to radically transform the economy and increase the competitiveness of Indian maritime trade. The Union government has envisioned developing river ports and sea ports at par with some of modern India's biggest infrastructure projects such as airports and railway stations for the usage by passenger and smooth flow of freight movement across the country.

The move is expected to contribute to the gross domestic product (GDP) by opening up business opportunities in the areas of dredging, barge construction, barge operation, terminal construction, terminal operation, storage facilities and tourist cruise. It will offer ship building opportunities for the private sector so as to make an optimum utilisation of the infrastructure created.

Investments in all these business areas will also create numerous opportunities for employment and economic development and reduce pressure from the already-overloaded, congested and costlier other surface modes of transport, according to a government official.

According to Union Transport Minister Nitin Gadkari, the bill for developing 101 river stretches as waterways would be passed in the Parliament session this month. "We gave the legislative status in Parliament to five waterways that were already there. After starting work on these five waterways, a Bill on development of 101 rivers as waterways that aimed at promoting the low-cost mode of transport would be passed in this Parliament session. Cabinet, chaired by Prime Minister Narendra Modi, has already approved this." mg

Lacking trade lane synergies

The G6 members hit choppy water as they struggle to find trade lane synergies. With the agreement valid only till 2016, partners can review their positions and consider whether to continue their membership, or form alternative alliances

Mike Wackett

Four of the six G6 alliance members recorded operating losses in 2014 as the merged New World Alliance (NWA) and Grand Alliance (GA) grouping struggled to integrate their respective east-west networks, according to Alphaliner's review of carriers' publicly available financial results.

Hapag-Lloyd chief executive Rolf Habben Jansen alluded to problems within the G6, during the company's recent annual results presentation, when he said it had not been "super-satisfied" with its membership.

Interestingly, all three NWA members, APL, HMM and MOL, operated in the red last year, clocking up operating losses of $143 million, $99 million and $228 million respectively.

Of the GA members, only Hapag-Lloyd recorded a loss. The German line suffered an operating loss of $149 million, NYK moved back into the black to a $46 million profit and OOCL's slick business model continued to perform well above industry par with an operating profit of $230 million.

The GA and NWA merged Asia-Europe routes in March 2012, followed by Asia-US east coast services in May 2013 and Asia-US west coast in May 2014.

Alphaliner suggested that the integration of the G6 services "has not been smooth" – in particular on the US west coast, where the six carriers operated out of seven different terminals in Los Angeles and Long Beach. It was a situation doubtless aggravated by the terminal congestion that almost coincided with the beginning of the vessel-sharing alliance.

There has been much industry speculation that the G6 is more cumbersome than alliance rivals such as the 2M and Ocean Three, not least due to the number of partners, diverging company cultures and geographical challenges. Moreover, it is understood that the basic G6 agreement is, unlike the 10-year 2M deal between Maersk and MSC, only valid until 2016, when presumeably the G6 partners will review their positions and consider whether to continue their membership, or form alternative alliances.

OOCL, for example, could consider its prospects of competing with 2M and Ocean Three carriers were hindered by the weaker G6 lines and their desire and/or ability to secure finance to operate ultra-large containerships.

A comparison of vessels on order is instructive: OOCL recently agreed an order for six 21,100 teu vessels with Samsung; MOL has six 20,150 teu ships on order from Japan and South Korea; and NYK has eight 14,000 teu vessels under construction for long-term charter from next year onwards, although four of these will also mean the return of four 13,200 teu vessels on charter from OOCL. Hapag, APL and HMM currently have no confirmed ULCV plans.

Meanwhile, of the 17 main carriers that publish their annual financial results, only ten produced positive operating results for 2014, according to Alphaliner data.

With an operating profit of $2.34 billion, Maersk Line easily topped the rankings with a margin of 8.6 per cent, but Taiwanese niche carrier Wan Hai was close behind with an operating margin of 8.3 per cent; although its operating profit of $178 million was a fraction of Maersk's.

"Carriers are expected to face another challenging year in 2015, despite the fall in bunker fuel prices which will result in significant operating cost savings," said Alphaliner, citing the weakening of freight rates since the beginning of the year and the lower utilisation levels being experienced on many trade lanes. mg

Source: THE LOADSTAR

"WE NEED LOGISTIC PROFESSIONALS AS POLICY MAKERS"

Unplanned infrastructure facilities and disjoined policy making are affecting movement of goods in the once very busy and vibrant Northern Capital Region (NCR). **Poroma Munshi Rebello,** Head, Commercial, NCR Region for APL India, in an interview with Maritime Gateway's **Ritu Gupta**, questions the financial success of the freight corridors owing to disparate decisions being taken by different government departments. Edited excerpts

Q How do you look at the Indian logistic sector?

A Logistics in India still functions at a very rudimentary level. Despite progress in some areas, there continues to be a high level of unpredictability in the logistics service offering, which has a domino effect on every aspect of the business including quality and cost.

Q What kinds of demands are you facing from your customers?

A Customers in India are burdened with high transaction costs, making their product less than competitive in international markets. As a result, cost is uppermost in customer recall and often, they are willing to compromise quality for just 'getting the job done.'

Q There are a lot of political uncertainties and there is a lack of infrastructure in India. Do you think it is tough to do business because of these factors?

A Political uncertainty and lack of infrastructure are certainly two important reasons which make logistics in the country a difficult terrain to negotiate. But there are other, more significant worries which impede the growth of this sector. One of the foremost challenges we face is the sheer lack of knowledge about the sector among policy makers, which has resulted in millions going down the drain due to unplanned infrastructure development. Different ministries develop their own plans, as do different states governed by different political parties. It is unfortunate we don't have a group of logistics professionals as policy makers for this complex sector, who are empowered to cut across political compulsion and provide a comprehensive blueprint which is actually implemented by the government.

Q What are the challenges in moving boxes in hinterland of NCR?

A It is disheartening that the NCR, which is among the most populous, productive and aspirational regions in the country, coupled with high per capita and disposable income, is attracting less cargo as compared to previous years, in terms of CAGR growth of ICDs and ports. Unplanned

infrastructure development, disjointed policy making, poor implementation, unavailability of uninterrupted power supply and high cost of operation in primary areas like rail freight have rendered the NCR and other major hinterland ICDs unattractive for development of manufacturing and export hubs. Underutilization of ICDs and idling infrastructure creates imbalanced container traffic to/from hinterland ICDs, resulting in under-frame movement of trains, the high-cost of which is eventually borne by the exporter/importer.

Q What are the issues at ICDs and also the railways?

A Despite grand plans for the Dedicated Freight Corridors and the Delhi Mumbai Industrial Corridor, many policies and ministerial actions till date are ensuring that neither of these two grand plans will be financially successful. The most 'fundamental' requirement for the success of the DFCs and DMIC is to grow container movement by rail, both international and domestic. But the percentage of movement of cargo by

> The most 'fundamental' requirement for the success of the DFCs and DMIC is to grow container movement by rail, both international and domestic.

rail, specifically international, is fast reducing as compared to movement of cargo by road. The dangers of this trend seem to be lost on those who are driving this shift from rail to road. To name just a few, increase of road movement will lead to massive environmental degradation, more land will be required for road expansion to accommodate more heavy duty vehicles, more congestion on roads leading to more accidents and delays, congestion at port gates affecting port productivity and port expansion, shift of industrial activity from vast productive hinterlands to over-congested port areas, migration of labour from hinterland areas, etc.

ICDs are doing a good job to provide the best possible service, acceptable train frequency, and fast movement of goods through their facilities, but overall slowdown of volume, imbalanced traffic and idling infrastructure hits their overall productivity and increases cost.

Q What about the high rate of inflation in India? How is it impacting logistics?

A High rate of inflation affects all individuals, industries and sectors, including logistics. Here, I would like to digress and briefly focus on an important target for the country – that is to improve our Current Account Deficit or CAD. There is little doubt that CAD is directly related to foreign exchange earnings. There are many ways to improve forex earnings such as FDI investments, export of services, etc. But the only long-term and sustainable way to improve our CAD and keep forex balance in our favour is to grow exports substantially. The government must take all conceivable measures to facilitate the growth of export from our country, and keep it growing for years to come. Growing export means a burgeoning manufacturing sector which results in an all-encompassing and inclusive growth trajectory for states, governments, individuals and industries. There can be no better way than increasing the export sector to improve land productivity, to create manufacturing hubs which automatically bring in more investment, create townships with jobs, schools and hospitals, provide better connectivity to semi-rural and rural areas, and consistently increase the numbers of the Indian middle-class. This Utopia is not far-fetched. It's possible, and eminently doable, if we have the political and bureaucratic will. Perhaps if the newly created Niti Aayog focuses on this objective and creates a Working Group, with key ministries of Finance, Commerce, Railways, Shipping and Transport – and very importantly, includes experienced professionals in this sector in this Working Group – we can build the India every citizen dreams of.

Woes of moving ODC

Managing heavy lift projects in India is much more difficult than deploying big equipment. One of the most important factors in meeting the project schedule is good infrastructure. Facilities at ports and roadways should be robust to help cargo reach the destination without any damage. **Sharmila Amin,** Managing Director, Bertling Logistics India, pins her hopes on the country's promise to improve infrastructure in the coming years

Sharmila Amin
Managing Director
Bertling Logistics India

The Indian logistics industry is a complex system. It includes shipping, transportation, customs clearance activities, packaging, warehousing & distribution, and other allied activities including mandatory clearances, dealing with multiple agencies. It is estimated that transportation and logistics costs account for around 14 per cent of total costs of goods in India; this puts the industry at around $75 billion at current estimated GDP. Similarly based on some estimates, there are pending projects to the tune of ₹7 lakh crores, conservatively the project logistics requirements would be around ₹50,000 crores.

As impressive as the numbers sound and look, they hide the fact that it is a very fragmented industry. It consists of a multitude of small fleet owners. It is characterised by a lack of professionalism, severe wastage costs, low labour qualification, and lack of technology adaption. Moreover, it is an industry that is dominated by a single overriding factor that of cost. There are few opportunities where service matters more than the cost.

Problems in the current scenario

Infrastructure in the country is a problem overall. Whether it is ports, roads or bridges, as a whole we face problems with moving ODC cargoes across the country.

The ports have so far managed in terms of the cargo that was being imported / exported from the country. However I feel India will start handling bigger cargoes in the future as the needs and nature of the economy changes. This will really test the capabilities of all ports. In terms of equipment, the physical infrastructure of ports themselves and the trained manpower and skills required to handle the cargo, we will have to upgrade them significantly.

More importantly, it is the infrastructure outside the port that is the key issue. With rapid urbanisation, and with urban development, it is getting more and more difficult to move Project Cargo once you step outside the port gates. Recently we had a case where a well-known EPC major had their cargo stuck at the outskirts of Mumbai for 6 months. This problem is endemic to all major ports around the country and we are likely to see more and more such cases. Add to it the weak bridges crossing major rivers, and you have a situation where it is getting more and more difficult to move really big project cargo. The infrastructure has not expanded and kept up with the demand and the increasing dimensions of Project Cargo.

Roads are narrow in many places, which create problems for wide cargoes. At places the load bearing capacity is very low and heavy cargoes need to have bypasses built, adding to effort, turnaround time, and costs. Most of the infrastructure in the country crumbles during the monsoon time and hence ODC movements are very few or restricted. During monsoon times, due to extra pressure put on by flowing water, some of the bridges develop cracks and hence their strength cannot be reliably gauged, leading to extra costs in strengthening, bypassing or taking a longer route.

Many of the roads in key towns and villages are encroached upon, making roads narrower than what they were designed for. Many of the country's bridges are old and weak. In some states, only 1 or 2 bridges can handle heavy loads leading to movement bottlenecks, and delays. Data is unreliable at best and unavailable in the worst case scenario.

Overall moving ODC cargo is becoming a difficult job wherever you go. Only working SEZ's offer some respite, where roads are much better or there is a jetty available close by for coastal or ocean movement. Speaking in general terms, ODC shipments are soon becoming specialized jobs to be handled by only a few players in the market, who understand not only the cargoes and Axle configurations, but also understand the overall environment of the country and how ODC movement can be executed.

In addition we have the regulatory hurdles which significantly impede the free flow of project cargo. Every state has multiple entry rules and permits required to move project cargo and each of which take a long time to overcome. Add to that the waiting cost at state borders and you have a situation where the cost to move project cargo becomes prohibitive for the end user /exporters.

Even our customs clearance lags in turnaround time. The time required for physical inspection of cargo, documents clearance, port access etc. takes a long amount of time. Things have eased considerably in the last few years, but we still lag behind significantly compared to countries like Singapore or Germany, where most of the clearance is done electronically.

Finally we have customers, whose sole criteria for selection of their lowest service provider or LSP is cost. This approach may have benefits in terms of cost savings when you have commodities like steel rods and cement being moved i.e. goods that are replaceable and low cost. However when you are moving critical cargo like turbines, generators, transformers and process columns, special consideration must be given to other aspects as well. These aspects include equipment, route planning, load plans etc. The lowest cost provider is willing to overlook these aspects to provide the lowest cost and thereby endangering the cargo safety.

While the Logistics industry or sector is clearly the most impacted, the final costs (in terms of monetary costs, delayed projects or lost sales) have to be borne by the Industry. The key stakeholder here is the manufacturing industry – within which there are companies who are consuming the ODC cargoes when undergoing capital expenditure, and then there is the EPC industry that manufacture or fabricate these ODC cargoes, which in turn affects the economy as a whole. While the EPC sector has done what it could, in terms of shifting their base to areas where there are less of logistical challenges, consumers of ODC cargoes don't have such freedom.

To improve the overall situation in the country, I think we need to get on table all the key stakeholders – Ministry of Shipping, Ministry of Commerce and representatives from logistics, EPC and other heavy industries like automobiles, power, chemical & petrochemical etc. and capture the requirements and problems of each stakeholder. Once these are captured, this task force can get set to define an integrated plan of action to mitigate the problems. What is needed is an integrated plan because in isolation, we might end up creating a solution that might be ineffective.

Other possible solution could be the use of inland waterways and boost to coastal shipping. We have a vast network of rivers and a huge coastline which we could use to maximise efficiency in movement of cargo.

Growth opportunities

The scenario for capital expenditure in this country looks robust, particularly in the next 5 years. With a stable government which is bullish on growth, especially infrastructure, we may witness a move ahead in terms of the stalled projects. Once these take off, the flow of capital goods for these projects will follow with a lag of 6 to 9 months. Thus overall I'm pretty hopeful about the potential of growth in the next 5 years.

The power sector will be the leading industry. Mining, petroleum and public infrastructure will also be the key drivers. Also with thrust on renewables, we can expect an increase in project cargo of wind and solar power. The government's push for "Make in India" initiative will further boost the manufacturing sector in India and therefore the project cargo business, as more and more companies will look to start or boost their manufacturing bases in India.

I have been in this industry for 25 years now and the biggest satisfaction I get is in executing difficult jobs. Earlier the problem was getting through the underdeveloped infrastructure. While the infrastructure is not world class, it has improved significantly. Now the challenge is in getting bigger cargoes across. Cost and efficiency pressures have increased and so have the players. The nature of the challenges has changed, but the challenges themselves are ever increasing - both in volume as well as in complexity. I guess getting over these challenges and being at the forefront of India's infrastructure growth is the biggest satisfaction I take home.

This sector faces many problems and is plagued with many ills. But having said that, we must not forget that Indian ingenuity and the desire to get the job done has meant that we have overcome all the problems faced so far.

As far as this sector is concerned, the performance is directly tied to the performance of India's infrastructure. As it grows and expands so will the ODC cargo sector. A growing country will need growing infrastructure. We see clearly 2 trends here – one is the growth in population itself and other is growth in per capita income leading to growth in overall spending. And a young population will demand better services, facilities and goods for consumption. The policy makers cannot ignore this demand and need. Thus the long term future of this sector looks bright.

We may be going through a very tough time, both domestically and internationally. But the storm will soon pass and the sun will shine again. And when this happens you shall see this sector outshining all others.

Overall, international shipping is playing its part to protect the environment and the measures taken so far by both government and the private sector seem to have been very effective, reveals **Drewry**

CONTAINER SHIPPING EMISSIONS DOWN - AS ARE FREIGHT RATES

As one of the most respected names in the field of transport analysis, a sector where many strive, often unsuccessfully, to analyse and predict past and future trends, this month's Logistics Executive Briefing for Importers and Exporters from Drewry Supply Chain Advisors on emissions from the global container fleet has deeply impressed the World Shipping Council (WSC), the liner shipping association which represents around 90 per cent of the ocean freight carriers.

Using its proprietary databases and the results of other consultancy work to take a look at how container carriers are performing when it comes to reducing their carbon footprint, Drewry has concluded that 'overall, international shipping is playing its part to protect the environment and the measures taken so far by both government and the private sector seem to have been very effective', a statement that will be welcomed by those involved in the global trade at a time when emissions from all transport sources are under the microscope.

The Drewry briefing memo points out the three vital factors which are influencing the lowering of noxious emissions: New regulations by individual ports to restrict pollution (and the establishment of Emission Control Areas (ECA) by the IMO – the International Maritime Organization); the continuing trend toward building ever larger container ships fitted with the latest technologies; and slow steaming, thus cutting fuel consumption, now an almost universal practice.

Chris Koch, WSC President and CEO commented: "The World Shipping Council and its member companies are pleased that Drewry decided to pursue this independent assessment. Ocean carriers have a large incentive to reduce carbon emissions, which are directly tied to the amount of fuel consumed. Reducing fuel consumption reduces operating costs and reduces carbon emissions, which is good both for the environment and the bottom line.

"Ocean carriers' liner services must endeavour to meet the transportation and service needs of the world's importers and exporters. The Drewry Supply Chain Advisors report shows that the container shipping industry is providing those services while improving its energy efficiency, cutting its fuel consumption, and reducing its carbon emissions."

From an environmental point of view the only real concern about the ever increasing size of the box vessels is whether they remain more efficient considering the biggest factor in their raison d'être is economy of scale. Half fill a giant ship with containers and is it really more environmentally friendly than a vessel half the size which travels at the same speed? Only individual voyage assessment can truly determine the answer. This month we have seen box rates plummet to new recent lows causing the suspension of sailings amongst the new alliance partners who simply cannot afford to send the new 13,000 plus TEU vessels on voyages whilst carrying payloads below an economical threshold. Shippers will be delighted by the sharp fall in freight rates, less happy about the delays to their goods.

With slow steaming already now the norm, and causing the inevitable delays in the arrival of goods, we are entering yet another phase of the eternal merry go round of rates versus service. The incoming giant vessels are being trailed by a plethora of newbuilds, many even larger than those we have witnessed coming off the blocks over the past couple of years. The inevitable pattern is likely to mean less frequent service schedules, but with fierce competition for traffic, even between alliance partners, keeping rates artificially low. The result of this somewhat confusing picture is that whilst the lines continue to work towards a more acceptable environmental face for ocean shipping we may yet see some of the new orders to Far Eastern shipyards for the new generation of containerships cancelled, something other worldwide builders are familiar with, and possibly vessels laid up, an historical problem last solved by the adoption of slow steaming, now a universal practice and therefore unavailable if once again the world's ocean fleet exceeds the traffic it is required to transport. All of course depends as ever on the quantity and quality of international trade, something the analysts always try to predict but often with widely differing opinions. mg

Source: Handy Shipping Guide

Emissions decline over the years

As average ship size on the Asia-North Europe route increased by 40 per cent over the five-year period to 2013, CO_2 emissions per round-voyage slot dropped by 35 per cent. Furthermore, as average containership sizes increased by a further 23 per cent between 2013 and 2015, it follows that emissions per unit of capacity must have continued to fall.

Global container trade grows by 4-5 per cent a year, so fuel efficiency gains of 6-8 per cent a year mean that fewer tonnes of CO_2 are pumped by containerships into the atmosphere than before. For example, in 2014, Maersk Line carried 7 per cent more containers than the year before and reduced fuel consumption by container shipped by 8 per cent - resulting in a net fall in the amount of fuel consumed and in associated CO_2 emissions. Of course, there is another reason why container shipping lines are reducing pollution from ships: by reducing fuel consumption, they also reduce their operating costs. Since 2007, Maersk Line has achieved a 25 per cent reduction in CO_2 per container. If the carrier had not improved its energy efficiency and CO_2 performance, the fuel cost in 2012 would have been $1.6 billion higher. Similarly, China Shipping Container Lines spent less money on bunkers in 2013 than in 2012, despite shipping 2 per cent more containers.

For exporters and importers, lower ship consumption has translated into lower freight rates and a lower carbon footprint (from their company's international trade), but also longer transit times. In ports, where pollution from all sorts of ship emissions is a particular problem, substantial progress has also been made. The port of Los Angeles reported that, during the 5-year period to 2010, the amount of diesel particulate matters emitted by ocean going ships in the port fell by 68 per cent and the quantity of CO_2 emitted by ocean going ships dropped by 22 per cent. Governments, the International Maritime Organisation, ports and shipping lines are currently focussing more on sulphur emissions. Tighter limits on sulphur emissions from ships were implemented this year in parts of Europe and North America.

Several carriers have also switched to low sulphur fuel when calling at the heavily polluted port of Hong Kong, following the introduction of rebates on port dues for greener carriers. The authorities in Hong Kong are said to be considering a ban on the use of high sulphur bunkers by containerships calling at the port.

The difficulty with government rules on the use of low-sulphur fuel is that they could cost shipping lines and shippers more money due to the price differential between cleaner bunker oil and high-sulphur oil. Yet, overall, international shipping is playing its part to protect the environment and the measures taken so far by both government and the private sector seem to have been very effective.

Source: Drewry Supply Chain Advisors

MARINE CARGO INSURANCE
THE IMPORTANCE OF BEING INSURED

Marine cargo insurance in India will continue to benefit from premia paid from smaller cities with insurance awareness growing among smaller traders paying low amounts to insure their goods. To tap this growth engine, Tata AIG Insurance plans to increase its marine cargo insurance footprint by opening branches in India's Tier Two locations. **Sushant Sarin,** Senior Vice President, Commercial Line, Tata AIG, in an interview with **Deepika Amirapu**, talks of India's run with marine cargo insurance

Q Could you please describe the size of the marine cargo insurance market in India?

A The Indian marine cargo insurance market will be close to ₹2500 crores. To put things in perspective, marine cargo would contribute around 3 per cent to the total general insurance market in India. This branch of insurance shows an immediate and direct correlation to global economic conditions. Hence, growth is subdued at the moment though there is an air of optimism. Hence, steady growth rates in this line of business are rare.

Q What are the top causes of loss reported by Indian ship/cargo owners? Could you share claims by type of casualty?

A It must be remembered that when we talk of marine cargo insurance in India, it would include insurance of cargo carried by air, rail, road and couriers also. In fact, losses during inland transits by road outnumber the losses that happen during ocean voyages though the severity by road transport tends to be lower. Accidents, thefts, water damage and above all, handling losses contribute majorly to claims during inland transits. As for ocean voyages, maritime perils do contribute to losses but with the modernisation of ships, handling equipment and improved operating practices, the probability of such losses are reduced. However, when such losses happen, they tend to be severe.

Other major causes for loss during ocean voyage include water damage (fresh water as well as sea-water) and handling losses. We believe that with a little bit of additional care and caution and by spending a little more on safety measures, a greater portion of these losses can be avoided. Losses take place not only during the ocean voyage but also (more often) while awaiting shipment at the load-port and awaiting delivery at the discharge port. Thefts also become a big threat when the cargo is static at these points. In case of cargo like coal, iron ore and Sulphur, which are transported in bulk and lie in open yards at the ports, Act of God perils pose a major challenge. The recent cargo claims arising out of Cyclone Hudhud bear testimony to this. A recent phenomenon we see is the increased number of General Average losses. With huge container ships being built, more often than not it is found that the value of cargo on board exceeds the value of the vessel. In such cases, vessel owners find it convenient to declare General Average for machine failures during voyages, fires on-board and usage of tugs to tow the vessel following engine failures for the simple reason that the cargo interests contribute to the expenses along with the vessel. If the cargo is insured, the liability for General Average falls on the insurer.

Q How does your Marine Loss Control Engineering system assist shipping lines/ EXIM trade identify hazards in the supply chain?

A Tata AIG pioneered the concept of Marine Loss Control engineering in India. We have a dedicated resource professional who has vast experience both as a master mariner and as a surveyor. The concept of MLCE is based on the foundation that 70 per cent of the losses during transit can be avoided, with proper care and precaution. A typical loss control programme begins with a kick-off meeting with the client where the entire logistics pattern and SOP is studied. This is followed by visits to various locations from where transits start to understand the deficiencies/deviations from the SOPs and to provide recommendations for improvements. Apart from recommendations on the processes, the packaging is also looked at. Wherever necessary, external supervision of loading, lashing, stowing and unloading is mandated to some external agencies. Above all, the choice of vessel plays a major

One of the severely damaged warehouses meant for storage of cargo after loading and unloading operation at Visakhapatnam Port, in the aftermath of cyclone Hud Hud

role in loss control. Here with the database at his command, the Marine Loss Control Manager can help clients in choosing proper vessels. The most important fact to be highlighted here is that for any loss control programme to be successful it must be ongoing in nature and secondly it should have the full support of the client's top management.

Q There has been an increasing trend towards Indian ships being grounded due to bankruptcy. How has it affected cargo insurance in India?

A The choice of vessels is very important and one of the parameters looked at is the reputation and financial condition of the vessel owners/charterers. Having said that, it must also be noted that as per Institute Cargo clauses attached to marine cargo policies, the world over bankruptcy of vessel owner/charterer is excluded if the insured has been aware or should as a prudent businessman be aware of the financial condition of the ship owner/ charterer.

Q What are the current levels of cargo insurance penetration in India as many small business owners still question the need for marine insurance?

A We see increasing awareness on the need for marine insurance as we get a lot of small cargo policies from exporters with premia as low as ₹1000 also. Most businesses run with borrowed funds and clients certainly understand the balance sheet impact if any of their cargo is to be damaged during transit. Moreover, on the issue of General Average cited earlier, if uninsured, cargo owners would have to fork out cash or bank guarantees before taking delivery of their cargo, even though the cargo may be safe after the incident. If insured, the benefit is that the cargo would be released on the Insurer's guarantee.

Q What effect will mega containerships have on the insurance and reinsurance market?

A Larger exposure on-board leads to huge accumulations. In the event of any major casualty, the amount could run into millions of Dollars, something which insurers and reinsurers are wary of. Different models are being developed to monitor and predict exposure.

Q Can you help us understand the cost and frequency loss trends before and after the financial crisis?

A Our company's loss ratios are among the best in the industry year-after-year. This speaks about our commitment to risk selection and loss control.

Q Marine Insurance being international in nature has global impact even if underwritten in the home country as it is guided by many international laws. Are Indian laws of General Insurance (marine insurance) up to pace with those in London, Germany and US where underwriting is so prevalent?

A The Institute Cargo clauses attached to marine cargo policies are international in character as they are used across the world. The Marine Insurance Act, 1963 in India draws from the Marine Insurance Act, 1906 in the UK.

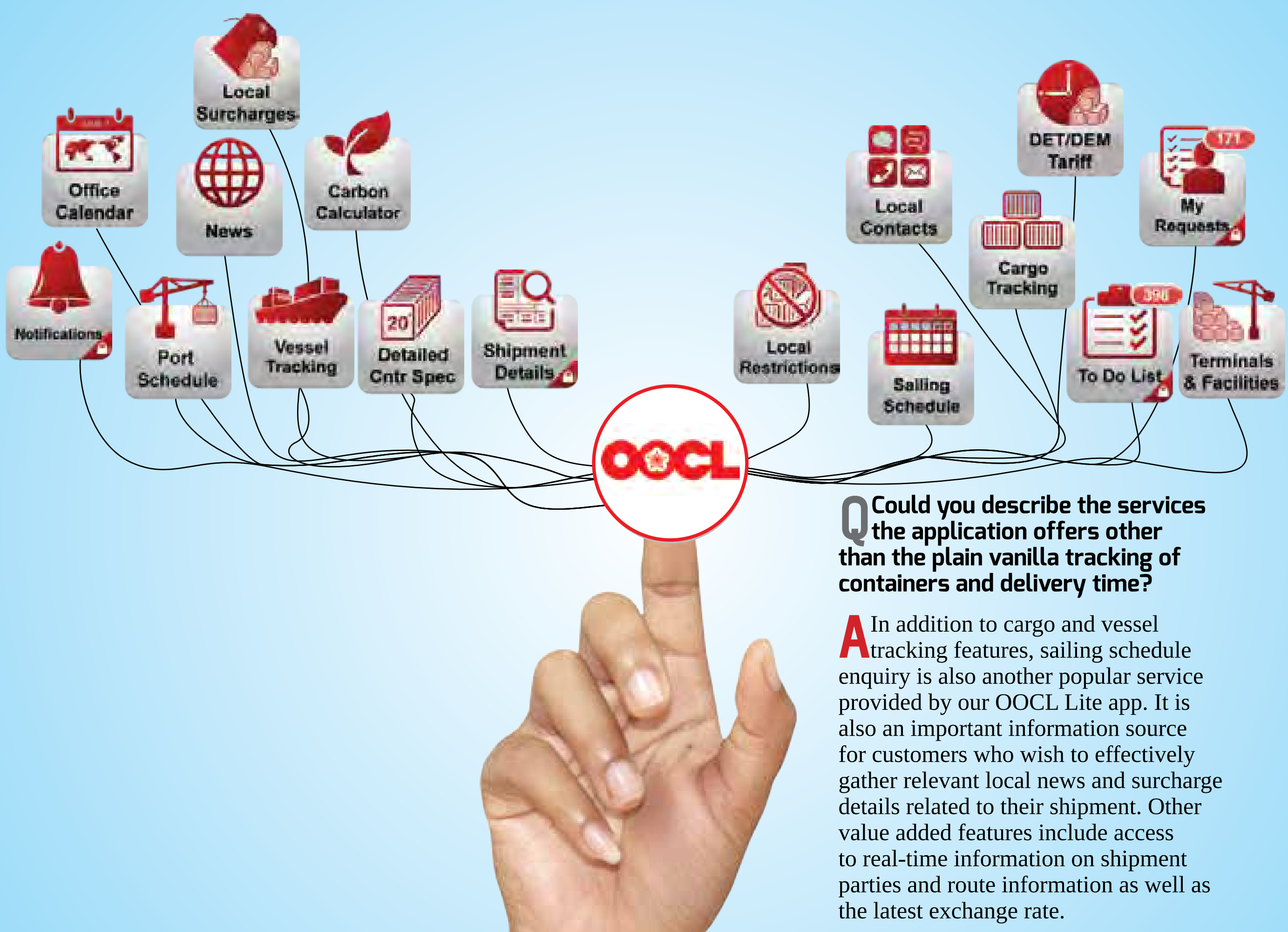
Q Where do you see growth coming from for your firm with respect to cargo insurance?

A We see organic growth coming from our existing clients as overall economic conditions improve. Secondly, with the rapid scale-up in the number of branches our company has managed, we see at least 10 per cent of our total cargo business coming from smaller locations. In addition, we have the necessary expertise to handle certain niche areas in cargo insurance itself and we aim to play to our strengths.

SHIPMENT INFO ON YOUR FINGER TIPS

Developed by Orient Overseas Container Lines' sister company Cargo Smart, OOCL Lite is one of the line's customer-focused and innovative IT products. OOCL has invested in the development of this solution platform to enhance customer-service capabilities and operational efficiency for all transportation partners. The latest version 2.0 of the application enables OOCL customers to stay-up-to-date on sailing schedules, whereabouts of their shipments, vessels and the rates of exchange

Deepika Amirapu



Q Could you describe the services the application offers other than the plain vanilla tracking of containers and delivery time?

A In addition to cargo and vessel tracking features, sailing schedule enquiry is also another popular service provided by our OOCL Lite app. It is also an important information source for customers who wish to effectively gather relevant local news and surcharge details related to their shipment. Other value added features include access to real-time information on shipment parties and route information as well as the latest exchange rate.

Q Across how many mobile platforms is this available? Was the app developed in house or was it outsourced to a technology firm?

A The app is supported by IOS (iphone and ipad) and Android platforms. Customers can also use their Internet browser to go to m.oocl.com for the Web application mobile access. OOCL Lite is developed in-house and powered by CargoSmart, a sister company of OOCL.

Q Are these services available to customers shipping cargo across all routes?

A Yes, services are available to customers who've booked cargo for all the major routes.

Q How distinct is your app compared to a two dozen others that are available in the market where customers can track their parcel across shipping lines?

A Although the OOCL Lite app cannot track shipments across shipping lines, CargoSmart, a sister company of OOCL, can help customers track their shipments across shipping lines via their website platform. In terms of the CargoSmart app platform, customers can check sailing schedules as well as schedule reliability information.

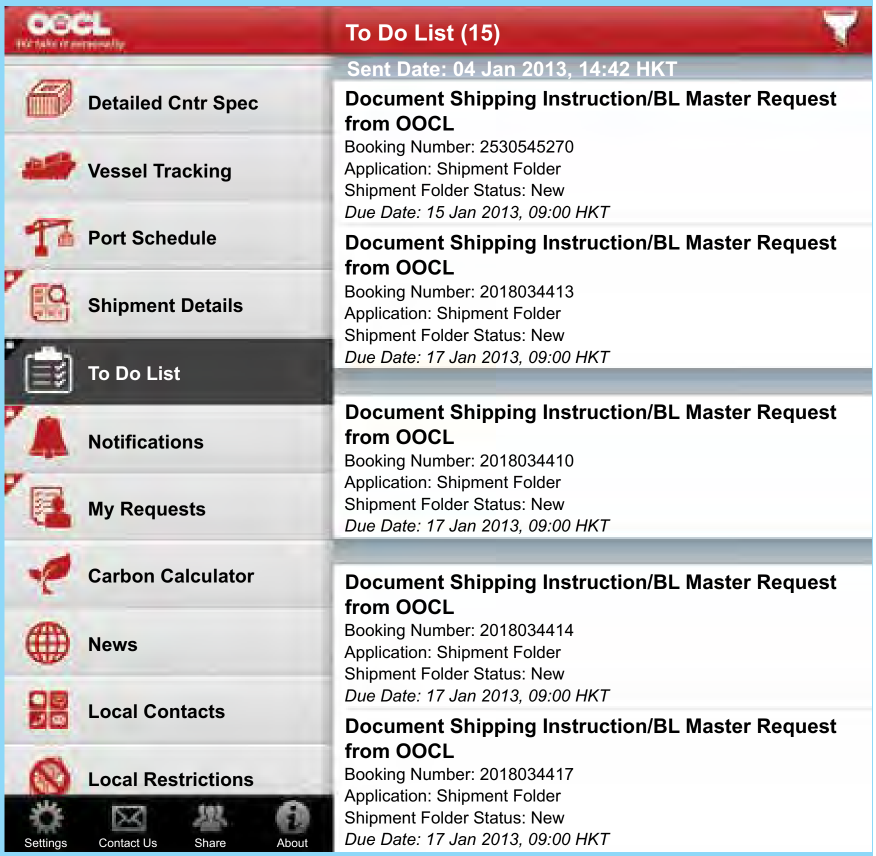
Q Does the app also provide information on the status of the parcel once it reaches a port of destination? That is whether it has been cleared of customs, transported to the CFS or picked by the freight forwarder for dispatch?

A Customers can get the real-time information from the 'Shipment Details' enquiry function in the app. The information covers end-to-end shipment routes with details such as cargo release status, inbound/outbound summary, and the shipment latest event.

Q Does the app provide a snapshot of OOCL's global service points?

A Our app provides a sailing schedule function that allows customers to search OOCL shipment services around the world.

Q Does it enable the customer to communicate with the company in case of any grievance, information regarding schedule?



A Customers are welcome to reach us by simply clicking "Contact Us" in the OOCL Lite app. The app also supports a quick search function for OOCL regional offices with contact details.

Q How does the app enable synchronization of information across records in different locations?

A The app leverages the capability of OOCL's enterprise system which is a centralized data source where information from different locations and different channels are synchronized.

Q How much does the customer pay for downloading and using this app?

A OOCL Lite is free for public use. It is available for download on the App Store, among other locations.

Q How has the app helped OOCL connect to its customers better? How many procedural delays have been eliminated by creating this app as customers would have otherwise had to obtain information through email or by making phone enquiries?

A Mobile technology has already changed customers' behavior. Customers are now used to self-service and help themselves in getting real-time information. Our mobile solution fulfills this need with information right on their fingertips anytime, anywhere, providing them with convenience and speed. We are also looking for other opportunities to develop a two-way interaction model with our customers to provide more value-added service and a new experience when they are looking after their shipments.

Q How much did it cost OOCL to develop this app?

A As we were able to leverage on our powerful and well-developed enterprise system, architecture and excellent IT staff, the development of the app was cost-effective and fast in meeting the needs of our customers and industry environment. mg

Auto components drive the spare-parts growth

India is projected to become the fourth largest automobile producer globally by 2020. The auto components sector recently has been observing robust growth, and turnover is anticipated to reach $115 billion by FY21 from $40.6 billion in FY13

India's exports of auto components increased at a compound annual growth rate (CAGR) of 19.6 per cent to $9.3 billion in the period FY08-13. The domestic auto component market is expected to account for 74 per cent of total sales by 2021 with a total market size of $85 billion. Also, exports could account for as much as 26 per cent of the market by 2021.

Favourable government policies such as Auto Policy 2002, Automotive Mission Plan 2006-2016, National Automotive Testing and R&D Infrastructure Projects (NATRiPs) as well as concessions provided on excise duties in the Union Budget 2014-15, have helped the Indian auto components industry achieve considerable growth.

India is all set to become a global outsourcing hub with several foreign players such as Honda, Ford, etc., planning to invest in the country. This will significantly help the auto components sector to grow and it is estimated to contribute as much as 3.6 per cent to India's gross domestic product (GDP) by 2020 from 2.1 per cent in 2009.

Introduction

The Indian auto component industry is one of the country's rising industries with tremendous growth prospects. From a low-key supplier providing components exclusively to the domestic market, the industry has emerged as one of the key auto components centres in Asia and is today seen as a significant player in the global automotive supply chain. India is now a supplier of a range of high-value and critical automobile components to global auto makers such as General Motors, Toyota, Ford and Volkswagen, amongst others.

The industry currently accounts for almost seven per cent of India's gross domestic product (GDP) and employs about 19 million people, both directly and indirectly. The ever-increasing development in infrastructure, big domestic market, increasing purchasing power and stable government framework have made India a favourable destination for investment, as per the vision of Automotive Mission Plan (AMP) 2006–2016.

Market size

The Indian auto-components industry can be broadly classified into the organised and unorganised sectors. The organised sector caters to the original equipment manufacturers (OEMs) and consists of high-value precision instruments while the unorganised sector comprises low-valued products and caters mostly to the aftermarket category.

The Indian auto component industry is expected to register a turnover of $ 66 billion by FY 15–16 with the likelihood to touch $115 billion by FY 20–21 depending on favourable conditions, as per the estimates of Automotive Component Manufacturers Association of India (ACMA). In addition, industry exports are projected to reach $12 billion by FY 15–16 and add up to $30 billion by FY 20–21.

Exports in the sector grew by 4.4 per

cent to touch $9.69 billion in 2013, as per data provided by ACMA.

Auto component makers expect robust growth in the months to come with continued rise in car sales in the past five months.

Investments

The cumulative foreign direct investment (FDI) inflows into the Indian automobile industry during the period April 2000 – November 2014 were recorded at $11,351.26 million, as per data published by the Department of Industrial Policy and Promotion (DIPP).

Some of the major investments made into the Indian auto components sector are as follows:

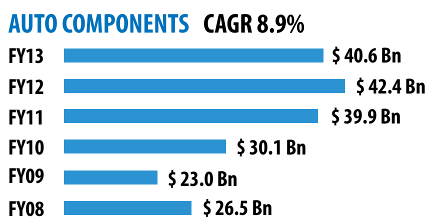
- Motherson Sumi Systems Ltd has acquired assets of German auto parts maker Scherer & Trier GmbH & Company KG, which includes two factories. The acquisition will be made through its Netherlands-based subsidiary Samvardhana Motherson Automotive Systems Group BV for ₹285.10 crore ($46.24 million).
- Nittan India Tech, the Indian subsidiary of the Japanese auto major Nittan Valve, has inaugurated its production unit at Sri City.
- Automotive supplier Uno Minda and Japan's Toyoda Gosei Co Ltd have announced a joint venture (JV) partnership to manufacture and sell rubber hoses to automobile makers in India. The JV will be set up with a total investment of ₹85.3 crore ($13.83 million) in a phased manner.
- RSB Transmissions has signed a Technical Assistance Agreement with Jidosha Buhin Kogyo, Japan to manufacture and sell propeller shafts for SCV/SUV/LCV segment for the domestic and export market.
- Minda Corp Ltd has purchased 2 per cent equity from its Japanese joint venture (JV) partner Furukawa Group to increase its holding to 51 per cent in Minda Furukawa Electric Pvt Ltd (MFE).
- Honeywell Turbo Technologies has entered into an agreement with Tata Group to develop their first ever petrol turbocharged engine.

Auto components exports from India

India's exports of auto components increased at a CAGR of 19.6 per cent to $9.3 billion during FY08-13.

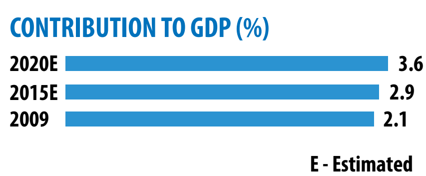
Revenue of Indian auto component sector

Revenues have risen from $26.5 billion in FY08 to $40.6 billion in FY13 - a CAGR of 8.9 per cent.



Auto components sector contribution to GDP

Contribution to GDP will account to as much as 3.6 per cent by 2020 from 2.1 per cent in 2009.



Government initiatives

The Government of India's Automotive Mission Plan (AMP) 2006–2016 has come a long way in ensuring the growth of this sector in the global market. It is expected that this sector's contribution to the GDP will double reaching a turnover worth $145 billion in 2016 due to the government's special focus on exports of small cars, multi-utility vehicles (MUVs), two and three-wheelers and auto components. Also, the deregulation of FDI in this sector has helped foreign companies to invest in huge amounts in India.

"The government has instilled confidence in the market with assurance of positive policy changes. We hope that by the fiscal year 2015–16, capacity utilisation will go up to 90 per cent," according to Harish Lakshman, President, ACMA.

The Government of India is in talks with ACMA and several industry bodies to extend the current excise duties concession beyond December 2015. Under the scheme, excise duties have been reduced for the following segments:

- For small cars, motorcycle, scooters and commercial vehicles – duty has been reduced from 12 per cent to 8 per cent.
- For mid-sized cars – duty has been reduced from 24 per cent to 20 per cent.
- For large cars – duty has been reduced from 27 per cent to 24 per cent.

In recent news, it has been reported that Elizabeth Thabethe, Deputy Minister of Trade and Industry, South Africa, accompanied by a delegation of 27 companies, met the delegates of Indian automakers for partnerships.

Road ahead

The rapidly globalising world is opening new avenues for the transportation industry, generating the need for more efficient, safe and reliable modes of transportation, which is subsequently adding to the auto component industry's growing opportunities. According to a report by the Confederation of Indian Industry (CII), the Indian auto component industry is set to become the third largest in the world by 2025. Also, by that time, newer verticals and opportunities for component manufacturers will open up as the automobile market will shift towards electric, electronic and hybrid cars, and newer technologies will have to be adopted via systematic research and development.

By 2020, it has been estimated that nearly 90 per cent of vehicles on the road will be wired. While the connected car market is expected to touch $600 billion, the automotive component industry is predicted to reach $113 billion.

(As per a recent market study done by India Brand Equity Foundation in 2015)

'SPARE-PARTS' EMERGING AS A KEY DIVISION FOR LOGISTICS PLAYERS

Hitesh Athawasya, Head, Operations Planning and Control of Drive India Enterprise Solutions, the Mumbai-based logistics service provider, speaks to **Itishree Samal** about the opportunities and future roadmap of spare-parts logistics sector in the country

For integrated logistics players, spare-parts is emerging as a major division in the backdrop of a growing demand for FMCG products and automobile industry in India. According to the recent India Brand Equity Foundation data, India, which is currently the sixth largest auto market in the world, is set to become the world's fourth largest in the next five years. And according to IHS estimates, between the year 2008 and 2013, the car ownership in the country was doubled to around 25 million. Backed by major sectors like automotive, industrial and technology industry, the growth in spare-parts logistics is driven by high value manufactured products and their maintenance. The spare-parts industry, which grows parallel with these industries, is expected to be doubled in the next five years from the current approximate $40 billion. Tata Group's logistic arm, Drive India Enterprise Solutions Ltd (DIESL), a joint venture between Tata Industries and Tata International, is emerging as a leading player in the spare parts logistics in the country.

Q Going by year-on-year growth numbers, Indian spare-parts logistics paints a bright future. What is the current size of the after-sales and replacement market in the country?

A The spare-parts logistics, which is mainly driven by the automotive, manufacturing and FMCG sector, is a booming industry. With growing consumerism, the industry is seeing a phenomenal growth year-on-year. The logistics network for spare-parts involves supporting manufacturing and after-sales service of machinery and devices. The automotive spare parts logistics market alone is growing at around more than 30 per cent year-on-year, while the size of the after-sales market, which provides within warranty and after warranty services, is around ₹5,500 crore, and growing at 25 per cent year-on-year. Another strategy here an automotive player follows is that the parts are different for each brand, which streamlines the after-sales market and increases the number of SKUs for the logistics player.

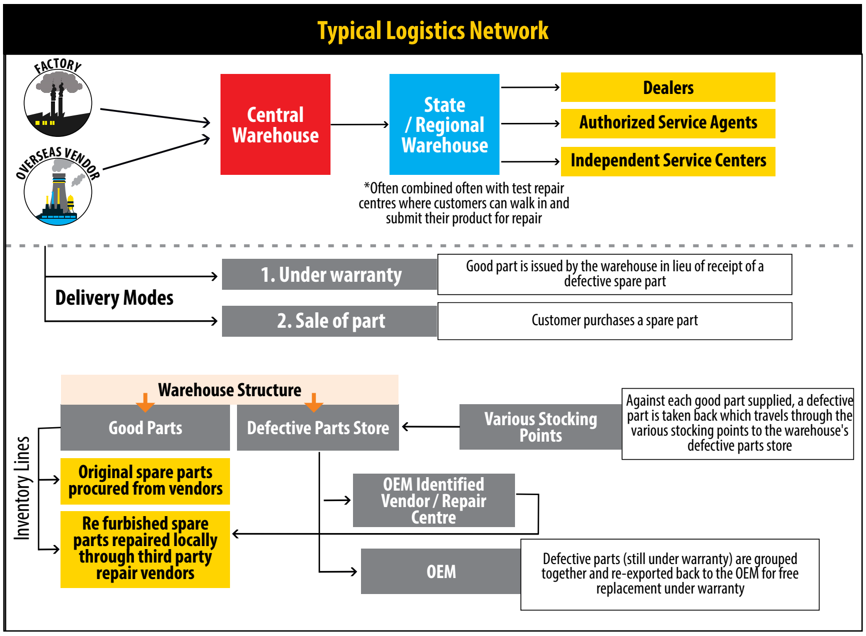
Whereas the replacement market, which involves the replacement of tyre, bulb and other auto components, is three times bigger than that of the after-sales industry and pegged at around ₹16,000 crore. However, the replacement market is often diverted to local players for cheap replacement or refurbished parts.

Q How has been the exports industry for spare-parts?

A When it comes to spare-parts exports, the automotive spare-parts sector has a major share. India mainly exports auto components to Europe, lower Gulf, Africa and US. The export of the automotive parts is estimated to be around $12 billion in the current financial year FY15-16, which has been growing at four to five per cent year-on-year. It also includes exports of aircraft parts, but they are exported under the flagship of the parent companies in US. Companies like BF Goodrich, a US-based company, have a manufacturing base in India to produce equipments that can go inside an aircraft.

Q Which are the major importing countries in the sector?

A Imports are primarily made in the FMCG sector, mainly consumer durables such as fridge, washing machine and air conditioner and consumer electronics such as television and other personal entertainment equipment, etc. Though the country has seen a surge in buying of FMCG products, the country so far does not produce the spare parts. The manufacturing in India is only happening for generic parts. India mostly imports spare-parts in FMCG



sector from Asia Pacific market, especially China, and high-end auto components from Europe including Germany. More than 70 per cent of the spare parts are imported from the region.

Q In spare-parts, the automotive industry seems to be leading the pack. What are the factors responsible for driving the growth in the automotive sector?

A India is suddenly seeing a boom in the automotive sector, where a new model is launched in every second or third week. More number of vehicles on the road drives the requirement for more after-sales and replacement services.

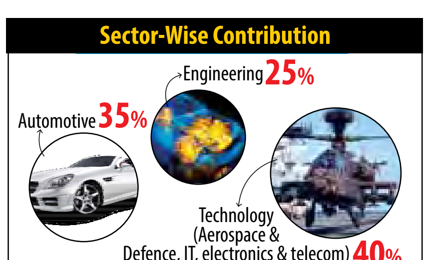
Also, there are several factors attached to the growth of this sector. If you see the road infrastructure has improved in the last 10 years which is forcing individuals depend more upon personal transportation than public transportation. For instance, earlier people used to take train or flight between Mumbai and Ahmedabad whereas now they prefer taking personal vehicles. Even the growth in the hired cars segment is on the rise from Meru to Ola cabs which is somewhat adding in the growth process.

Q What opportunities a third-party spare-parts logistics player has?

A The diversity of the products and geographical component poses a great challenge for automotive players to provide the best of services with genuine products, so the dependence on third party logistics vendors are on the rise for an efficient logistics network. Companies are now focusing more on getting the right supply chain partner for smooth spare parts availability across geographies to reach far places like Kohima and Jammu.

Q How big is the market on the domestic front? What drive the growth in the country?

A Currently, a gap exists in the country in the acceptance of spare-parts. For instance, acceptance is more if a spare part comes from Singapore, while it is vice-versa if it comes from Delhi or Kashmere Gate. However, the size of the generic parts market from Old Delhi and Kashmere Gate accounts for about $6.6 billion and almost one-sixth of the entire after sales component sector.



Going by the Indian mindset, we typically believe to use a product for longer duration, whether it is electronics or automobiles. When a product is used for a longer duration, it requires regular servicing and replacement of old parts, this is where the need of spare-parts arises.

Q What changing trends you notice in the industry?

A Now, manufacturers and logistics players are setting up large warehouses at one place, just like a transshipment hub, from there they are supplying spare-parts to across the countries. For instance, a leading television brand which has presence across the globe has set up a warehouse in Singapore to store most of the spare-parts for all its products to cater to the Asia Pacific region, which proved to be more cost-effective and less time consuming. Also, the cost of production is less as they have the large set up there. The logistics networks are built around that. Most of the spare-parts for television and other electronic equipment are imported from abroad. mg

New rules on the anvil

The European Union is introducing new ship breaking rules which may negatively impact the Indian industry in the long run. How stringent these rules will be and will the ship owners comply by them, only time will tell

Ritu Gupta

There is some bad news in store for the Indian ship breaking industry. The European Union is on the anvil to introduce more stringent rules on breaking up old ships, which may stop old ships from being dismantled on beaches. The new rules aim to stop what is called "a shameful practice." The new rules will require that EU-registered ships be recycled only at sustainable facilities, and a list of these is expected to be published soon. It is likely to include yards in China, Turkey, North America and the European Union, but not South Asia. "The European list will split the market into a safe market and a substandard market. The new rules will be a big role model, as European-flagged ships account for around 15 per cent of the global merchant fleet," said **Patrizia Heidegger of Shipbreaking Platform,** a NGO which campaigns to end the practice of unsustainable ship breaking. The new rules will be the first large-scale implementation of the International Maritime Organisation's 2009 Hong Kong convention on ship recycling, which until now has only been ratified by three countries – Congo Republic, France and Norway.

The European Union lawmakers had earlier also introduced laws for ship breaking but those rules had fallen short of ships from being recycled on beaches. The earlier rules had required ships sailing under flags from EU members to be recycled at yards "using fixed structures" so that waters aren't exposed to toxic spills, but they didn't specifically ban beaching. The new rules will indeed benefit European, Turkish and Chinese recyclers, and harm the business in South Asia, especially Bangladesh and India. Of 1,026 ocean-going ships recycled in 2014, 641 were taken apart on beaches in India, Bangladesh and Pakistan, according to the Shipbreaking Platform. In these countries, old tankers, cruise liners and cargo vessels are broken by hundreds of unskilled workers using simple tools such as blowtorches, that too on the pristine beaches. Chemicals leak into the ocean when the tide comes in. Apart from environmental damages, this practice also leads to loss of human life as per the Mumbai-based Tata Institute of Social Sciences, some 470 workers have died in the past 20 years in accidents in Gujarat's Alang, the world's largest beach stretch for ship-breaking. Some 3500 mostly migrant and unskilled workers operate there.

For ship owners it is very economical to break their ships at a South Asian facility, as rules on disposing of hazardous waste such as asbestos, for example, are generally lax. Depending on raw-material prices, ship owners can make up to $500 per tonne of steel from an Indian yard, as compared to $300 in China and just $150 in Europe. "It's a good compromise. The price Asian yards pay is significantly higher than other yards," a Greek shipowner who has recycled vessels in Bangladesh, was quoted as saying by international media. "The cash you get is usually around one-fourth of the price of a new ship. Most owners use the money for a down payment," he added. The Indian shipyard owners see the new rules as a ploy to fill empty yards in Europe. Fewer than four per cent of all retired ocean-going ships passed through European facilities in 2014. **Haiderali G Meghani, director of International Steel Corporation**, a large ship recycling firm based in Alang, said concerns about poor safety and environmental standards in India are misplaced. "We are almost near to European standards. We hope the new rules will not cause much loss in business," he said. "The European Union's decision is a good one, and we will do our best from our side to address whatever concerns the European Union may have," said **Chintan Kalthia, managing director of R L Kalthia**

Ship Breaking Co Pvt Ltd. "We have already been trying to improve our processes and will continue to take steps to improve safety and protect the environment." **Nitin Kanakiya, the secretary of India's Ship Recycling Industries Association,** says many owners register their ships in such havens as the Bahamas, Liberia, and St Vincent for their stricter privacy laws, not in attempts to escape safety rules.

It seems that Indian ship breaking industry is not much perturbed about the recent happenings, maybe because the European rules have has a gaping loophole. Owners can change a ship's flag or sell it on to a third party outside Europe, who can then scrap it at a non-approved facility. Even at present EU flagged vessels represents less than 10 per cent of the vessels sent for breaking. Most European owned vessels broken on the beaches of South Asia are registered under non-EU flags such as Panama, Liberia and the Bahamas. According to the NGOs, just as ship owners circumvent the current export prohibition under the European Waste Shipment Regulation by not declaring their intent to dispose the vessel whilst at a European port, it is very likely that more ship owners will circumvent the new EU rules by simply flagging out to non-EU flags at end-of-life, so that they avoid extra costs of using safe and environmentally sound ship recycling facilities. In 2014 as many as 181 European ships were beached in Alang, says Shipbreaking Platform, which compiles the data from ship buyers, other nonprofits, and maritime databases. As many as 27 of them changed flags before entering Indian waters, it says. "We fear that the Regulation will end up applying to very few ships," commented Jeremy Wates, secretary general of the EEB. "Unless an economic incentive for all ships calling at EU ports is rapidly introduced, circumvention of the law will persist, and the European shipping industry will continue to be at the heart of scandals involving severe pollution of coastal zones and exploitation of vulnerable workers in developing countries," he warned. "We are concerned that the shortcomings of the Regulation will make it ineffective and worse still, that the EU could be setting a dangerous precedent for other industries that want to avoid being held accountable

to international environmental laws," added Heidegger.

To make matters worse, even the Indian government seems rather unmoved by the potential hazards of the business, allege environmental organizations. For Instance the Modi government has the tax on ships imported to be broken up, potentially boosting the $2 billion industry. This year's budget also seems to have brought with it very little of material concern to the ship-recycling sector, noted Dubai-based cash buyer Global Marketing Systems (GMS). In fact prices of recycled steel rebounded from $340/ ldt to more than $360/ldt post budget. "A cursory review appears to show no significant increases on taxes to the ship recycling sector, but conversely, no new duties on any freshly imported Chinese billets seem to have been imposed so far," said GMS.

According to Gopal Krishna, convener of NGO – Toxics Watch Alliance, the global shipping companies have turned Alang into the most polluted beach in the world with the complicity of Gujarat and central governments. "Gautam Adani's group company has also proposed to set up a ship recycling yard at Mundra. Now that Modi has come to power, Adani's proposal, which is awaiting a final nod from the environment ministry, may soon get a clearance," he adds. The only hope, according to activists like Krishna, is ship owners' corporate social responsibility. European shipping groups such as Denmark's Maersk and

> Depending on raw-material prices, ship owners can make up to $500 per tonne of steel from an Indian yard, as compared to $300 in China and just $150 in Europe.

Germany's Hapag-Lloyd have adopted policies to recycle only at facilities that meet international environmental standards. At the Galloo ship recycling yard in Belgium – the largest in Europe – the volume of ships recycled has more than quadrupled over the past 10 years to about 35,000 tonnes of steel per year. It employs only about 30 staff, with most of the heavy work done by machines. "Large companies have started to come here," said Peter Wyntin, head of recycling. "They just can't afford the bad press any more of dismantling ships on some beach," Wyntin was quoted as saying by the media. Indeed, if this wave of corporate social responsibility extends to small ship owners, then it may spell doom for the Indian shipbreaking industry in terms of its booming profits.

Nearly 500 granite quarries have shut their shops in the last 10 years and applications for more than 12,000 new quarries are still pending for approval. The Indian granite and natural stones industry is suffering from a huge shortage of raw materials and utilizing only 50 per cent of their current capacity due to the restrictive import policy that curbs on imports of natural stone and limited access to natural resource repositories. If necessary initiatives are not taken by the present government, the industry is likely to suffer in the next two-three decades

Restrictive laws impact industry growth

Itishree Samal

India's construction and real estate boom has led the demand for marbles and granites to increase manyfold. Despite the huge surge in demand on the domestic front in the last few years, the industry has failed miserably to cope up with the rising demand. "We are only able to meet 60 per cent of the current demand, rest 40 per cent is now diverted to vitrified tiles and other engineered products," according to **JB Surana, immediate past president of the All India Granites and Stone Association** (AIGSA), which recently renamed into Federation of Indian Granite and Stone Industry (FIGSI). Major reason, cite the industry insiders, is the lack of availability of raw material.

Currently, the Indian granite and natural stones industry put together is pegged at around ₹25,000 crore, which includes more than ₹12,000 crore of exports, with an additional ₹3,000 crore of imports. India exports finished goods to Europe, some parts of USA, Turkey, African countries and UK and exports rock blocks to China and Europe. During the financial year 2013-14, the country exported granite blocks worth ₹12,047 crore as against ₹9,766 crore in the previous financial year. Though the Indian granite exports grew 23 per cent in value term in FY 14 compared to its previous year, the volume remained almost same.

The raw material shortage in India is giving the country a tough competition from its global counterparts such as China, South Africa, Saudia Arabia and Brazil. For instance, China, which does not have its own natural resource base of granites, marbles and other natural stones, has managed to outgrow its peers and emerged as a leading importer and exporter in the world.

"China is around 30 times of India's exports. India, despite having a rich natural resource base of granite, sand stones and marbles, is nowhere close to China," **Krishna Prasad, Vice President of FIGSI,** said. The only advantage China enjoys is an open policy, which does not impose any restrictions on imports and exports of rock blocks as well as finished goods. In contrast, the industry in India suffers from a restrictive import policy on natural stones such as granite that curbs the imports of raw material.

Raw material shortage

At present, in value terms, India ranks fourth in the world after China and Brazil in natural stones and granites. "Given the vast natural stone resources India has, if utilized, the country can easily become the number one player in the world," Prasad said adding that, we have explored only three per cent of country's available resources. More than 95 per cent of the natural stone resources have been untouched as most of it (about

Changing demand for flooring and finishing products

During pre-independence era red oxide was widely used in buildings, then came the ceramics and mosaic industry which took over after independence till the 70s, soon after marbles and granites were widely used in kitchen tops, flooring and finishing for buildings. But the current scenario paints a different picture. Due to the unavailability, demand for vitrified tiles or engineering products are on the rise.

Exports of granite & natural stone products (in ₹million)

DESCRIPTION	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
	Value	Value	Value	Value	Value	Value	Value	Value	Value	Value	Value	Value	Value	Value
Granite & Products	19540.00	20463.10	24605.80	26538.00	25622.70	34905.91	47248.42	42874.80	48149.00	49927.50	53841.20	63815.2	79416	98507
Marbles and Products	2362.00	2085.10	2291.50	1992.60	1683.40	1668.91	1784.73	2914.20	2293.40	2030.30	2027.20	2433.5	3219	2939
Other Stones & Products	1650.00	2663.90	3502.30	4096.20	5275.30	6937.57	10640.45	12816.70	9776.60	8616.30	8542.30	12186	13568	17331
Slate Stone	1436.00	933.50	1391.50	1459.80	1855.10	2107.40	2350.41	2110.10	2072.10	1980.70	1455.80	1534.8	1463	1688
Grand Total	24988.00	26145.60	31791.10	34086.60	34436.50	45619.79	62024.01	60715.80	62291.10	62554.80	65866.50	79969.50	97666.00	120465.00

Source: MOC export import data bank

60 per cent) falls under restrictive zones or environmental protected areas such as forests, wildlife sanctuary, etc.

As per the current environment laws, up to 10km outside a forest area or wildlife sanctuary cannot be utilized for mining. While, in a recent move, the ruling BJP government has put a proposal to reduce the radius to one km or a half km in order to give the land for usage.

The raw material shortage has also forced many industry players to reduce their production utilization by half. “Earlier, the players who used to do two-three shifts, now they are doing only one shift. The production has come down by 50 per cent due to raw material shortage and restrictive import policy on natural stone,” Prasad told Maritime Gateway.

India has the potential to grow more than 300 per cent if the policies were implemented speedily with a positive approach. “While, the current annual growth of the industry is only 10 per cent,” he said.

Also, unlike major minerals like coal and iron ore that attract government attention and favourable policies, minor minerals like granite fail to attract the much-needed government attention. Being a minor mineral, natural stones have several restrictions on quarries, imports, etc. “For the natural stones industry, the policy has not been changed since the last 20 years,” Surana said.

Mining operations may be curtailed when a quarry is shut down due to environmental concerns or illegal mining activities. Due to the restrictive laws and regulations, close to 500 quarries have closed shop in the last 10 years and applications for more than 12,000 new quarries are still pending for approval. Karnataka alone has more than 4,000 applications pending.

“As the current explored areas are slowly getting exhausted, on top of it the government is imposing several restrictions on exploring new deposits and imports; the industry is likely to suffer in the next 25-30 years,” adds Surana.

Domestic front

India used to be a dominant player in exports of rock blocks till the year 2000. Soon after it brought technology from Italy and other places and started processing between the year 2000 and 2012, the country saw surge in exports of both rock blocks as well as finished goods. However, it was during 2012, the country started facing shortage of raw material.

India has sizeable granite reserves in states such as Tamil Nadu, Andhra Pradesh, Karnataka, Rajasthan and Odisha. Predominantly, few states including Rajasthan, Karnataka, Tamil Nadu, Andhra Pradesh and some parts of Uttar Pradesh and Gujarat ruled the natural stone industry. Odisha, despite having a huge repository, has not explored much due to several factors.

However, trends are changing with the change in policy. In granite Karnataka is losing its market share to Tamil Nadu and Andhra Pradesh. “Karnataka is losing out because of several factors. Here, the quarrying and mining policies are different; also the real estate prices have also gone up. Currently, there is no land available for the industry. Players are shifting their locations to cheaper places like Hosur, where they operate staying in Bangalore,” Surana said.

Off late, Andhra Pradesh has emerged as a key player and become number one in granite exports in the country. It enjoys the benefit of having huge raw material deposits and supportive government policy, he added. Even few SEZs for the natural stone industry are coming up in Ongole and Visakhapatnam. mg

INDIA - INDONESIA

STRENGTHENING BILATERAL RELATIONS

Indonesia is unofficially the leader of the 10 member Association of Southeast Asian Nations (ASEAN) and almost half the world's trade passes through its northern maritime border. Indonesia, like India is also one of the most populous countries in Asia. With nation's regional and global profile changing, India has every reason to court Indonesia.

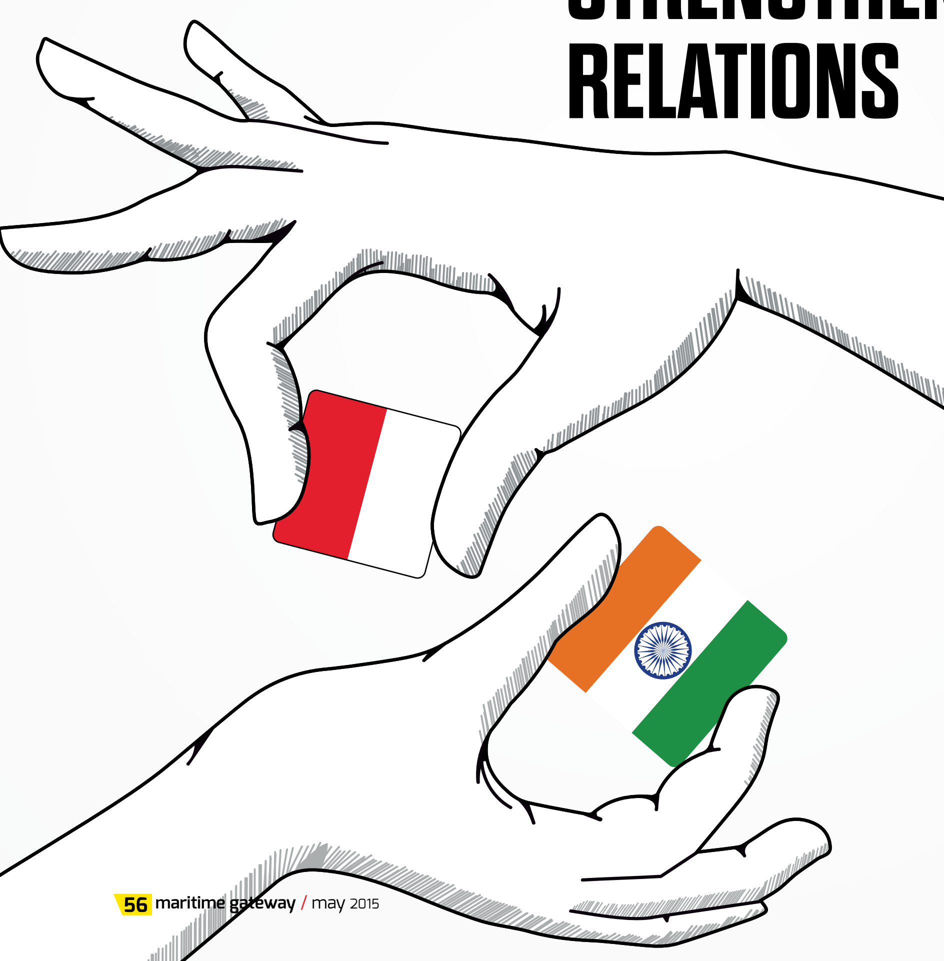
Reshmi Chakravorty

For many reasons, Indonesia matters to India. Apart from the many cultural ties, Indonesia's relationship with India is strategic to the latter. It has come a long way since the Asian financial crisis in the 1990s and has now become a force to reckon with in the world. The country has done much to improve the business climate and has increased its defence, infrastructure and education spends to stem the inequality.

In the last decade, Indonesia has been an active trading partner with multiple nations specially neighbouring countries who are part of ASEAN with both export and imports. Slowly and steadily they have successfully created a niche market for themselves on the basis of their valuable natural resources. But then also they had to import oil and consumer goods as per the demand from rising population. A bulk of Indonesia's imports mainly comprise oil and gas, machinery, electrical equipment, iron and steel, vehicles and plastics. However, the exports of natural resources have propelled its economy to higher levels amongst South East Asian nations. Some of the major export trading partners are China, Japan, United States, India and Singapore. In the initial months of current year 2015, the country saw a trade surplus of $738.3 million in February down from a $843.4 million surpluses reported a year earlier but it was well ahead of market expectations. Indonesia records trade surpluses with India, the European Union and Australia.

India-Indonesia relations

Both India and Indonesia share very close cultural and trade relations for the past two millennia. The two countries have increased maritime cooperation and inter-governmental communication down the years. Indonesia is India's maritime neighbour as the western most tip of the Sumatran island, Banda-Aceh, is barely 90 nautical miles from India's easternmost point of Andaman and Nicobar islands. What brought about a paradigm shift in relations between the two countries is India's 'Look East Policy'. It changed many equations around the world economy once it was adopted in 1991 to counter China's influence in the Pacific. The relations between India and Indonesia got another boost in the form of 'Joint Declaration on Establishing a Strategic Partnership' (2009) where 16 Inter-Governmental Agreements were signed by the two governments. India Business Forum (IBF) was another initiative from both the governments to forge further economic ties amongst the two nations. The forum successfully brought



Top 5 Products Exported by Indonesia

Top 5 Products Imported by Indonesia

together Indian CEOs, entrepreneurs and professionals in Indonesia for better economic engagement with Indonesia.

According to industry sources, there has been a constant contribution of Indian companies to the economic development of Indonesia through infrastructure development, manufacturing, mining and employment opportunities too have been created. Bilateral trade and investments amounted to $20 billion and $15 billion respectively in 2014 and further initiatives were introduced to review and implement various memoranda of understanding between both sides. Indonesia is India's second-largest trading partner within ASEAN, increasing in trade volume from $6.9 billion in 2007-08 to $20.1 billion in 2012-13, with a target of $45 billion by end 2015. While this number is a tiny figure in comparison to the $100 billion target set for China-India trade by end 2015, the potential to grow the relationship between the two countries remains strong.

Economic and commercial relations with India

Indonesia has large quantities of natural resources such as oil and gas, coal, copper, gold, forestry which has become the major source of revenue along with textiles, footwear, electronics, automobiles, pulp and paper. Whereas India is the largest buyer of crude palm oil from Indonesia and imports coal, minerals, rubber, pulp and paper and hydrocarbons reserves. India exports refined petroleum products, maize, commercial vehicles, telecommunication equipment, oil seeds, animal feed, cotton, steel products and plastics to Indonesia along with pharmaceuticals in bulk and formulations.

Indian companies have made significant investments in infrastructure, power, textiles, steel, automotive, mining machinery, banking and consumer goods sectors. Prominent Indian groups such as Tata Power, Reliance, Adani, L&T, GMR, GVK, Aditya Birla, Bombay Dyeing, Jindal Steel, Essar, TVS, Bajaj, BEML, Balmer & Lawrie, Tata Motors and others have established fully-owned subsidiaries or joint ventures in Indonesia. As coal is an important commodity that both countries depend upon for their economic stability, there are many medium and small Indian companies operating coal mines in Indonesia. The Adani Group has signed a Head of Agreement with Bukit Asam, a State coal mining company for constructing and operating a 200-km railway line and a port in South Sumatra. The project is worth $1.6 billion. The Anil Ambani Group has acquired three coal mines and will construct a 233-km railway line and port in the Jambi and South Sumatra Provinces in South Sumatra. The project is estimated at $2 billion. In May 2012, India's Madhucon Sirwijaya Power, an energy consortium signed an MoU with State Electricity Company(PLN) to build a $455 mn 300 MW power plant in South Sumatra. Many IT companies including TCS, Tech Mahindra, Satyam, Wipro, HCL and Polaris have business interests in Indonesia. But in comparison, Indonesia has never been too eager to invest in India.

According to the Joint Study Group Report report, a Comprehensive Economic Cooperation Agreement (CECA) is needed to overcome some barriers before full-fledged trade activity begins. The report pointed out that India's exports to Indonesia could reach to as high as $7.8 billion by the year 2020. The estimates of exports from Indonesia to India could increase to $9.7 billion by 2020. According to the industry experts, entering into bilateral FTAs (Free Trade Agreements), are a good way to expand business opportunities. But Indonesia has been quite slow in following this route unlike its other South East Asian neighbours. Talks are still on for a free trade agreement, or FTA, with India and hopefully by the next fiscal year the countries expect a breakthrough.

With the new government in place and new initiatives being made regarding investment policies by both the Indian and Indonesian government, Indonesia too can become a partner in the 'Make in India' initiative. The Indonesian companies can invest in infrastructure, logistics, and tourism and hospitality sectors, among others in India. The new Indonesian administration has prioritised energy, infrastructure and manufacturing as priority sectors for development.

Trade with Indonesia

Indonesia offers several attractions to foreign investors, including:

- Low labour costs.
- Strategic location between two continents (Asia and Australia) and two oceans (Indian Ocean and the Pacific Ocean) and straddling one of the busiest waterways in the world, the Straits of Malacca.
- Political stability and a democratically elected government, which has made Indonesia the third-largest democracy in the world (after India and the US).
- Particularly for Indian investors, cultural affinity between India and Indonesia due to the two thousand years of peaceful, cultural relations between India and the Indonesian archipelago.

Indonesia has shown increasing capability as a global market and advanced economic development undergoing trade reforms as a means to enhance its economic competitiveness. An investment in India would be a definitive upside for bilateral relations as it would express reciprocal trust in the Indian market and a progressive economic future for both the nations in becoming super powers in the region.

The Sino-Nepal railway line

The railway line, if materialises, will certainly boost bilateral trade between the two countries, provided issues relating to huge capital requirements and the danger to workers involved in the mega project are sorted out

Omer Ahmed

The Chinese government has expressed plans to build a railwayline that would run through the Himalayas, linking China and Nepal. The announcement was made during the state visit of Nepalese President Ram Baran Yadav to China. Yadav applauded the announcement hoping that better connections between the two countries would improve bilateral trade especially in agriculture and tourism, which was the main purpose of his trip.

An increasing number of Chinese tourists visit Nepal, as it is home to Lumbini, the birthplace of Buddha and a popular destination for Chinese Buddhists. Additionally China exports to Nepal and Chinese-language schools have cropped up in Kathmandu and Pokhara, a western Nepalese city.

The railway line will start from Lhasa, the capital of Tibet, which borders Nepal, where a newly installed Qinghai-Tibet rail line is already running, and proceed through the Mount Everest and will connect to Kathmandu, the capital of Nepal. The new rail link between Lhasa and Kathmandu will be 540 km long and the elevation will be taken care of so that there is no mishap during running of passenger and freight trains.

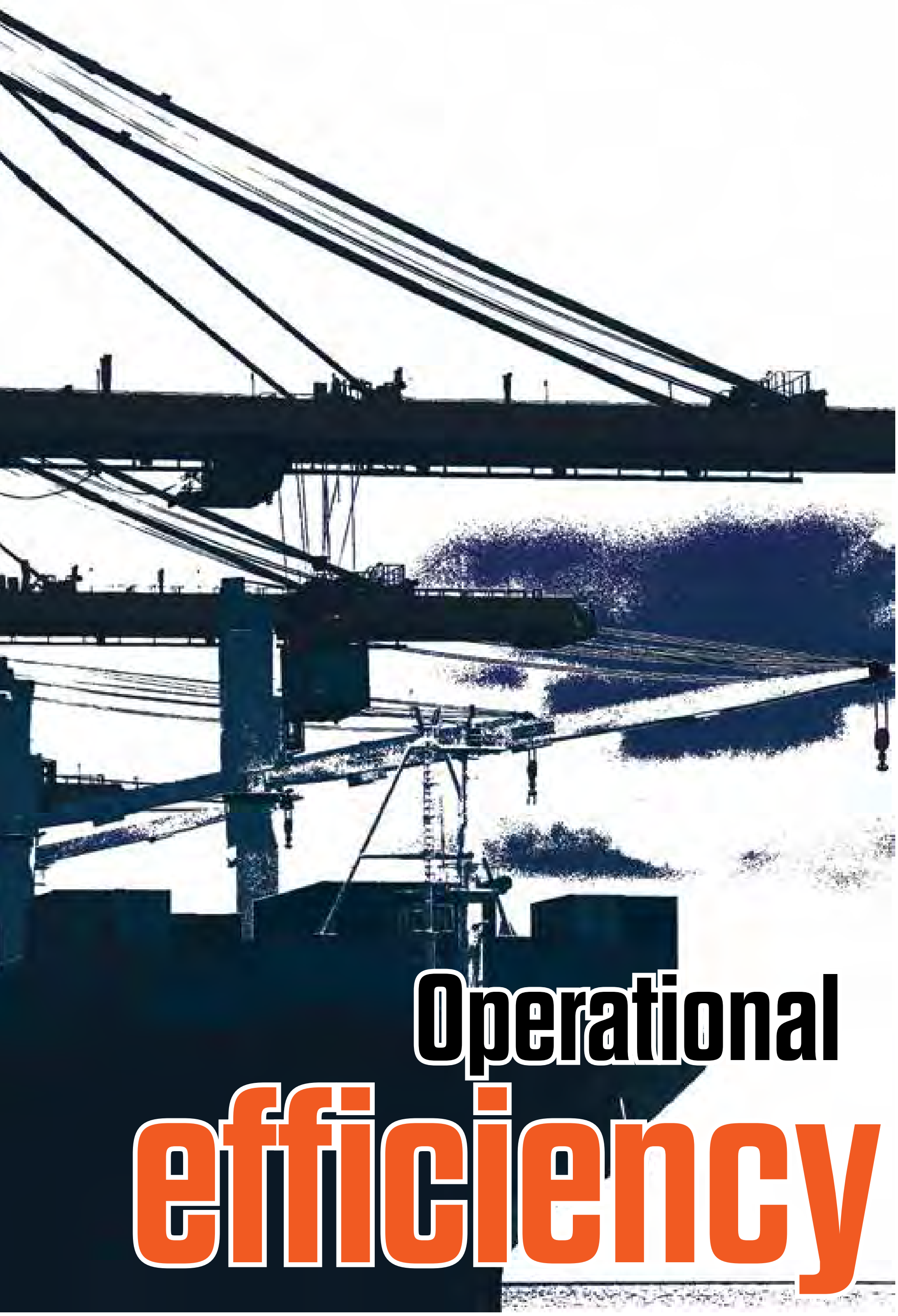
There are speculations that the rail line could be further extended to Bhutan and India, providing a large market access to Beijing. While the project is scheduled for completion by 2020, the tough Himalayan terrain and elevation of the mountain range would be a real challenge for workers.

According to Wang Mengshu, one of China's top railway construction engineers, the railway line will have to pass through Qomolangma, so workers may have to dig some very long tunnels. The project is expected to cost 10 billion yuan (HK$12.6 billion) which translates into 100 million yuan per kilometre. Even at this price most of the construction companies are unwilling to do it. Many railway projects in China under-progress are already running short on cash and an ambitious project such as a tunnel through the Himalayas may not be approved soon. Any train traveling on the route would run at a maximum speed of 120 km/hr.

Fatal accidents during the tunnel construction are another concern. For instance, during the construction of the Qinghai to Tibet railway more than 100 workers died in accidents. Oxygen will need to be provided to workers working at such high altitude which is again a logistic problem.

But not everyone seems to be excited about China expanding its access to South Asia. According to media reports, G Parthasarathy, a former Indian diplomat says, while the Chinese may be giving it a hard try, but Indian ties with Nepal are very strong. There is a natural geographic and historic relationship between the two nations.

Similarly, advocacy groups for Tibet are wary of China's move through Tibet into Nepal and its implications to the locals. Matteo Mecacci, president of the International Campaign for Tibet said, China's claim that railway line to the plateau simply benefits tourism and lifts Tibetans out of poverty does not hold up to scrutiny and cannot be taken at face value. ICT expects the expansion to have dangerous implications for regional security and also to the fragile ecosystem of the world's highest and largest plateau. mg



Operational efficiency

Efficiency of a terminal depends on berth side productivity, yard operations and quick movement at the gate. Indian ports are capable of handling more volumes than they are currently doing, but the transport infrastructure outside the port should be improved to enable them perform at their full capacity

Omer Ahmed

The entire string of activities right from the berthing of a vessel to the evacuation of cargo through the gate decide the efficiency of a terminal. Availability and maintenance of adequate draft is a major factor that decides the types of ships that can berth at a terminal. For instance, Krishnapatnam Port has a deep draft of 18.5 meters with 90 minutes of average berthing time for a vessel. It can handle the largest container vessels floating in the world today.

Lack of adequate draft results in loss of business opportunities for a port. Haldia being a river port has a draft of around 7 to 8 metres. It is the most strategic port for Steel Authority of India for importing coal due to proximity to its plants in the eastern part, but due to draft limitations SAIL is unable to bring larger volumes to the port and is using alternative ports such as Vizag, Gangavaram, Dhamra and Paradip Port.

Efficiency at the berth

Productivity at the berth depends on the number of equipment deployed for evacuation of the cargo from the vessel. The more number of equipment are deployed the faster can be the turnaround for a vessel. Here again the efficiency of the equipment deployed also comes into picture. For instance, if twin lift cranes are used then lifting of cargo from the vessel or loading of cargo onto a vessel can be faster. Efficiency also depends on the nature of terminal whether it is for export/import or transshipment and the number of shifts performed. Most of the terminals in India are benchmark in terms of number of gross crane moves per hour. In terms of equipment used, Indian ports such as Kandla, Nhavasheva, Mundra, Chennai and Cochin are more so comparable and equipped with state-of-the art equipment.

Giving a rough estimation of how the equipment used affects the productivity of a berth, **S N Maharana, Chief Manager Operations (Retd.), JNPT** says, if a single crane that can perform 25 moves per hour is used for unloading a vessel then naturally the turnaround of the vessel will take longer time. Suppose the length of a vessel berthed at a terminal is 300 LOA and it is loaded with 3000 containers, then in this case about 6 RMQCs (Rail

Mounted Quay Crane) can be deployed for emptying the vessel. So, 6X25= 150 moves per hour can be performed which will be the berth productivity.

Another factor that needs to be considered is how many RTGCs are deployed. For example, for each RMQC atleast 3 RTGCs (Rubber Tyred Gantry Crane) need to be deployed.

Elaborating on the efficiency at JNPT, Maharana says, "The operational efficiency at GTI and NSICT terminals is very good. At JNPCT the efficiency is a bit less, where 17 to 18 moves per hour is achieved, which is due to scarcity of equipment and since this is a government-owned terminal the equipment procurement process is very time consuming. 18 moves is a good performance but still low when compared to GTI. Combining the efficiencies of all the three terminals, it comes up to 24 moves per hour, so on the whole it is good performance."

Efficiency at the yard

Once the containers are unloaded from a ship they have to be sent to the designated yard where they are stacked. Here distance of the yard from the berth needs to be accounted for. In this process again for each RMQC atleast 12 trailers are required, so for unloading one vessel 72 tractor-trailers will have to be deployed for quick movement of cargo to the yard, says Maharana.

In order to increase the efficiency of the terminal quick evacuation of containers to their destination (CFS) is necessary and this again depends on the yard capacity. If the evacuation is through rail then the rakes turnaround time and the time required for loading and unloading of rakes comes into picture. For example, Krishnapatnam port boasts of having the fastest unloading of a rake in 9 minutes.

A better thing is to have dedicated CFS for each terminal which will enable quick evacuation of cargo from the yard. Regional gates have been developed so that a trailer delivering a container at a terminal can pick up another container at another terminal without actually exiting the gate. This helps in reducing the number of trips of the trailer, its turnaround time and also avoids congestion. For instance, at Krishnapatnam Port the average trailer

turnaround time is 50 minutes from entry to exit of the port.

Efficiency at the gate

When containers move out of the yard, gate automation is required to ensure the delays of customs checking and physical checking do not hamper quick movement of cargo.

Indian ports are capable to handle more volumes than they are currently doing, but the infrastructure outside is not well developed to match the operational requirements of the ports. Unless the transport infrastructure outside is improved the ports will not be able to perform at their full capacity.

Technology automation

Technology is the backbone of any terminal because of the volumes of cargo that needs to be handled. Approximately more than 5000 transactions per day are performed which cannot be maintained with a manual system. Since the functions are very dynamic proper planning is required and there are tried and tested technology solutions available to efficiently and accurately control the operations.

At Krishnapatnam Port, enterprise port management system that integrates marine, finance, logistics and HR operations is used that enables data sharing and reduced paper work. Automated vehicle tracking system and RFID are used for fleet management. Latest version of NAVIS-N4 terminal operating system is used.

NAVIS has various modules that can be enhanced as per business needs. In addition there are a lot of business tools (CCS application being used at Mundra) that provide live dashboards to get a detailed account of how a terminal is functioning, which helps managers to drill down live data to analyse and check operational efficiency.

At major ports such as JNPT due to availability of large man power much of technology automation has not been done. In the international scenario, for instance at the port of Rotterdam automated freight vehicles are being used to move containers in and out of the yard, reveals Maharana.

In future, there will be focus on fully automated terminals, which will, if not remove, reduce the manpower on the ground. But the question is, are our ports ready to incur such huge expenditure to introduce complete automation at the terminals, provided the availability of cheap labour. mg

Terex® Quaymate M50 mobile harbour crane cuts a fine figure at Terex Port Solutions' first Customers' Day in Xiamen

Terex Port Solutions (TPS) welcomed 100 customers and distributors from all over Asia to its first Customer Day event organised at its Xiamen facility from January 28 to 30, 2015. Guests took the opportunity to gain first-hand insights into TPS's comprehensive portfolio of productive and efficient solutions for terminals of all types, shapes and sizes. TPS presented its entire equipment range, and IT solutions provided by TBA and DBIS. Other Terex brands such as Genie, Terex® Fuchs and Terex Financial Services, also showcased their complementary products and services.

A cost-effective handling solution for Asian terminals

Visitors were particularly interested in the Terex® Quaymate™ M50 mobile harbour crane which has been specifically designed for cost-effective handling of containers, bulk materials, general and project cargo. Introduced to the marketplace last year, it is tailored to the needs of small maritime and river ports. The efficient diesel-electric machine was named 'Crane of the Year' in November 2014 by the "*International Bulk Journal*" (IBJ). The Quaymate M50 crane has been specially developed for Asian markets and combines components of Asian and European origin. It offers a maximum load capacity of 50 tonne, a working radius of up to 36 m and a maximum

Terex® Liftace™ 5-31 reach stacker

Terex has unveiled its new generation of lift truck – the Terex® Liftace™ 5-31 reach stacker and the first of this cost-effective, serviceable and ergonomic machines has been bought by Cuypers Vorkliften NV (Cuypers) in Antwerp, Belgium, with follow up deliveries going to customers in North America and Europe. Cuypers hires out lift trucks to terminal operators in the Port of Antwerp.

The Liftace 5-31 reach stacker combines the expertise and strengths of the two Terex legacy brands, PPM and Fantuzzi, with many new features. The compact and highly maneuverable machine provides a maximum load capacity of 45 tonne in the first container row (second row: 31 tonne, third row: 15 tonne), travel speed up to 25 km/h and a maximum lifting speed of 0.45 m/s.

Marc Cuypers, Managing Director, Cuypers Vorkliften NV explains: “We and our customers have come to appreciate Terex reach stackers as reliable high performance cargo handling machines. We were also impressed by the new technological concept of the Liftace 5-31 reach stacker from TPS. With this product innovation in our fleet, our customers can work even faster and more cost-effectively.”

Klaus Peter Hoffmann, Vice President & Managing Director, Terex Port Solutions says, “During the development of the Liftace reach stacker, our international team focused on the demand situation in container terminals throughout the world. We are pleased that customers appreciate our integrated development approach of driving innovations and developing new machines on the basis of proven ones.”

lifting speed of 50 m/min. With optional equipment enabling use of external power sources in the terminal, emission-free crane operation is possible.

Ideal replacement for outdated, non-specific equipment

The Quaymate M50 crane makes it possible to cost-effectively replace non-port machines, such as conventional telescopic, truck-mounted and stationary cranes and excavators, with dedicated equipment for professional handling of all cargo types. **Maurizio Altieri, General Manager of the TPS facility in Xiamen,** explains: “In Asia particularly, many terminals are still working with outdated equipment, which is not designed for continuous handling in a rough maritime environment. We are now offering these terminals an economical, functional, service-friendly and robust crane that will help them with continuous loading and unloading of inland ships and coasters.” Based on the Terex® Gottwald design philosophy, the Quaymate M50 crane is a genuine mobile harbour crane, designed to suit a limited investment budget. According to Altieri, “The crane offers terminal operators economic working speeds, short delivery lead times and a service life appropriate to the area of application.”

Versatile offer from Terex

In addition to the Quaymate M50 mobile harbour crane, TPS presented its Terex® FDC 280 and FDC 320 forklift trucks. These versatile machines with a maximum lifting capacity of 28 tonne and 32 tonne respectively are now also manufactured in the TPS Xiamen factory in order to better respond to the specific requirements of Chinese customers. They are used for a wide range of general cargo such as steel coils and pallets; with a spreader they can also handle containers.

For bulk terminal operators, the Terex Fuchs bulk material handling machine was another highlight. Guests also learned how Genie® aerial work platforms, and software and consultancy solutions from TBA and DBIS could enhance the efficiency and productivity of their operations. In addition, Terex Financial Services provided information on tailor-made investment plans designed specifically for financing port equipment. “We enjoyed engaging with our customers and presenting our existing technology and new solutions. Their feedback was very positive, in particular with regard to the Quaymate M50 mobile harbour crane. According to terminal operators, the new crane has come at the right time and is precisely tailored to meet their needs. In general, the event was a great opportunity for TPS to learn more about our customers’ needs in Asia. The feedback we received during the three days will definitely guide our future product development,” commented Maurizio Altieri. mg

1 Smart Cities

While the definition of a smart city is still work-in-progress, the general direction is to put the citizen in the centre and work around the themes: employment, productivity and status of public spaces.

A city would qualify to be a smart city, through a 'city challenge system' worked out by an evaluation committee that uses pre-defined criteria (eg electricity availability, revenue: expenditure etc) to evaluate candidate cities.

The smart city initiative is enabling a new business sector- the urban services industry- with services like-intelligent traffic management, smart parking, video surveillance, particulate monitoring, water management etc. I learnt that the water management of Singapore is supported by a firm from Israel. The ROI on parking related businesses could be relatively high. A study was quoted, which found that citizens living in Paris spend about 5 years in the lifetime, finding parking spots. Any guesses on Mumbai.

2 Ease of doing business

To improve the ease of doing business, the EBiz portal of the government now has 14 out of the 26 services of the central departments and several services of a few states, available online. Electronic payments made through the portal would be apportioned between the central and state government agencies and the rest of the services and states are working to get online.

While 60 items had been de-licensed for manufacturing by the private sector recently, interestingly several corporates had approached the government, that they wanted a formal license for manufacturing of some of these nevertheless…

At the 'National Conference & Annual Session 2015' organised on April 6 and 7 in New Delhi, CII gave a clarion call for a stronger coalition among government, industry and civil society towards building a better India

Earlier this week, a colleague and I attended the "National Conference & Annual Session 2015" organised by CII. It often amazes me, how CII lines up a galaxy of government & business leaders for these events...

Am sharing my key takeaways for those of you who wanted to tune-in and could not make it. These are reflections from my notes from the sessions that I attended – so here they are:

General direction

- Having taken several decades to think through, India has now made up its mind that we 'need' foreign investment and is wholeheartedly embracing globalisation, liberalising FDI norms in several sectors, collaborating on assessment and mitigations relating to 'ease of doing business' and will pursue other required measures to persuade foreign and domestic investors to leverage the India growth story.
- The four major initiatives of the government, that go by the acronym 'MI-SI-DI-CI', are of course deeply inter-related and the government leaders appear to be collaborating with each other, to make these work. MI-SI-DI-CI stands for: Make in India; Skill India; Digital India and Clean India. I thought that the "I" should represent the 'Indian Infrastructure,' being a key enabler.

3 Human capital

An estimate indicated that in about a decade, 25 per cent of the skilled workers of the world would be Indian. Another estimate cited that in a few decades, India would account for 12 per cent of the global economic output at present growth rates. I wondered how significantly would Indian human capital contribute to GDPs of other nations across the world in the next decades.

To make more Indian youth employable, a sizeable education and apprenticeship programmes have been initiated by the government in collaboration with the industry.

While India has the largest number of universities in the world, only about 21 per cent of the youth are educated and skilled by Indian standards. The good news is that a large number of workers e.g. the silk weavers of Varanasi, diamond cutters of Surat, Saree weavers of Kanjivaram etc, who are highly skilled and not certified, will have their skills registered in the national registry within the next 5 years.

Subhasis Ghosh
Managing Partner, Founder
Apex Group

Accelerating the development of Infrastructure 5

To accelerate infrastructure development, innovative models of project funding e.g. a hybrid model (with 40 per cent funding by government with interest cost plus x per cent assured return); Dollar denominated borrowing to reduce interest costs (for projects that earn in foreign currency) and reduction in the cost of construction leveraging technology for tunneling etc. are being pursued.

Towards recycling waste materials innovatively, the use of oil slag to build roads are being piloted by project owners. On the other hand, some mega-projects have gone to great lengths to save the environment e.g. a project in Kerala is importing sand from Thailand to avoid damaging the local environment and stones are being transported by rail from Jharkhand for a mega-project in the neighbouring state of Bihar, so that the hills are not flattened and remain for the future generations to see…

Financing India's growth 4

To finance India's growth, the government is pursuing improving tax: GDP ratio by 2-3x; growing the banking sector 4-5x; encouraging more onshore private equity and deepening the public equity market, by encouraging retail investors and pension funds.

To reset the fiscal architecture of India, the government is working on reducing corporate taxes (direct taxes) from the present 33+ per cent levels to 25 per cent in 3 years while removing various exemptions, implementing GST (indirect taxes) and delegating more untied funds to the Indian states.

TAKEAWAYS FROM THE CII ANNUAL SESSION - BUILDING INDIA: A SHARED RESPONSIBILITY

Digital India 6

The Digital India initiative is working to enable all the other initiatives e.g. as a candidate smart city, Bengaluru is piloting the lodging of FIRs at the police station, from a kiosk, inside a city shopping mall. A new application of digital India is JAM (Jan Dhan Yojna) which has led to opening of over 12 million bank accounts, leveraging the nation-wide biometric identification initiative Aadhar and the spread of Mobile connectivity.

A brainstorming session by a group of CEOs recently, identified over 50 business models that are expected to disappear in the next 5 years, eg Black cabs in the UK, standalone camera production, certain media businesses etc. Working on 'emerging businesses' is better than attempting to defend the ones, threatened by innovative entrants like Uber, Facebook, Airbnb etc.. If each one of us Indians, can train our drivers, housemaids.. etc to be more digitally savvy, we would contribute to adding more digital Indians and to the success of the digital India initiative.

National Institution for Transforming India (NITI) – the new planning commission 7

When each Indian state emulates the best Indian state on its 'best in peer-group' parameters, the overall country ranking for 'ease of doing business' in India will go up by over 50 points.

Towards accelerating the knowledge and experience transfer among the Indian states and introducing best practices, the mission for the NITI Ayog is along the lines… to create a culture and set of conditions to be the 'go-to organisation' for the states in 3-5 years. mg

The foray of multifarious business groups into shipbuilding has given the shipyards a glimmer of hope to build better ships quickly. However, one is still to gauge if the conglomerates are here for good or just to take advantage of the swelling defense orders. Either way, both sets of firms have miles to go before they sleep

A ray of hope for ailing shipyards

Notwithstanding the recent spate of acquisitions in the Indian ship building sector, both public and private sector firms must invest in ship design, retooling and reengineering to command even a meager share among the world ship building nations, senior industry professionals augur.

With the Narendra Modi government allowing foreign companies own up to 49 per cent in Indian firms to strengthen India's defense manufacturing base, many a private firm has thrown its hat in the ring to manufacturing defense equipment. Business conglomerates such as the Mahindra and Mahindra and Reliance have made a bid to acquire ailing ship builders such as Pipavav Defense and Engineering, ABG Shipyard and Bharti Shipyard.

Common perception suggests that the acquired will stand to benefit from the financial muscle the bigger firms yield in running a firm in seeing projects and executing orders through. However, sector experts suggest that money power alone cannot salvage these firms that are in need of more than one lifeline. The need of the hour is clear, transparent analyses and investment into ship design. To jump start the sector in to working, collaboration with multiple agencies is mandatory. **Former Chairman and Managing Director of Cochin Shipyard, Commodore M Jitendran** says, "Collaborations between Indian companies are the best way forward where two or more firms can use their expertise in building ships and execute orders on time. This way production time is cut and companies can leverage on their collective strength." Such partnerships have worked in the past where a couple of Italian firms have come together to build big ships where companies jointly work on hull, piping, electronics, planning and strategise their way forward, he says.

The biggest advantage these conglomerates gain by acquiring the sick ship building firms is a license to manufacture defense equipment now or later when competition hots up in the country. But one way or the other, these firms will have to identify the products now and understand the volumes required also focusing simultaneously on skill development in the sector. While the government has been working to increase the capacity of defence shipyards, the sheer requirements of the navy - estimated at more than 95 vessels due for acquisition by 2027 - presents a unique opportunity for private shipyards to capture the market, according to the recent report by EY.

Shipyards should encourage indigenous design and engineering based on the Indian Navy's experience. Shipyards should look at training and managing personnel in electronics, weapon integrators and metallurgy to meet the technical requirements of these huge pieces of transport that move men and machinery across the world and guard seas and countries.

Antony Prince, Founder, Smart Engineering and Design Solutions Ltd says, the need of the hour is a change in attitude of the ship builders. To meet orders, he says, "You have to deploy trained personnel in the yard. While talking about investments the companies often forget or do not care earmarking certain share of the investment towards training the manpower." The government can also bring about changes in the policies by allowing Indian firms to avail foreign currency loans that would help be more viable than depend on government aid.

Firms such as Mahindra and Mahindra do have expertise in building trucks for the army and executing orders for the defense sector. However, other firms are yet to make a mark and prove themselves in this technology and technique intensive sector. Demand estimates suggest there will be an opportunity of ₹25,000 crore each year given the requirements of the Navy and Coastguard in the next five years. Indian firms must in the mean time look at building sustainable and self reliant business models to survive in the market that has many countries ahead of it.

L to R – PK Agarwal, Commissioner, Central Excise and Service Tax, Suresh Kotak, Chairman, Kotak and Company

India Supply Chain Conference 2015

The two day event highlighted certain infrastructural challenges India needs to overcome in the logistics and warehousing space for supply chain activity to function seamlessly

MG Report

The 'Make in India' initiative announced by the government that encourages indigenous companies to manufacture products within the country will offer huge opportunities in the supply chain segment, experts at the maiden India Supply Chain conference said in Mumbai.

It hosted several speakers from across industries who shared their expertise on how to manage supply chains. The Make in India programme's re-visioning of all sectors including transportation and manufacturing will unlock India's economic potential, accelerate growth and increase investment opportunities directly affecting the supply chain of every business in India. With a positive mood in the Indian economy, ensuring that supply chains remain robust and continues to evolve for today's industry and the Make in India initiative by the government is important. Executives need an in-depth look at core processes and common supply chain challenges so they can identify and focus on key enablers. This event introduced an improved learning format that includes all-star panel sessions and a unique networking opportunity.

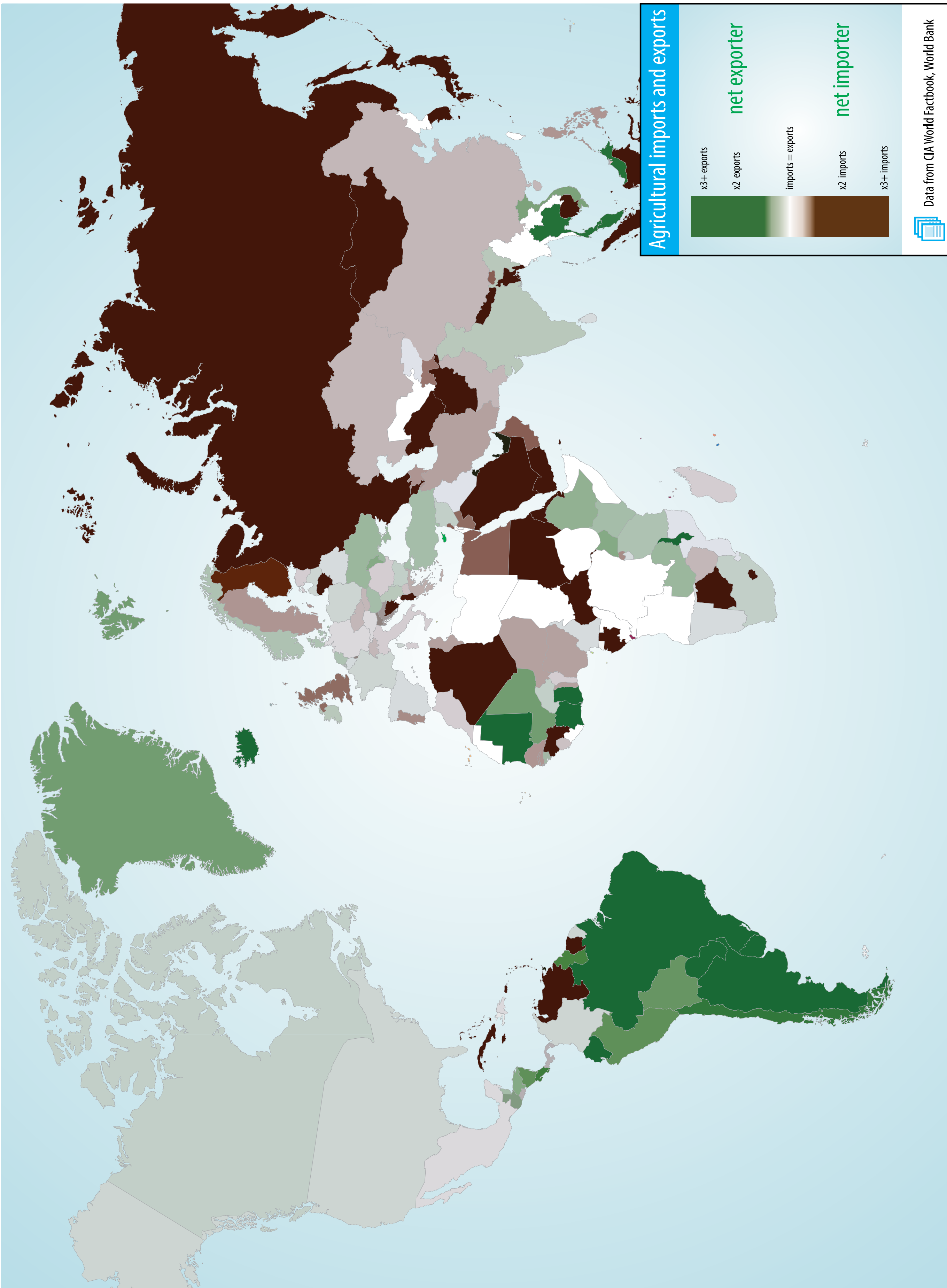
The two day event from April 14-15 highlighted certain infrastructural challenges India needs to overcome in the logistics and warehousing space for supply chain activity to function seamlessly in all organizations. Policy changes in these segments were discussed that could help the manufacturing sector in the country to become more robust. Once Indian companies start manufacturing in the country, the freight transportation network will undergo a major makeover, speakers averred.

The conference brought together supply chain leaders from top global companies like Target, Philips, Kellog's DuPont, Coca Cola, P&G, Timken to name a few who shared insights and real world examples about managing a wide range of supply chain challenges. Conference topics included 'Infrastructure Requirements that Enable the Make in India Supply Chain' moderated by Ravind Mithe of KPMG and 'Policy Reboot, Challenges of a New Policy Environment' moderated by Kumar Kandaswamy of Deloitte, and 'Market Entry-The View from outside India' in which a panel of international supply chain leaders discussed the challenges of doing business in India, which was moderated by Shantanu Bhadkamkar, MD of ATC Group and Chairman of IFCBA.

The conference was presided by Shri Pramod Kumar Agrawal, Additional Director General, Commissioner of Customs and Central Excise & Service Tax as its Chief Guest. Shri Suresh Kotak, Chairman, Kotak and Company was the guest of honour. Sumit Dutta, Partner, McKinsey & Company, who leads the supply chain vertical in Asia gave the keynote address.

"It was an engaging academic conclave & an eventful conference overall. There was very healthy discussion with numerous diverse views and some very good points made during the panel and general sessions. We are planning a white-paper now on the conference outcome, which we will circulate to all within a month." said Anshuman Neil Basu, SCM Programs Chief Executive. McKinsey & Company was the Knowledge Partners to this premier event.

"There are numerous reports that Indian industry is facing a tremendous talent and skill gap in supply chain professionals. Academic and other trade institutions are not able to match this shortfall both in terms of number of supply chain management graduate as well as their supply chain knowledge," said Professor John Saldanha from West Virginia University and Chair of the Conference Committee.


Agricultural imports and exports
x3+ exports
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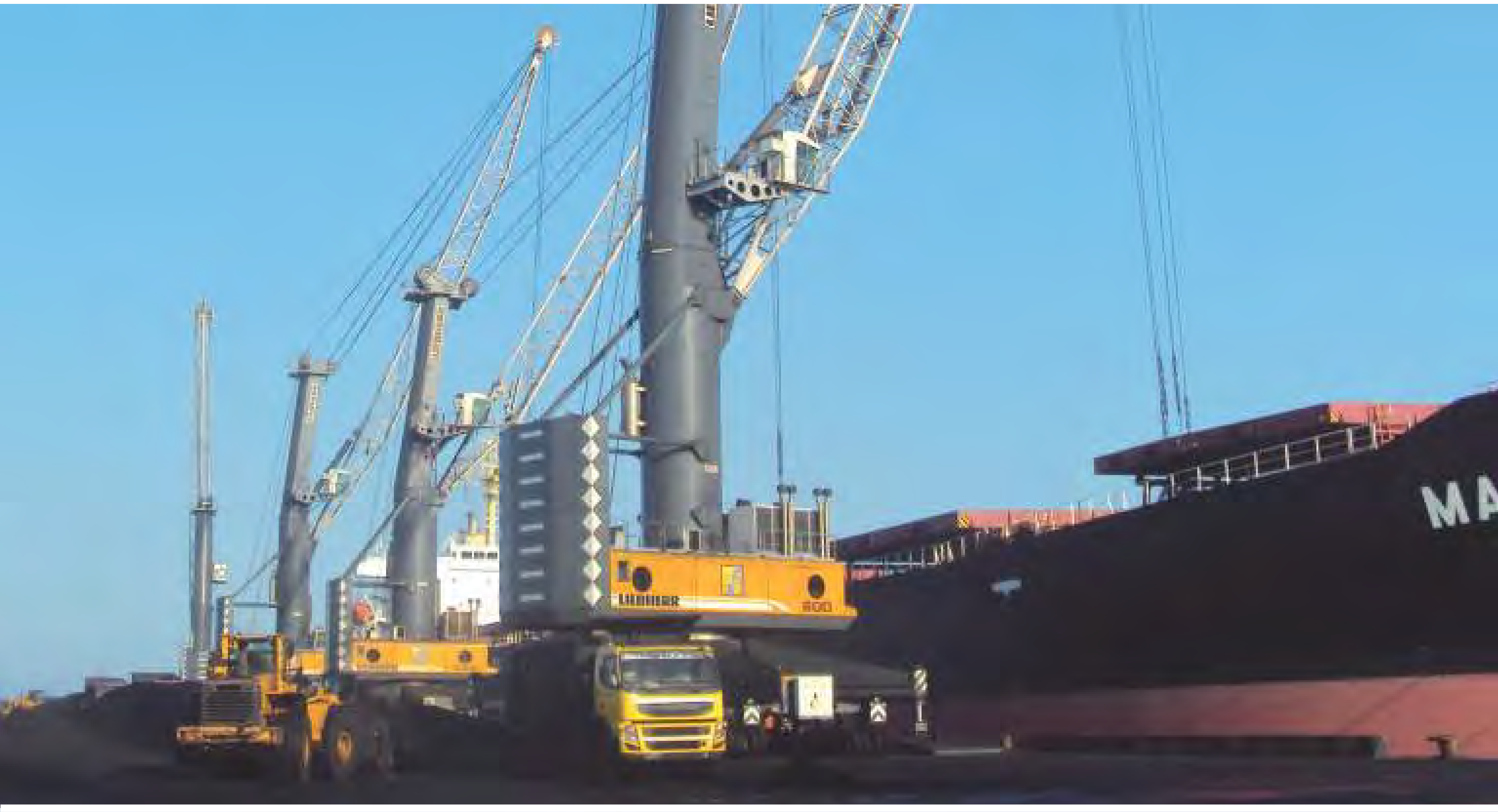
Data from CIA World Factbook, World Bank

Experience the Progress.



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