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maritime gateway

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MAN WITH THE MIDAS TOUCH

Shashi Kiran Shetty

Founder and Chairman, Allcargo Logistics Ltd

MANDATORY CONTAINER WEIGHING ARE WE READY?

To address the problem of mis-declared container weights, the International Maritime Organisation has promulgated a new regulation ordering laden boxes to be weighed before they are loaded on to vessels. By doing this, the body has set the cat among pigeons.

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KEY HIGHLIGHTS OF JSW'S JAIGARH PORT:

- A modern, mechanized, environment friendly deep water port (20 mtrs) in Maharashtra has handled large Capesize Vessels (200000 DWT) and is getting ready for a giant leap to handle 65 MTPA of cargo. Also, it is aiming for direct berthing of next generation vessels i.e. largest Dry Bulk Carrier (Vale Max), LNG Carrier (Q-Max), Container Vessel (EEE Series-18000 TEUs) & Very Large Crude Carriers (340000 MT) with active Government support.
- A 'Jaigarh-Digni Rail Limited' SPV has been formed and the project is being implemented as a joint venture with Konkan Railway and Government of Maharashtra. Jaigarh Port would be connected to Indian Railway Network by March 2018.
- Ministry of Shipping has identified Jaigarh Port in the formation of a Coastal Economic Region in the visionary Sagar Mala Project on the West Coast and is poised to drive economic development of the region.
- JSW Infrastructure is expanding the total capacity at its ports to 200 MTPA.

JSW Infrastructure

Corporate Office:
JSW Centre, Bandra Kurla Complex, Bandra (East), Mumbai 400051. Tel: +91-22-42861000, Fax: +91-22-42863000,
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Tel: +91- 120- 235 1667, 68, Fax: +91- 120- 235 165, E-mail: info@cclog-park.com

Website: www.cclog-park.com

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Editor and Publisher R Ramprasad
ramprasad@gatewaymedia.in

Associate Editor Deepika Amirapu
deepika@gatewaymedia.in

Associate Editor Omer Ahmed Siddiqui
omer@gatewaymedia.in

Assistant Editor Itishree Samal
itishree@gatewaymedia.in

Sr Correspondent Mohammed Shareef MP
shareef@gatewaymedia.in

Sub Editor Reshmi Chakravorty
reshmi@gatewaymedia.in

Contributing Editor Ritu Gupta
ritugup@gmail.com

Sr Designer Vijay Masa

Designers Nagaraju N S, Nadeem Ahammad

Marketing & Sales

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

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

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

Client Relations

Madhukar – Manager
madhukar@gatewaymedia.in – 093937 68383

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Phone : +91 (40) 2330 0061 / 2330 0626
e-mail : subscribe@gatewaymedia.in
write to : Gateway Media Pvt. Ltd., # 407, Fifth Floor, Pavani Plaza, Khairatabad, Hyderabad – 500 004, INDIA.
www.maritimegateway.com

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Editor: R Ramprasad

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Create an economic environment for private parties

Just when we thought the run up to the monsoon session of the Parliament was going to be all about the other *Modi*, the Debroy Committee came to our rescue with its report. And by 'our', I mean the railways and all of us who have anything to do with it.

The six member committee chaired by Economist Bibek Debroy made some indispensable recommendations to mend the functioning of the railways and suggested that many functions get a makeover. Constituting a regulator to oversee its economics, decentralisation of authority, corporatisation of the locomotive behemoth and a new company to own railway infrastructure have been proposed to improve the health of the tracks, among other physical assets.

The committee also advocated privatisation of various functions to encourage more players coming in and bring in efficiency. This is a much welcome step where private players are let in to other areas of work for the railways. However, whether in building wagons or running freight trains, private operators find it uneconomical to operate because they do not have access to tracks. Unfortunately, the Indian Railways gives preference to its trains thus according secondary treatment all others who use its tracks. Apart from the recommendation to constitute a separate track holding company, the Railways should also allow tariff to be linked to the market than controlling it. If it intends making the market for operating freight trains contestable, a conducive economic environment should be created for profitable functioning of the PFTOs.

To make operating freight trains contestable, a conducive economic environment should be created for profitable functioning of the PFTOs.

A little before this report was made public, the Parliament also gave its nod to the forming of a special purpose vehicle names Rail Vikas Nigam Limited to enhance port-railway connectivity. Those who favoured this policy, your heart in is in the right place, but implementation challenges will be many given the number of projects awaiting immediate attention. With investments being huge and ports shouldering unavoidable expenses such as dredging and pensions, it might be a tad difficult for the SPV to take off. Also, with most major ports facing a land crunch, acquisition of private land for these tracks could take longer. Instead, the government should set up a financial institution from where ports can borrow. It should then facilitate land acquisition and leave laying of tracks and connecting port sidings to the main line to the private parties who can ensure faster execution. This will not only induct private parties in to the railways, but also ensure containers making their way out of ports easier.

R Ramprasad
Editor and Publisher
ramprasad@gatewaymedia.in

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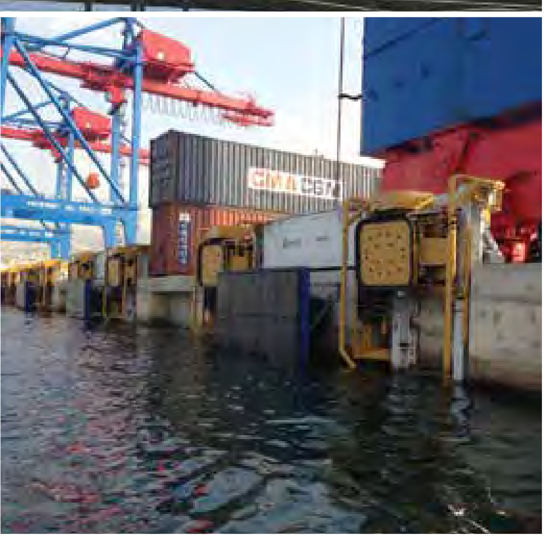

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Cavotec India Pvt Ltd
Telephone: +91 20 6725 5000
Fax: +91 20 6725 5099
info.in@cavotec.com
www.cavotec.com

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JULY 2015

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SPEEDWAYS

SHIPPING TRANSPORT OPERATOR WAREHOUSING.
CUSTOMS CLEARANCE CRANE HIRING

WHO WE ARE

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

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

WHAT WE DO

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

CUTTING EDGE

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

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

MISSION

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

VISION

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

WHY SPEEDWAYS

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

CHAIRMAN SPEAKS

SPEEDWAYS LOGISTICS PVT LTD, a pioneer company in the Logistics trade stands strong and firm in the Eastern Sector to provide the best solutions to all customers, reputed amongst all, we have been serving the EXIM trade for more than four decades with an endless list of satisfied customers.

SPEEDWAYS LOGISTICS PVT LTD has come into being with a view to provide the EXIM trade with "Total Logistics /solution" including "Containerised and Project Sea freight Consultancy and Forwarding", with allied services being provided for Transportation, Warehousing, Packaging, Stuffing/ De stuffing, Ship Chartering, Handling of project machinery originating from anywhere, or destined to anywhere in the world, and delivering it up to the shippers/ consignees door.

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Shipbuilder looks to drone technology

Tsuneishi Holdings Corporation is analysing the potential for using drones at its Hiroshima shipbuilding facility in an effort to increase both safety and productivity in daily operations. The drone is able to capture high-quality photos and video and transmit the data live back to a central information processing area. From there, the Tsuneishi team hopes to use the collected information to oversee operational progress, facility inspections and potentially manage disaster situations from a distance.

The race for Mumbai LNG terminal

India Gas Solutions, Japan's Mitsui, Excelerate Energy of the US, and a consortium of India's IMC and Norway's Hoegh LNG, are contesting for the rights to set up a 5 million tonnes per annum (mtpa) capacity floating LNG import terminal at Mumbai Port, which is estimated to cost ₹27.40 billion ($428 million).

The successful bidder will set up the floating storage and regasification unit (FRSU) on PPP basis, and run it on the design, build, finance, operate and transfer model. This will be the fifth LNG terminal on the west coast, and the second in Maharashtra state. It will have a storage capacity of 170,000 cubic metres and 5 mtpa gas production capacity.

DCI reports ₹62 crore in PAT for 2014-15

Dredging Corporation of India has reported a profit after tax (PAT) of ₹62 crore for the year 2014-15, a 66 per cent jump over the previous year's figure of ₹38 crore. For the first time in recent years, the capacity utilisation of the company has been 100 per cent in terms of both targeted days and volume.

Cairn India restricted from exporting

The Petroleum Ministry has turned down a proposal from Cairn India to export crude oil from its Barmer block in Rajasthan. The reason is, Cairn's production sharing contract with the central government does not provide for exports.

Rules for Indian Naval Combatant ships

The Chief of the Naval Staff, Admiral RK Dhowan has released the "Rules and Regulations for Construction and Classification of Indian Naval Combatant Ships," developed by Indian Register of Shipping. These rules have greater focus on the military aspects of ship design. The release of rules marked the culmination of about four years of efforts and Indian Navy has steadfastly stood by IRS in this endeavour, said Arun Sharma, CMD, the Indian Register of Shipping. He added, IRS was looking forward to the rules being put into application in the near future and, in the process undergo further refinement and improvement.

Shashi Kiran Shetty awarded "Honorary Doctorate"

Shashi Kiran Shetty has been awarded an "Honorary Doctorate" at the 33rd Annual Convocation by Mangalore University. The event was facilitated by Professor Goverdhan Mehta, Vice Chancellor K Byrappa and Governor of Karnataka Vajubhai Rudabhai Vala. Shashi Kiran Shetty received this honour for his immense contribution in the field of healthcare to the underprivileged in Mangalore through the Avashya Foundation. The Foundation also undertakes social welfare schemes encompassing national disaster relief, healthcare, education, sports, women empowerment and environment sustainability in India.

V Kalyana Rama appointed as Director at Concor

The Board of Directors of Container Corporation of India has appointed V Kalyana Rama as Director (Projects and Services) on the Board of Concor. The Ministry of Railways has communicated that competent authority has approved the appointment for a period of five years from the date of his assumption of charge of the post or till the date of superannuation, or until further orders, whichever is the earliest.

New Managing Director for Glander International Bunkering (India)

Ajay Menon has been appointed as the Managing Director of Glander International Bunkering (India) Pvt Ltd. Prior to his promotion, Menon was senior bunker/lubricant trader and team leader in the Dubai office. Ajay holds an MBA from Warwick University, UK. The appointment is in line with the company's strategy to boost operational performance.

Ban lifted on Chinese cranes

India has lifted the ban imposed on use of Chinese cranes at ports, a move that coincided with Prime Minister Narendra Modi's visit to the neighbouring nation aimed at furthering bilateral ties. The ban was imposed amid apprehensions that the cranes could be used to monitor or spy on the movement of Indian naval ships. After almost a year of discussions, the defence ministry has allowed the Mumbai Port and Tuticorin VO Chidambaranar Port to go ahead with the installation of cranes supplied by ZPMC.

APM Terminals Pipavav quarterly results

APM Terminals Pipavav that operates one of western India's fastest growing gateway ports, reported good performance for quarter ended March 2015 led by good volumes in dry bulk and steady container cargo. Income for the 15 months period ended March 31, 2015 stood at ₹8,670 million.

During the quarter, the terminal moved 201,000 teu of container cargo, 3 per cent increase over Q4'14 and 7 per cent increase over Q1'14. Bulk & general cargo recorded 24 per cent decrease in volume compared to Q4'14 and 33 per cent increase in volumes over Q1'14. Liquid cargo handled was 126,000 MT as compared to 80,000 MT in Q4'14.

AA ratings for Apeejay Shipping Limited

Credit rating agency ICRA has reaffirmed the AA rating for Apeejay Shipping Limited's term loans, fund based bank limits and non-fund based bank limits and assigned A1+ rating for its commercial paper.

The ICRA ratings take into account Apeejay Shipping's established track record in the dry bulk shipping business for more than six decades, its healthy financial profile characterised by a conservative capital structure, and comfortable liquidity position that is supported by a large portfolio of liquid investments.

Land acquisition law not to support industrialists

The land acquisition law will not be used to help the industrialists to acquire land but will remove the hurdles for scores of infrastructure projects set up by central and state governments across the country, said Shipping Minister Nitin Gadkari, in a counteroffensive to the Congress campaign that alleged the Modi government to be pro-corporate. Projects worth crores of rupees have been held up for want of land. "We need to break this logjam. We are not going to acquire lands for the private sector," the minister clarified.

Union Cabinet approves coastal shipping agreement between India and Bangladesh

The Union Cabinet, chaired by the Prime Minister Narendra Modi, has given its approval to the agreement on coastal shipping between India and Bangladesh to carry out movement of goods.

Exim trade between India and Bangladesh will benefit by way of reduction in freight charges. It will also improve the utilisation of port capacities in India and open up new opportunity for Indian coastal vessels. It will also help in decongestion of roads, especially at the land custom stations/integrated check posts at the Indo-Bangladesh boarder. The Indian ports offering transshipment services for Bangladesh cargo will benefit by way of enhanced throughput. Both the nations shall render the same treatment to each others' vessels as they would have done to national vessels used in international sea transportation.

Boosting shipbuilding ties with Korea

In his recent visit to South Korea, Prime Minister Narendra Modi made an attempt to boost ties between Indian shipyards and Hyundai Heavy Industries (HHI) to further develop the shipbuilding industry. Modi and the HHI management discussed various ways to expand cooperation on naval defense, LNG carrier construction and shipbuilding technology.

Modi showed particular interest in HHI's technological prowess in building a wide range of naval vessels as well as high value-added vessels such as LNG carriers. Prior to his visit to HHI, Modi spoke with South Korean President Park Geun-hye about his desire for Korean companies to participate in his "Make in India" campaign, citing defense and shipbuilding as key areas.

VOICES

"Some of those companies have not been able to identify an acceptable way to exit the business, so they continue to throw good money by investing in more vessels. It's highly unlikely that there will be an easy way to make a profit for a small or midsize carrier."

Nils Andersen
CEO, Mærsk Group

"When the first Maersk Triple E class ships were launched, there were a lot of congestion and an inability to operate in a smooth manner. We need to cope with mega ships and ensure that we do not break the resilience of the rest of the trade system."

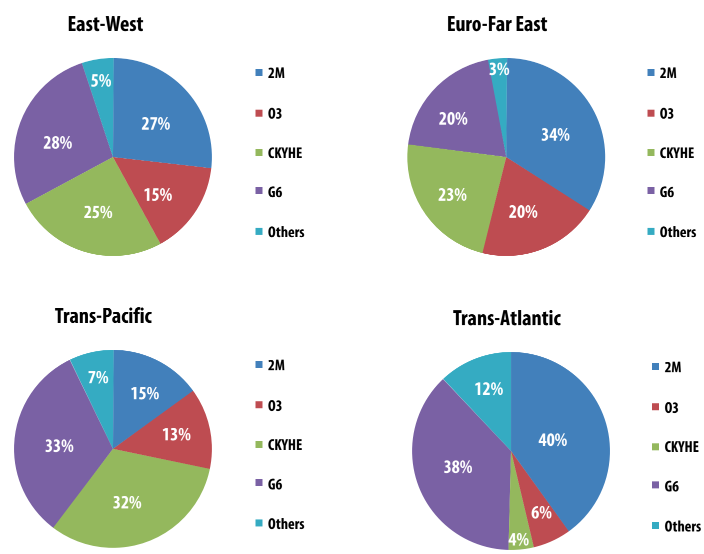
Tan Chong Meng
Chief Executive Officer
PSA International Group.

"Rates are a disaster, and volatility is going to be a real problem – which it has been since the beginning of this year. There's lower utilisation and everybody starts chasing that bit of cargo."

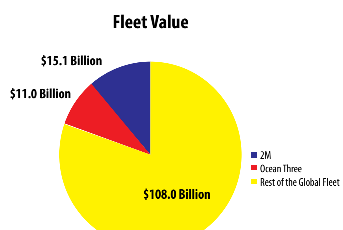
Rolf Habben Jansen
CEO, Hapag-Lloyd

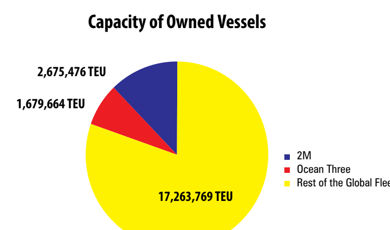
To transport the 19,224 teu capacity of the *MSC Oscar* you would need:

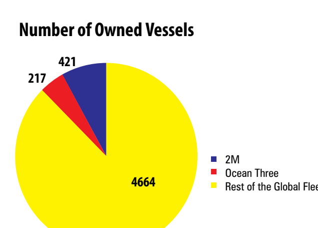
Market share controlled by alliances on global trade lanes



2M vs Ocean Three vs Rest of the global fleet







Sources:VesselsValue.com

Chabahar Port to be operational by December 2016

Chabahar Port, strategically important port for India for its access to Afghanistan bypassing Pakistan, is likely to be operational by December next year. A joint venture of Kandla Port Trust and JNPT is working on the project and a draft agreement will be signed within three months in this regard. A special purpose vehicle will develop the port with an investment of $85.21 million converting the berths into a container terminal and a multipurpose cargo terminal; India proposes to take two berths at Chabahar on lease for ten years.

Using the existing Iranian road network and the Zaranj-Delaram road India can effectively access Afghanistan's Garland Highway from Chabahar Port. This would enable India to access four of the major cities of Afghanistan by road – Herat, Kandahar, Kabul and Mazar-e-Sharif. By shipping crude oil and urea through the port, India can have transportation costs reduced considerably.

KPCT starts new Gulf service

The east coast is witnessing a steady increase in containerised volumes. Keeping pace with the growth, KPCT now offers a new service to the Gulf sector. Simatech in association with Evergreen Line recently launched a joint CCG service.The first sailing of this weekly service commenced at KPCT by the maiden call of *M V Taroko* on May 21, 2015.

This 28-day service will utilise four container ships of around 2,000 teu each; three operated by Simatech and one by Evergreen Line. The service provides direct connectivity from Krishnapatnam Port to Colombo, Cochin, Jebel Ali and Sohar (Oman) ports. The Colombo connection is an add-on to the existing BOX (jointly operated by BTL, Seacon & OEL) & MSC feeder services currently operating out of KPCT. The service vessels will call KPCT every Thursday complementing the trade in the hinterland of Krishnapatnam Port to plan their exports and imports out of KPCT.

CSL delivers "*ICGS Anmol*" ahead of schedule

Cochin Shipyard Limited (CSL) delivered the 13th of the series of 20 fast patrol vessels *"ICGS Anmol"* under construction for the Indian Coast Guard, well ahead of schedule. The vessel will be operated from the Coast Guard Station at Haldia. CSL has consistently performed beyond expectations in that it has delivered seven ships in FY 2014-15 and three ships in FY 2015-16. The shipyard has successfully delivered 12 ships in a span of just 20 months with an average delivery interval of 1.6 months, against the contractual commitment of three-month interval. Though Cochin Shipyard had been repairing Indian Coast Guard ships in the past, this was the first new-building order it bagged from the Coast Guard. The vessels are equipped with a long range gun and ultra-modern vessel control, navigation and communication tools.

Dry bulk shipping market unlikely to recover until 2017

The dry bulk shipping market is not expected to return to profitability until 2017, despite a modest recovery in earnings anticipated over the next two years, according to the latest edition of the Dry Bulk Forecaster, published by global shipping consultancy Drewry.

The dry bulk market has always been sensitive to demand fluctuations and seven years ago a demand-driven peak in the market made many owners cash-rich, helping them survive the weak market that has persisted since. While this market trough has been supply-driven, with the industry suffering several years of unprecedented oversupply, the more recent demand slow-down has added to market woes, demonstrated by the conversion of some dry bulk vessels to tankers in a desperate attempt by owners to return to profitability.

"Anaemic demand growth is here to stay, especially as the trade development in coal and iron ore into China is expected to decline further," commented Rahul Sharan, Drewry's dry bulk shipping lead analyst. Iron ore and coal form almost two-thirds of the global dry bulk market and China has been the largest influencer. One of the main concerns in China has been deteriorating air quality, hence the Chinese government is shifting its focus from polluting, coal-fired power plants to renewables and cleaner sources of energy. This is casting a shadow over the thermal coal market which will have a detrimental effect on bulk shipping demand.

On the supply side, to date 2015 has seen a record number of demolitions. The average demolition age has fallen and if this trend continues, many more recently built vessels are likely to face a similar fate.

Container train operators demand cap on haulage charges

In order to protect operational profits, the container train operators have requested the Railway Board to place a cap on haulage hikes of not more than 5 per cent a year and such charges should be announced only once a year.

Haulage charge is the freight paid by container train operators to the Indian Railways for using its assets like locomotives, fuel, network and other facilities. Haulage charges form the major part of operating cost roughly about 60-70 per cent which a container train operator has to bear. The operators have also asked for the removal of 10 per cent import congestion surcharge by the railways and insisted upon more predictability on haulage charges. “Greater transparency is needed by making haulage charges a formula-linked value so that operators can predict their costs and plan their customer contracts,” said Sharat C Misra, President, Association of Container Train Operators.

Deep-sea port proposed at Paira

India has proposed to develop a deep-sea port at Paira in the southern coastal district of Patuakhali in the Bay of Bengal on a PPP basis and form a consortium with Bangladesh. Building a regional shipping hub for transit trade through the Bay of Bengal is also a part of the government’s plan. Bangladesh has been trying to build a deep-sea port for the last few years to cope with its growing pace of cargo movement. The country’s port usage is growing at 12 per cent a year. The technical committee of the Paira sea port has estimated the construction cost at around 250 billion takas, including building a 34-km-long link road. The entire project is likely to be completed in five to seven years.

Biggest rail infra project in Tamil Nadu

Tamil Nadu’s biggest railway infrastructure project – Villupuram-Dindigul railway track doubling along with electrification – will be commissioned in batches in the next two months to end of 2016. The operational part of the project considered life line of the state, is expected to be completed by the middle of next year. However, the state government should acquire the necessary land for completion of the project in time.

The project is being implemented by Rail Vikas Nigam Limited at a cost of ₹1,300 crore and will reduce the travelling time from Chennai to Madurai to six hours besides improving the freight operations. The doubling project when fully operational till Kanniyakumari, will provide connectivity to Thuthookudi Port. While RVNL is implementing the project at a breakneck speed, most of the land on which the tracks are being laid does not belong to the railways as the farmers are not willing to part with their land.

Vehicle parking bays at Kamarajar port

Kamarajar Port Limited has approved a project to construct two concrete surfaced vehicle parking bays of size 370 x 27.5 m and 401 x 27.50 m with separate loop lines 12 m wide, adjoining to the existing road with a total parking area of 12,000 square metres to accommodate 130 large trucks near west gate of the port in order to ease the traffic congestion, at an estimated cost of ₹8.23 crore.

The port plans to invest ₹9,286 crore for the implementation of various projects to increase the total cargo handling capacity by around four-fold to 110 mtpa in the next three years, up from the current 30 mtpa.

The port would invest around ₹1,570 crore, while the private sector would pump in ₹7,716 crore for executing the proposed projects, including dredging, setting up new berths for handling automobiles and multi-cargo, coal terminals, LNG handling facility, among others. The port is mulling over creating a new berth for handling an additional 300,000 cars per annum, as against the existing equivalent capacity.

Govt approves ratification of Bunker Convention

The Government of India has approved the Ministry of Shipping's proposal to ratify the International Convention on Civil Liability for Bunker Oil Pollution Damage that will ensure that adequate, prompt, and effective compensation is available to persons who suffer damage caused by oil spills, when carried as fuel in ships' bunkers. The Convention was adopted by the International Maritime Organisation in early 2001, and put into effect late 2008 and is said to be ratified by maritime countries that make up 91 per cent of global shipping tonnage. The convention applies to Indian vessels regardless of where they spill, and to any vessel that spills within Indian waters.

Paradip Port to upgrade infrastructure

Paradip port is poised for major infrastructure makeover with a series of development projects lined up for implementation. The port is deepening its channel and harbour to 20 m which will enhance the Port's capacity from the existing 108.50 million metric tonnes per annum (mmtpa) to 270.50 million tonnes per annum by the year ending 2023. The deep draught facility will enable to handle large-size vessels which will be economical to the EXIM trade.

Construction of southern oil Jetty with 10 mmtpa capacity at a cost of ₹191.09 crore is fast progressing. Besides, development of multipurpose-clean cargo berth at an estimated cost of ₹430.78 crore and 5 mmtpa capacity is in progress.

Development of deep draught coal berth on BOT basis (estimated cost: ₹479.01 core, capacity: 10 mmtpa), development of deep draught iron ore berth on BOT basis (estimated cost: ₹740.19 crore, capacity: 10 mmtpa) is in progress. A concession agreement has been signed between Paradip Port Trust and JSW Paradip Terminal Pvt Ltd for the iron ore berth.

The port has handled 71.01 million tonnes (mt) of traffic during the year 2014-15, as against the 68 mt handled during the previous year, registering a growth of 4.42 per cent year-on-year. The Port Trust thus maintained its second position in terms of traffic handled among all major ports across the country. In the current financial year, the Port is poised to handle 78 mt of cargo.

JNPT and Peel Ports ink LoI

At a formal event presided by Nitin Gadkari, Union Minister of Road Transport, Highways and Shipping, Jawaharlal Nehru Port Trust (JNPT) and Peel Ports have signed a Letter of Intent (LoI). This is the first such association between the ports in the two countries.

Under the LoI, JNPT and Peel Ports have agreed to foster the exchange of information and expertise on port operations, port management and hinterland connections. They will also develop a series of modules in education and training for port operators, IT systems, traffic and trade between Liverpool and Mumbai.

In 2014, 1.8 million tonnes of goods worth £3.9 billion were exported from the UK to India, with imports of 6.5 million tonnes to a value of £3.3 billion. Container shipping plays a major and increasing role in this trade, especially with initiatives such as 'Make in India.' Measured by FDI, the UK is already the biggest G20 'maker' in India. Last year the UK invested $3.2 billion in India, accounting for almost 10 per cent of all FDI flows to India.

Essar Ports and Port of Antwerp part ways

A strategic alliance agreement executed between Essar Ports Ltd, Port of Antwerp International and Port of Antwerp International UK Ltd has been terminated. The parties will continue to work on the ongoing engagements which were initiated under the agreement. The alliance was created in 2012 when Port of Antwerp International invested around ₹175 crore in Global Depository Shares of Essar Ports.

Both the parties had agreed to review the partnership at the end of three years, and subsequently they decided to terminate the strategic alliance. However, they have agreed to continue with the technical collaboration in the future. During the tenure of the agreement both the parties had agreed to collaborate in the areas of training and consultancy services, port planning, traffic flow, quality and productivity improvement and build a mutually beneficial commercial relationship based on mutual business and investment preferences.

New service between Nhava Sheva and China

China United Lines Ltd has launched a new service connecting Nhava Sheva with China. The weekly service has the following port rotation: Nhava Sheva (JNPCT), Port Klang, Singapore, Xingang and Qingdao. It commenced with the call of the vessel *Seaspan Lebu* at JNPCT on June 8, 2015. According to the company, the service offers the advantage of direct calls to two key ports in China, besides Singapore and Port Klang, in addition to fast transit times. The service is expected to give a further fillip to bilateral trade between the world's two leading and fastest-growing economies.

L&T Kattupalli Port begins automotive exports

Sources: The Hindu

L&T Kattupalli Port has begun export of trucks and cars with the maiden call of car carrier, *M V Gardenia Ace*. This makes it the third port in Chennai to handle Ro-Ro vessels. The other two ports – Chennai Port Trust and Kamarajar Port Ltd – are already handling truck and car shipments. Besides, L&T Kattupalli Port has also been handling containers, break bulk, auto components and project cargos.

K Venkatesh, Director, L&T Shipbuilding Ltd said, "Though Ford, Toyota, Ashok Leyland, Nissan and Daimler are using our port for the container business, they are weighing options for commencing export and import of completely built units, as it offers a clean environment, hassle-free entry, and unlimited storage, among others. We have reserved a huge yard for automobile parking."

L&T bags floating dock project

Larsen & Toubro (L&T) has secured a ₹468-crore order to design and build floating dock for the Indian Navy. The floating dock is expected to significantly enhance the support infrastructure of the navy for docking of warships and submarines for repairs and refits.

In line with the government's "Make in India" campaign, complete design and engineering of the floating dock will be undertaken in-house at L&T warship design centre. The dock will be capable of docking naval ships and submarines of up to 8000 T displacement with draughts up to 7 m, during day and night. It will conform to international norms and will incorporate fully automated ballast control system. The floating dock contract to L&T follows an earlier order for design and construction of seven offshore patrol vessels for the Indian Coast Guard at ₹1,432 crore.

Textile parks in West Bengal

The West Bengal Government has announced 10 textile clusters or parks in the state that will attract an investment of around ₹37,000 crore. The development expenditure of these projects will be about ₹9,159 crore and investment in more than 40 units could be about ₹26,100 crore. Land will be provided by the state government for five units – one in Bankura, two in Kolkata, one in South 24 Parganas and one in Howrah district.

The state has offered land for another integrated textile park at Belur in Howrah in public-private partnership. This is estimated to cost ₹1,050 crore for development and may attract ₹3,000 crore worth of investments in power looms, readymade garments and textile processing units. At Ashok Nagar in North 24 Parganas, one such project will be developed at a cost of ₹600 crore. It is estimated to have an investment potential of ₹2,250 crore.

SCI goes for used LNG carriers

Union Shipping Minister Nitin Gadkari has asked Shipping Corporation of India to scout for used LNG ships in the international market for transportation of fuel, till the country starts building such vessels indigenously. Cochin Shipyard has formed a joint venture with Samsung for getting the technological know-how for manufacturing the very large LNG carriers, but manufacturing such a vessel indigenously will take around 5-6 years. Till then SCI can deploy used LNG carriers.

Chennai Port proposes cargo evacuation by rail

In order to ease the container traffic pressure on road by utilising the existing railway siding near the PSA Container terminal to evacuate around 600 teu every day, the Chennai Port authorities have devised a scheme to offer rebate to the railways so that shippers will be able to move their cargo through rail at no additional cost.

The containers will be evacuated at the railway siding at the Ports Container Terminal PSA and taken to Tondiarpet CFS, and then on to 28 CFS situated in and around the Chennai Port. The port will offer an attractive subsidy scheme to the railways to cover the cost of multiple operations at Tondiarpet CFS. The port is expected to clear on an average three rakes of containers and this operation can evacuate about 600 teu a day. However, shippers describe these efforts as short term and the only permanent solution to this problem will be the commencement of work on the Elevated Corridor Project from port gate to Maduravoya, a distance of 25 km.

Sical Logistics reports consolidated March '15 sales

Sical Logistics has reported a consolidated total income from operations of ₹189.84 crore and a net profit of ₹16.22 crore for the quarter ended Mar '15. For the quarter ended March 2014, the consolidated total income from operations was ₹224.41 crore and net profit was ₹12.68 crore.

Seatrade Shipping to represent Qatar Navigation Lines pan India

With effect from June 13, 2015, Seatrade Shipping (India) Pvt Ltd, a Samsara Group company, will represent Qatar Navigation Lines (QNL) that handles NVOCC operations of the Milaha Group, pan India. QNL aims to elevate the NVOCC activities to a new level and broaden its scope, which would be further strengthened by the Samsara Group's extensive network and coverage throughout India, said Jan Mortensen, Vice President, Container Shipping, Milaha.

While QNL's existing NVOCC activities are limited majorly to a few locations on the west coast of India, the plan is to expand its presence on the east coast, as well as the inland (ICD) locations in the north and west. QNL also aims to extend its services to the South-East Asia region. The company also plans to expand its dry and reefer container fleet.

Investment in inland water vessels

The Inland Waterways Authority of India (IWAI) is working with Canara Bank to develop models to incentivise entrepreneurs to invest in inland water vessels. Canara Bank has indicated that there are positive cash flow options in case the government subsidises vessel costs by 10-15 per cent for inland waterways. On a separate note, the Shipping Ministry has announced that it is working on a proposal to develop 300 lighthouses and 1,100 islands as tourist destinations. “I personally feel it is economically viable. The internal rate of return in waterways is higher than roads,” said Nitin Gadkari, Union Minister for Road Transport, Highways and Shipping.

VPT proposes green channel berth

The Visakhapatnam Port Trust (VPT) is moving ahead with plans to operationalise an exclusive 'green channel berth' for coastal cargo. The berth will be able to handle around 1.5 million tonnes of cargo once it is fully operational and will take around nine months to be complete as the required infrastructure is being set up at the berth. VPT will be investing around ₹45 crore in the first phase with an equivalent amount in the second phase, and the central government will provide 30 per cent budgetary support to the major port. The berth will be denotified from customs making the movement of coastal cargo easy.

The basic idea in developing a green channel berth is to give a fillip to movement of coastal cargo by reducing the documentation and normal procedures to a large extent as compared to the other berths. Cargo such as food grains, steel, cement are likely to be moved through the green channel berth.

Government to divest more stake in Concor

The government is planning to sell another five per cent stake in Container Corporation of India (Concor), in which the government currently holds a 61.79 per cent stake. Concor plans to diversify by investing in private freight terminals, which will allow it to develop terminals along rail tracks to handle non-containerised cargo. It plans to develop six-eight terminals over two-three years. It has also started diversifying into the air cargo space by floating a company, Concor Air Ltd, and bagging the rights to operate the air cargo complex in GVK-backed Mumbai International Airport Ltd. In the cold chain space Concor has a capacity of three million teu which it plans to increase to five million by 2017.

Ecom Express bags ₹850 crore investments

Private equity firm Warburg Pincus has committed to invest ₹850 crore in Ecom Express, a logistics solutions provider to Indian ecommerce companies. The funding will be used to expand the company's footprint in Tier III and Tier IV towns and rural centres across the country. In addition, the company plans to invest in technology, deploy advanced parcel classification systems, strengthen network reliability and infrastructure and build the second-level management team.

New ship maintenance facility

New state-of-the-art maintenance facilities for ships will be set up at Kandla (Gujarat), Guwahati (Assam) and Andaman. Shipping companies generally go overseas for repair and maintenance which costs them too much, sometimes the travel cost is more than the repair cost. According to shipping minister Nitin Gadkari, "We have realised that our ships were sailing to Malaysia for repairs which costs several times less than the sailing cost." Thus, the development is expected to help shipping companies in getting the repairs done in-house and reduce their costs.

NEWS

Maersk reduces capacity on Asia-Mediterranean trade

Maersk has announced plans to scale down its fleet capacity serving the Asia to Mediterranean trade in line with demand. The average vessel size on the AE9 network to the Mediterranean will be reduced to 6,500 teu from 9,500 teu. The container carrier will improve capacity on the Asia to Europe services.

The development will meet both current and anticipated demands, the company said. "Furthermore, our adjustments to the network will provide us with a more seasonal network, which will allow us to adjust capacity to demand without impacting the product and reliability we offer to customers," it added.

The changes to the network will apply equally to both vessel sharing agreement partners on the East-West Network, and are anticipated to be fully effective by the middle of the third quarter of 2015.

KPCT launches rail service connecting Bengaluru

Krishnapatnam Port Container Terminal (KPCT) and Concor have launched a joint weekly train connecting the port to Bengaluru. The train service is available for the business houses in and around Bengaluru, and will ply between Whitefield Depot and the port every Friday. The service immensely benefits heavy cargoes like granite, gherkins, coffee, machinery, etc. which face regulatory issues due to the weight restrictions on road transport.

Traders can complete their custom related documentation at Whitefield Depot during 5 days of the week and use the weekend to get the goods transported from Bengaluru and load them onto the ships. The train service has a maximum carrying capacity of 90 teus (containers) each way. The service reduces the transportation time from 24-48 hours taken by road to just 18 hours through this train service. Customers can save between \$100 – \$150 on each container. With prior customs clearance of the containers, the train can directly enter the Port without any further examination which makes it the fastest transit from Bengaluru to any gateway Port.

New Maharashtra port policy calls for more ports

The Maharashtra government is upgrading its port policy which will focus at increasing coastal shipping of goods and will open gates for export-import trade. At present, 94 per cent of the cargo moves through roads and air, while only 6 per cent via water, said Principal Secretary (Transport and Ports) Gautam Chaterjee. "Our endeavour is to ensure that of the 720-km state coastline, there should be a port at every 100 km where big ships can dock." He further revealed that Maharashtra Maritime Board and JNPT will soon sign a MoU for developing a port at Wadhwan in Dahanu with 74 per cent equity of JNPT and 26 per cent of Maritime Board. The ports will be built through private partnership, wherein the government will identify the location and put up the facilities for private players who will develop the port.

The port at Dahanu will cost ₹10,000 crore. The Wadhwan site is chosen because of its connectivity with the Western Railway network. The port will have a capacity of 40-60 million tonnes. JNPT will build the port and invite private firms to operate it.

Jal Marg Vikas project takes off

Work has started on the 'Jal Marg Vikas' (National Waterway-1) project, which envisages developing a fairway between 1,620 km Allahabad and Haldia stretch, with a \$3.5 million funding from the World Bank. The project would enable commercial navigation of 2,000 tonne vessels.

The development of NW-1 will result in a viable supplementary mode of transport and huge quantities of bulk cargo can be transported thereby helping in economic development of this region. The waterway passes through Uttar Pradesh, Bihar, Jharkhand and West Bengal, potentially serving the major cities of Haldia, Howrah, Kolkata, Bhagalpur, Patna, Ghazipur, Varanasi, Allahabad and their industrial hinterlands including several industries located along the Ganga basin.

Bulk cargo operations at Mumbai Port to be shifted

The Shipping Ministry is looking for alternative sites to shift bulk cargo handling operations of Mumbai Port Trust (MbPT), leaving the facility to handle primarily liquid cargo. Growth and expansion of the city over a period of time has brought MbPT in the middle of the city and the movement of coal, chemicals etc through trucks and heavy vehicles creates a lot of congestion in the area and pollution as well. Mumbai Port is already in the process of setting up an LNG terminal, along with its liquid cargo operations to offset some of the revenue loss that it will suffer as it trims its bulk cargo handling business.

The proposal to move bulk cargo operations was one of the options under consideration, as a part of the central government's draft plan to develop the 1,800 acres of the port land in Mumbai into a commercial and entertainment hub.

Allcargo Logistics joins Alibaba

Source - Business Finance news

Allcargo Logistics, through its wholly owned non-vessel-owning common carrier arm Ecu Line, made its first foray into the e-commerce logistics market by entering into a cargo consolidation contract with China's online shopping giant Alibaba. Allcargo will provide its logistics services to Alibaba for transporting less-than-container-load consignments from China region to the rest of the world.

E-commerce volumes in India are set for phenomenal growth and will be worth $100 billion over the next five years. E-commerce spending in the country is said to have grown by 34 per cent (CAGR) since 2009 to reach $16.4 billion in 2014, according to a recent PwC India report. The sector is expected to be in the range of $22 billion in 2015.

Pipeline delay impacts LNG terminal in Kochi

The LNG terminal at Kochi has been made ready two years ago, but the pipeline to evacuate gas to Tamil Nadu is yet to be completed. Hardly 10 per cent of the pipeline work is complete so far. The Government of India and LNG Petronet have invested ₹4,200 crore to set up the terminal with a capacity of 5 million tonnes.

The pipeline to distribute the gas to end users in the industrial belt of Erode, Tirupur, Coimbatore, Salem Namakkal is yet to be laid which will be of about 500 km in length within Kerala. This is getting delayed because of the political opposition to the project.

GAIL has also invested ₹3,500 crore for the pipeline project linking Kochi with Bengaluru via Coimbatore. But the go slow attitude of the workers in Kerala and protests by environmental activists is holding back the project.

Angré Port - Jaigadh receives its first commercial cargo vessel

Angré Port has received its first commercial cargo vessel "*MV Fertility 9.*" The Tuvalu Flag, 21,538 MT Deadweight fully loaded vessel arrived from Egypt to discharge 10,160 MT of Rock-phosphate at Angré Port that has a draft of 9.70-m. The port has a 350-m finger jetty with a total of 700-m of quay length and 43-m width. The port had earlier received non-commercial vessels and coastguard vessels which primarily have docked at the port for repairs or shelter in its waters during the monsoon season. It has four berths for cargo ships, containers vessels and liquid cargo. The port has facilities which cater for the handling of dry bulk, break bulk, RORO and containerized cargo. The port has a modern warehouse facility of 10,000 square metres for the storage and safe keeping of sensitive agricultural cargo and hygroscopic minerals.

Maersk Line places orders for new vessels

Maersk Line has placed a newbuilding order worth $1.8-billion with Daewoo Shipbuilding & Marine Engineering for 11, plus 6 optional, second generation Triple-E container vessels with capacity of 19,630 teus each. The vessels will have a length of approximately 400 metres (m), width of 58.6 m, and 16.5-m draught. Over the coming five years, Maersk Line plans to invest $15 billion in newbuildings, retrofitting, containers and other equipment to maintain the necessary capacity to grow with global demand as well as replace less efficient tonnage. The 11 new vessels, the largest in Maersk Line's fleet, will join the fleet between April 2017 and May 2018. They will sail under the Danish flag.

Kalmar and Navis introduce OneTerminal automation solution

Kalmar and Navis, both part of Cargotec, introduced Kalmar OneTerminal, an integrated automation solution for the container terminal industry consisting of Kalmar and Navis software, equipment and services. With one key contact, one core team, Kalmar OneTerminal makes automation accessible, mitigates the risks involved and helps customers realise the full potential of their terminal operations. It focuses on providing seamless integration of technologies which enable fully automated terminal operations.

Whether implementing a greenfield terminal or converting an existing one, Kalmar OneTerminal ensures that all automation systems work together optimally. It offers initial concepts for automatic stacking crane (ASC), AutoStrad and AutoRTG terminals based on the unique integrated combination of Navis N4 terminal operating system (TOS) and Kalmar`s terminal logistic system TLS.

Move to make Vizag a container hub gets a push

Shipping Corporation of India will introduce SCI Middle East India Liner Service (SMILE) from Visakhapatnam and Katupalli on the east coast to move coastal cargo to the Gulf. This is yet another initiative to transform Visakhapatnam into a container hub. The service would be launched on a monthly basis and depending on the market response, the frequency would be increased. The port rotation of the new service would be Mundra-Pipavav-Kochi-Tuticorin-Kattupalli-Visakhapatnam- Colombo-Mundra-Jebel Ali. Earlier, Ever Green and Simatech Shipping launched four services – once a week connecting Visakhapatnam to Sohar (Oman).

Shantanu Bhadkamkar takes charge as President of MACCIA

At a special ceremony and in presence of Nitin Gadkari, Union Minster for Shipping, Shantanu Bhadkamkar has been appointed as the President of Maharashtra Chamber of Commerce, Industry & Agriculture (MACCIA). Bhadkamkar in his brief address thanked the members for reposing their faith in him and highlighted initiative of MACCIA members for the betterment of industries.

CHX service calls Kattupalli Port instead of Chennai Port

On June 15, Maersk Line's CHX service made a call at Kattupalli Port instead of calling at Chennai port. Maersk line made this decision as a contingency, in view of the prevailing conditions at Chennai port. Maersk vessel MV Sea Land Comet exchanged 3,246 teus at Kattupalli and set to sail the next day with a vessel turnaround time of 26 hours.

Import containers were moved from Kattupalli port to many of the prominent CFS's with APMT, Triway, Sattva etc, complementing Kattupalli port on the handling. Transporters were very pleased to see the swift turnaround time, with one truck making three or more round trips a day from CFS's to the port.

Indian shipowners demand 50 per cent of the cargo reserved

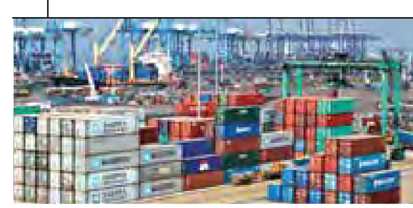
Indian shipowners are lobbying hard with the government to make it mandatory for state-owned companies to allocate 50 per cent of its cargo volumes for Indian-flagged ships. This will help the Indian carriers to garner a significant share of the Indian freight market. The Indian National Shipowners' Association has put up a proposal in this regard with the government. A cabinet note is now being moved by India's shipping ministry to get support from the Indian public sector undertakings to allocate 50 per cent of their seaborne exports and imports to India-flagged vessels. Currently, only 10 per cent of India's inbound and outbound cargo is being handled by the Indian-flagged vessels.

Bangladesh offers two SEZs to India

Bangladesh has offered to establish two SEZ for Indian companies besides allowing Life Insurance Corporation to start operations in the country. The SEZ will be in Mongla and Bheramara. India becomes the third country after Japan and China to have shown interest in developing economic zones in Bangladesh. Over 200 acres of land in Mongla and 477 acres at Bheramara will be required to establish the zones. They will be developed using the $2 billion line of credit from India and in a period of three years.

The annual trade between the two nations is around $6.5 billion out of which India's export is around $6 billion while Bangladesh exports to India is around $0.5 billion. A separate MoU has also been inked on use of Chittagong and Mongla Ports by Indian ships to ensure better movement of goods.

One lakh crore investment for ports and infrastructure



Union Ministry of Shipping has chalked out a plan to raise a loan of ₹1 lakh crore to develop ports, build ships and improve inland waterways. The amount would be raised by Shipping Corporation of India, Mumbai Port Trust and Jawaharlal Nehru Port Trust in the dollar equivalent at an interest rate of 3 per cent. State-run ports and shipping companies can also raise loans in dollar up to ₹1 lakh crore without hedging them. The ministry is also planning to set up Ports Infrastructure Development Finance Corporation to fund ports and shipping infrastructure in dollars.

The ministry has already shortlisted six ports for development including ₹12,000 -crore deep-water Sagar port in West Bengal, Colachel in Tamil Nadu, ₹6,000 -crore Vadhavan Port in Maharashtra, and ₹1,200-crore Haldia dock 2.

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 **LIEBHERR** under this feature.

The LRS 545 was officially launched at the TOC in Rotterdam.

New Equipment for New Demands

- Latest cargo handling solutions from Liebherr
- Strongest mobile harbour crane in the market: the LHM 800
- The new LRS 545 is the first model out of the Pulser series

Providing a comprehensive portfolio of maritime solutions, the demand for Liebherr Maritime Cranes in India is rising. Customers in India are keen on equipping their facilities with innovative cargo handling equipment which sustainably increases the efficiency of their operation.

For that reason, an increasing number of ports opt for advanced Liebherr Mobile Harbour Cranes and more than 90 machines are already in operation all over India. In 2013 and 2014 alone, Liebherr has delivered 19 state-of-the-art mobile harbour cranes to India, testament to the high demand for innovative cargo handling solutions. In the near future further deliveries are expected as the ports are in a continuous process of infrastructure upgrade in order to achieve more productivity and more eco-friendliness.

Innovative products for future growth

The business year 2014 was an outstanding one for Liebherr's maritime division, achieving a historical record in the mobile harbour department with 112 units supplied across the globe. Moreover, the introduction of new products and technologies set the course for future growth.

New flagship LHM 800

In March 2015 Liebherr Maritime Cranes introduced the new flagship mobile harbour crane to the market, the LHM 800. This new giant model is the mobile solution for ever growing vessel sizes and heavy industrial goods, taking container, bulk and general cargo handling to the next level.

Supreme lifting capacity of 308 tonnes

The new giant LHM provides a lifting capacity of 308 tonnes, exceeding the maximum capacity of the so far strongest mobile harbour crane, type LHM 600, by not less than 100 tonnes. Thus, the LHM 800 really raises the bar and opens up new fields of application. As industrial goods are getting bigger and heavier, the new crane is a forward-looking solution for ports worldwide.

In addition to single lifts, the new LHM 800 is also designed for tandem lifts. With Liebherr's tandem operation tool Sycratronic® activated, synchronized movement is guaranteed and one crane driver can simultaneously operate both cranes for improved speed, capacity and safety. In tandem operation with a second LHM 800 the maximum lifting capacity is 616 tonnes.

liebherr-lhm-800-mobile-harbour-crane-22-container-rows-across

Servicing 22 rows wide container vessels

In container handling configuration the fulcrum point is above 36 metres which eases the handling of bigger vessels. Thanks to its mighty outreach of 64 metres, the LHM 800 is able to efficiently service large container vessels which are as wide as 22 container rows. Generally, Liebherr cranes are well-recognized for their outstanding working speed. The LHM 800 continues this tradition by hoisting and lowering containers with 120 metres per minute. This allows for 38 boxes per hour in standard configuration and even 45 boxes per hour if the crane is equipped with Liebherr's hybrid power booster Pactronic®.

Unrivalled bulk handling capacity

Bulk handling is an easy task for the LHM 800. Equipped with Pactronic® hybrid drive the giant masters up to 2,300 tonnes per hour which is an absolute record in the mobile harbour crane world. The new crane can also be fitted with SmartGrip®, Liebherr's self-learning technology for optimized grab filling rates, which was introduced to the market in 2014.The drive mechanism of the new machine is characterized by a hydrostatic transmission. This allows for stepless speed control with optimized diesel revolutions per minute, which means operators benefit from reduced fuel consumption. Moreover, the hydrostatic transmission requires less service than alternative concepts.

Liebherr launches Pulser reachstacker series

Eleven years after the delivery of the first Liebherr reachstacker, the manufacturer has developed a new machine for the market. The compact design of the Pulser series unites state-of-the-art technology and environmental-friendliness. The first model, type LRS 545, is the new efficient link between quay and yard, standing for productivity through agility.

Giving a pulse to ports and terminals

The LRS 545 is designed for highly responsive operation. The machine stacks five containers high in the first row. Moreover, it is capable of handling 45 tonnes in the first and 31 tonnes in the second row. The LRS 545 comes with a total weight of approximately 70 tonnes, for an optimal balance between stability and quickness. It is equipped with a powerful but economical 4-cylinder 230 kW diesel engine.

An optional hybrid drive allows for even more power. Liebherr Maritime Cranes' unique Pactronic is available for the Pulser series. The maintenance-free Pactronic allows for an additional 110 kW without fuel consumption or emission.

Finger on the pulse of technology

The drive mechanism of the new machine is characterized by a hydrostatic transmission. This allows for stepless speed control with optimized diesel revolutions per minute, which means operators benefit from reduced fuel consumption. The customer can opt for a steering wheel or go for an additional steer-by-wire control.

Moreover, the hydrostatic transmission requires less service than alternative concepts. Each wheel of the new reachstacker is steered separately, which directly improves the agility of the machine as smaller radii are possible. Thanks to individual wheel drive, wear and tear of each tyre is reduced.

Cargo handling at its best

Liebherr Maritime Cranes has set high standards with the introduction of the LHM 800 and the LRS 545, the first type out of the Pulser series. The comprehensive product portfolio provides solutions for state-of-the-art cargo handling throughout the port. These innovative products represent new opportunities for many ports in the world to add a mobile and versatile solution to their cargo handling fleet, allowing for more flexibility and more capacity. mg

HALF CARGO, HALF CRUISE

With a unique concept of offering both cruise and cargo services, Aranui has become an essential lifeline for archipelagos around French Polynesia, revitalising not only the local economy but also their long forgotten culture

Omer Ahmed

Generally cruiseliners do not carry containers and container carriers are not tailored to ferry passengers, but what if a unique combination is created that combines cruise with commerce? This is what the *Aranui* is all about – a hybrid ship that combines cruise with cargo. Established in 1954 and operated by Compagnie Polynesienne de Transport Maritime, the *Aranui* has been plying the waters of French Polynesia for over six decades.

Originally, it serviced as the lifeline for the Tuamotu and Gambiers Archipelagos, supplying and conducting trade between these islands and Tahiti. It essentially opened these islands to the resources of the outside world. In 1978, the commercial line to the Marquesas Islands was added to its shipping route, and in 1984, the *Aranui I* was converted to accommodate passengers, creating Aranui Cruises. Since the 1980s Aranui Cruise vessels have carried more than 44,750 passengers, 534,511 tonnes of freight and sailed more than 917,800 nautical miles.

On each 14-day journey, the *Aranui* cruises 3,500 km (2,200 miles) to six Marquesas Islands and two Tuamotu Islands to deliver supplies, staples, fuel and collect copra (dried coconut meat, used to make soap, oil, cosmetics and food), citrus and fish.

Over the past 30 years, it has helped revitalise the long forgotten Marquesan culture and has contributed to the local economy by introducing these islands to nearly 45,000 international passengers, thereby establishing itself as the premier and most in-depth cruise to the Marquesas.

In 1990 the *Aranui 2* replaced *Aranui 1*, and in 2003 the *Aranui 3* replaced Aranui 2. The latest to join the fleet is *Aranui 5* that replaces *Aranui 3*, and will begin voyages in French Polynesia in late November 2015. Its maiden voyage will be from Tahiti to the Marquesas Islands in the South Pacific Ocean.

The *Aranui 5* will complete a circuit of 2,200 miles starting from Papeete, the capital of French Polynesia, and traveling to all six inhabited islands in the Marquesas chain. It will also stop at Takapoto and Rangiroa in the Tuamotu Archipelago and idyllic Bora Bora in the Society Islands.

Being constructed in China, the 125-m (410 foot) ship can carry over 2,000 tonnes of freight. On-board there will be 32 suites, 31 superior deluxe cabins and 40 staterooms. It has 24 berths (the largest number than in any cargo ship) spread across five shared dormitories, each accommodating up to eight guests. In total the ship will accommodate 254 passengers. Facilities will include fitness and massage rooms, a library, shop, a restaurant, four bars and a swimming pool, as well as several lounges and conference rooms in which guests may attend lectures on the region's history, culture and art.

Passengers can take whaleboat transfers to shore to enjoy picnics on white sand beaches, swim and snorkel in the lagoons, listen to Polynesian music and meet local artists and crafts people.

Although the *Aranui 5* is unique in design, the concept of cargo-cruise fusion has been in the industry for quite some time. Currently, there are about 300 passenger carrying cargo ships in the shipping industry, which can carry up to a maximum of 12 passengers. mg

MANDATORY CONTAINER WEIGHING ARE WE READY?

Mis-declared cargo weights have long been a problem for the shipping industry and for shipping lines, particularly. To address this issue, the International Maritime Organisation brought in to effect a new regulation asking for all containers to be weighed before they are loaded. But, by doing this, the body has set the cat among pigeons. Terminals, shippers, countries and regulators are speaking in different tones about this implementation for all the right reasons.

Mohammed Shareef MP

Deepika Amirapu

Containerisation of cargo is pivotal to the supply chain industry across the world. Almost 95 percent of the non bulk cargo worldwide is moved by containers stacked on transport ships. It increases the pace of the movement and handling of goods throughout the supply chain. The faster the containers are moved from and to ports, the better the utilization of ships, which in turn lowers freight rates. This phenomenon and business principle thus puts pressure to move containers through ports as quickly as possible leaving hardly any corrective measures to check the weights of the containers, other than the weight declaration made by the shipper, before it is placed on the container vessels leaving the safety of the vessel and the crew in jeopardy at the sea.

It is at such situations when the International Maritime Organization, or IMO, the United Nations' special agency which develops and maintains a comprehensive regulatory framework for shipping across the world, made amendments to its Safety of Life at Sea (SOLAS) that will make it mandatory for containers to be weighed- or have their stated weight otherwise verified. This regulation is set to be in force by the first quarter of the year 2016.

This is to be done by either weighing all cargo via a method that has been permitted by each country, or by weighing each individual unit, according to the IMO statement. All those involved with the handling of cargo, including terminal operators and container lines are to ensure that they comply with the new rule. The need for this mandatory rule comes amid recent accidents such as the incident involving MSC Napoli in 2007 along the southern UK coast, when misbalanced weighting caused the ship to spill its cargo over.

Previously, container weighing was abandoned by European and Asian shipping groups because of concerns that infrastructure would be too expensive to weigh the boxes, as well as other additional costs. However, critics of the mandatory ruling are said to have exaggerated these costs, with supporters arguing that the longstanding US rule has not reduced supply chain efficiency and has also improved safety. While Indian shippers and freight forwarders are up against the move, echoing the

"It is too early for the terminals to implement the regulation without a proper system in place. Doing on this at the terminal in hurry will only lead to congestion and which would in turn increase our turn-around time"

Capt G K Sarkari
Managing Director
Samsara Group

Federation of International Trade Association's, (FITA) position on the same, the shipping lines and terminals are hailing the new regulation mandating foolproof weight verification of the containers.

The first sign of resentment over this regulation came out when an Indian shippers' group petitioned the port tariff regulator against a move by one India's top container terminals to collect extra charges on this count on the first week of this month.

Gateway Terminals India Pvt. Ltd (GTI), the container terminal run by Denmark's APM Terminals Management BV at Jawaharlal Nehru port, India's busiest container gateway located near Mumbai, has decided to implement the rule much earlier.

GTI, India's single biggest container terminal, loading close to two million standard containers a year, said in a client advisory notice that it will start collecting penal charges in respect of all over-weight export containers gated-in at its facility from 11 May. The terminal will begin offering container weighing services to help identify mis-declared weights, integrating it with its normal operations.

The Western India Shippers Association (WISA), a body representing India's exporters and importers in India's western region, said that GTI did not observe the customary practice of consulting the stakeholders nor did it take the port rate regulator's approval for collecting the extra levy and the body petitioned citing the same to the tariff regulator.

While freight forwarders and shippers are voicing their resentment over this regulation, shipping lines are welcoming the move as it is obvious that the issue of mis-declaration is always going to be a risk for the shipping lines.

Captain GK Sarkari, Managing Director, Samsara Group said they are for the regulation provided that it should be exercised scientifically without creating any chaos at the terminals.

"Government of India is signatory to the regulation which is to be implemented. So the government has to come up with a scientific system in place to implement this mandate put forth by the IMO. When and where it has to be done, at what cost and every aspect of this process should be streamlined and put in place. It is too early for the terminals to implement the regulation without proper system in place. Doing on this at the terminal in hurry will only lead to congestion and which would in turn increase our turn-around time," Sarkari said to MG.

FIATA Position Paper

International Federation for Freight Forwarders Association has come up with a position paper on the regulation and in which they stated that they are not opposed to give the misdeclaration of weights additional attention but they are not convinced that a regulatory approach to making the verification of container weight mandatory will help increase safety in the supply chain substantially.

"It is through best practice that we believe safety in the chain will improve. There are various devices available to port and terminal operators for weighing containers during the handling process so as not to adversely affect the productivity of the handling operations. This is the decision of the terminal operator or carrier," FIATA stated in its position paper.

"As a concept it is appreciable where there is fair amount of evidence that mis-declaration is a threat to safety of sea, but we have to ensure that the corrective measures are not more difficult to implement than the problem at hand."

Arun Sharma
Chairman and Managing Director
Indian Register of Ships

FIATA is of the opinion that instead of taking a more comprehensive look at the whole process of shipping containers, the focus of those who have started the debate, the liner shipping carriers, should address other important matters: firstly the lashing of the containers on the stack; secondly the maintenance procedures of the carriers: and thirdly the fact that it is common practice that around 10 per cent of all containers loaded on a ship will end on a stack different to that on the stowage plan.

"It is also with some concern that we have noted that a closer look into accident reports do not provide for sufficient evidence that misdeclared container weights are major cause of accidents in the container supply chain. A more comprehensive approach is needed," FIATA makes its stands.

The Problem of Mis-declared Container Weight

Misdeclared weight can be dangerous anywhere along the supply chain. Both the advantage, and the problem with, containers is that they integrate the whole supply chain, linking it all together, So while this multiplies the danger of misdeclared weights, affecting all stages of the supply chain, it also gives many opportunities to catch misdeclared containers before they are loaded on to a ship. Any solution to the problem ideally addresses the problem all along the chain.

Murray King, a Canadian Maritime Law Expert has done a exhaustive and in depth research on the problem of Misdeclared Container Weight which shed lights on this pertinent issue at the sector.

According to Murray King, the overloaded containers should not overload the ship as a whole, as the total weight of a ship can be independently assessed, using its load lines, which must not be submerged. But container overloading causes other problems. Unstable container stacks or poorly distributed loads may expose the ship to stresses beyond its design capacity. This may result in a ship buckling or breaking in two. Structural failure on a ship is also likely to be cumulative with repeated overloads.

The problem is worse with containers with understated weights high in deck stacks. The higher they are, the more their impact is. Conversely, containers with overstated weights lower in the stack can also be a problem. Modern container ships have higher deck stacks than earlier ships, and thus more exposure to problems from misdeclarations. Even so, the problem with overweight containers is not new. With both the actual weight and its distribution in the stack being unreliable, proper stowage is hindered, and stacks can become unstable, the research paper explained.

Unplanned weight high in the stack combined with heavy rolling may cause lashings to break, losing cargo overboard. This is a particular problem forsmall and medium sized container ships, under 5000 twenty-foot equivalent units (TEU).

Each year 350 containers are lost at sea, other than through "catastrophic events". Such events need not involve the loss of a ship: in February 2014 the 8160 TEU Maersk Svendborg lost more than 500 containers overboard in a storm in the Bay of Biscay. Many of these floated and were a hazard to small craft. Some washed up on the British south coast and had to be dealt with by authorities to avoid contamination and looting, according to the research paper.

In 2013, the 8110 TEU MOL Comfort broke into two off Yemen and eventually sank. The evidence was lost, but there is a "strong possibility" that that incident also resulted from overweight containers. The shipbuilder has rejected any fault with the actual ship. Large ships may be particularly susceptible to the structural impact of overweight containers.

In 2007, the 4419 TEU MSC Napoli's hull buckled. It was subsequently beached on the south coast of England. The 660 dry (unsubmerged) containers were weighed; 20% (137) differed from the declared weight by over 3t. The largest difference was 20t, and the total weight of the 137 was 312t more than the manifest showed. Some of its cargo too washed ashore and was looted.

Ships have rolled over, and whole rows of containers toppled through overloading. Forklifts ashore have fallen over, and overloaded containers have fallen on to the wharf, and into a hold. In the latter case, the container was declared to weigh 25t but in fact weighed 46t. "Accidents in terminals" was the risk reported by most respondents (91 percent) to an International Association of Ports and Harbours (IAPH) survey on overweight and misdeclared containers in 2012.

In addition, misdeclared weight helps evade customs charges, and may hinder security measures. Overweight containers also increase costs, reduce ship efficiency (which adds to pollution), cause delays, and disrupt schedules.

A third of the 130 million containers shipped a year are estimated to have inaccurately declared weights. Incidents reported to the Cargo Incident Notification System (CINS, run by shipping lines) increased by about 65 percent in 2013. Almost half were misdeclarations (not just weight), up fivefold from2012. Twenty-two percent were loaded in China, and another 18 percent in the Asia-Pacific region.

> "The boxes have to be checked to ensure there is no negligence on part of any party. But for this, gate operations have to be streamlined at the terminals to ensure there is no time lag and extra cost to the shipper."

How prepared is India for such a regulation?

Once the International Maritime Organisation passes such a resolution, every country has to ratify it and enforce it after due consideration. While it is not binding on all nations to implement the IMO regulations, India could be pressured by other nations that ratify the rule given that shipping is a global trade and Indian goods and people course through international waters too.

Speaking of the enforcement of this regulation, **Chairman and Managing Director, Indian Register of Ships Arun Sharma** says, "As a concept it is appreciable where there is fair amount of evidence that mis-declaration is a threat to safety of sea, but we have to ensure that the corrective measures are not more difficult to implement than the problem at hand." India has not ratified quite some regulations passed by the IMO including the one of Ballast Water Management and Hong Kong Convention for various reasons. However, in this case India might have to pass a resolution to implement such a norm if ports in other countries begin refusing in to their terminals containers that are not weighed.

"Currently there is not much clarity on how this regulation should be implemented," he says. He says India as a country is unprepared to handle such a regulation as yet as modalities of implementing this code is not clear yet. While primary responsibility rests with the shipper to declare the exact weight of the shipment, the point of checking is unclear. Some augur that boxes should be checked for their weight at Inland Container Depots where they first make an entry, while others argue that ports are the right place where any container should be checked for its worth in weight since it is the final point of loading.

It is accepting this logic that APM Terminals started a trail run checking the weights of boxes. But strong opposition from many sides, such enforcement has become difficult. One of the parties opposing such a move are the truckers as they fear their trucks getting held up for long hours when they await their turn for their boxes to be weighed. **Secretary General, Indian Private Ports and Terminals Association, Shashank Kulkarni** says the implementation of this rule can be made easy if procedures are uniform at terminals and there is coordination between the terminals, shipping lines, truckers and the clearing and forwarding agents. "The boxes have to be checked at some point in the process to ensure there is no negligence on part of any party. But for this, gate operations have to be streamlined at the terminals to ensure there is no time lag and extra cost to the shipper." IPPTA strongly advocates for enforcing such a rule to avoid any mishaps in the Indian seas. The IMO had to step in to promulgate such a rule given the seriousness of accidents across seas, he says.

Terminals, ports and other stakeholders who are part of the shipping trade have about a year to iron out sticky issues. While there is no doubt that such a regulation needs to accepted equivocally by all countries to ensure safety of life at sea, each country must be given adequate time to address internal concerns to ensure trade is not whipsawed in the process of regulation and safety. Because until a uniform procedure is in place, mis-declaration could lead to mis-management.

GST to cut logistics costs by upto 20 per cent

The rollout of goods and services tax will lead to a substantial reduction in logistics costs for manufacturers of non-bulk goods.

However, to maximise benefits from the rollout of GST, it is imperative that the central sales tax (currently paid on inter-state movement of goods) is completely phased out and state-level check posts are dismantled.

If these steps are taken, we expect logistics costs of key sectors to drop by up to 1.5-2.0 per cent of sales over a 3-4 year period post introduction of GST, a reduction of about 20 per cent from current levels. The cost savings are, however, more likely to be back-ended as corporates will take a while to realign their logistics systems – the changes will likely be gradual to minimise the possibility of disruption in supply chain. Among the key sectors we have analysed, consumer durables will see the maximum drop in logistics costs. In comparison, FMCG and pharmaceutical sectors will have to tread a thin line to optimise logistics costs as a relatively decentralised warehousing network would still be required to minimise the risk of stockouts at retail level.

New regime to drive efficiency in logistics, yield tax savings

Complex and cascading indirect taxes have been one of the key reasons impacting the competitiveness of Indian manufacturers over the years. Alongside operational efficiency, tax avoidance has influenced the supply chain decisions of corporates, resulting in small and inefficient warehouses and high logistics costs.

Once the GST is introduced, 'tax avoidance' will no longer influence decisions concerning distribution network and total warehouse space can be reduced partially.

Savings will accrue in three forms:

- Tax savings
  - Elimination of cascading effect of taxes as comprehensive input tax credit becomes available
  - Phasing out of the 2 per cent CST for companies who move goods across state borders for sale
- Logistics cost savings
  - Optimisation of warehouses and consolidation of inventories for companies which historically choose to set up multiple warehouses across states so as to avoid paying CST
- Elimination of check posts offers additional cost savings
  - While most states have replaced the octroi gates (on city borders) with a local body tax (LBT), it has still not reduced the waiting time for vehicles.

Drop in warehousing and inventory carrying costs to shore up logistics cost savings

GST rollout will help manufacturers save up to 1.5-2.0 per cent of logistics costs as a percentage of sales over a 3-4 year period, with the benefits likely to be back-ended. This amounts to a reduction of upto 20 per cent in the logistics bill. A drop in warehousing and inventory carrying costs would account for a bulk of the savings. Transportation costs are likely to drop only marginally, as savings in the primary leg – by consolidating larger truckloads – would be offset by a rise in costs in the secondary leg, where lead distances will increase. In the secondary leg, costs could be reduced only by servicing multiple consumption centres using a smaller fleet.

Dismantling of check posts to boost logistical gains

To ensure faster transit of goods through check posts, implementing e-permit/e-tolling systems could be one alternative. Such systems work on radio-frequency identification technology, where the tax status of goods being transported is automatically scanned as the vehicle passes through the check post. Pilot studies are already being conducted in states like Haryana and Gujarat. The relevance of automation is also highlighted by some stark statistics: While vehicles at one of India's major check post (Walayar, Kerala) spend at least 6-8 hours in transit (going up to a full day if traffic is heavy), Karnataka provides a breather by allowing vehicles to be moved in less than an hour by opting for online declaration of goods and electronic scanning of vehicles.

Broadly, CRISIL Research believes that eliminating check-post delays will cut transportation costs by 10-15 per cent and trim inventory carrying costs, owing to more certainty in transit times. This will result in additional savings of 0.4-0.8 per cent of net sales for players across sectors. This, including the direct cost savings, will take the overall logistics costs savings to upto 1.5-2.0 per cent of sales for companies.

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"WHAT WE NEED IS TRANSFORMATIONAL CHANGE."

Will corporatisation alone be sufficient to achieve the objectives? And will it provide the required thrust to coerce the ports management to perform better?

Corporatisation of major ports has been on the agenda for a decade now, and has also met with opposition from employees and different interest groups. The basic idea is to streamline port operations, improve efficiencies and leverage their huge land resources lying unused to generate additional revenues and make them more financially viable, as compared to the private ports.

But the question here is, will corporatisation alone be sufficient to achieve these objectives? And will it provide the required thrust to coerce the ports management to perform better?

Corporatisation is only an enabler. It in itself does not achieve any thing. It only enables you to do certain things. So, just corporatisation will be again old wine in a new bottle. Professionalisation of management, will give it a thrust, and the benefits of corporatisation can be fully utilised only through a professionalised management. If you corporatise the ports and do not professionalise the management the operational efficiency will not improve.

A better strategy would be, without waiting for corporatisation of ports, start professionalising the management. Because corporatisation needs to be done by law, but professionalisation can't be done by law. It will take its own time. So this is the first thing that needs to be done at the ports.

The way the ports have got their legacies, this PSU is not going to be any better even after corporatisation. So, the next thing is offload equity of the ports and bring them on the stock exchange. The government should offload 49 per cent equity in the market. You put the equity in the market, you will come on the stock exchange. The pressure of the stakeholders and analysts will force you to perform as you have raised money from the public and you are answerable to them.

Today ports are a closed house as port operations are not known to the public. Even the balance sheets of the ports are not published. You will do it only when you are publicly listed.

You may start with 10 per cent downloading of equity shares in the market and make a plan to reach 49 per cent in five years. Don't retain more than 51 per cent. This will mean that there will be pressure from the market to improve. You will have indipendent directors from the market, shareholders, financial institutions that will continuously monitor your performance.

There are two things in an organisation to improve: one is internal pressure and other is external pressure. Internal pressure in government does not work; if it would have worked ports would have improved on their own. So you have to get extenal pressure. This is a transformation and need of the hour.

License raj was all internal. When you opened up it became external. So the PSU also improved because they faced competition. Why we are saying public sector ports are not working properly because we are comparing them with private ports. If the private ports were not present then there would have been no competition. Today we say, private ports are making money, but public ports are not making money, because we are able to compare.

If you see the balance sheets of major ports, they have astronomical assets, but the return on investment is just 1 per cent. Can a private sector company survive with this kind of return on their assets?

Shipbuilding/ship repair

Another ailing sector is shipbuilding. This sector should be corporatised and privatised completely. I am not saying offload 51 per cent equity stake here. The government should retain only 26 per cent, as that much of control gives the government the right to veto any extraordinary resolution.

The shipbuilding sector cannot grow under the government because you will not be able to pay market driven salaries. Shipbuilding is a highly technical job and you need to pay high salaries for it and unless you bring in such people shipbuilding cannot prosper. For shipbilding you need to employ the

best people and they will not work under the governmental structure and not for the salaries paid here.

On the ship repair side, make a plan wherein the government will give land on lease for a period (say five years) at a nominal rate for development of ship repair facilities, and whatever is the lease/ rent it will be collected after five years, so that it becomes viable, as in the initial years there is no immediate ROI. In case the company is able to pay it earlier than five years, incentivise them to encourage for performing better. Wherever such land is provided, make sure that it is linked to a port, about 100-200 km close to a port so that it is convenient for a shipping company to come there. Secondly, there are certain traits that are required both at ports and in shipbuilding so the port and ship reapir facility can share common resources wherever possible. Thus the ship repair sector can be improved.

Coastal shipping

Next is coastal shipping. The government is giving a lot of thrust to coastal shipping, but there are certain gaps that need to be plugged. Coastal ships require a maximum draft of 10 m and small berths to check the displacement of ships. Now the investment that goes in developing berths at ports like Mundra is huge and accordingly charges are collected from ships berthing there. If the same berths are used for coastal ships and they are made to pay the same charges then it is impractical.

Today the government is giving coastal shipping per km, per tonne subsidy which I consider is a very misplaced strategy. The problem is you don’t have infrastructure. Here you are paying for cargo being already loaded and taken when you don’t have infrastructure. Create infrastructure first and the rest will follow.

The first thing is ports should accept coastal ships. They generally don’t because the cost equation does not match. Now my solution here is, make a scheme wherein banks should be able to finance the berth construction, while the government gives the guarantee. The loan repayment should start after five years. Generally what happens is, a major port is able to construct the berth in three years and from the fourth year they will service the interest. During the initial period, the operating cost is higher than the cash flow so from day one they become defaulter.

Secondly, government should not take any royalty for these five years. The land should again be provided at a nominal rate. The cost of creating such a berth with one crane will not be more than ₹150 crore. Then the service charges for coastal shipping can be affordable. Again, the government should provide rail and road connectivity to the port.

Big entrepreneurs like the Adani’s will not be interested in such miniscule projects, so you need to get smaller businessmen with a net worth of ₹40-50 crore who have the ambition of making it bigger. So the idea is to bring in a total new sector of enterpreneurs in the business. Now if they want to cash on the entire investment, they can be allowed to sell the whole thing after 10 years, provided the rent, servicing of debt and royalty to government is in order. These things though small will play a significant role in making Sagarmala project successful.

Relax Cabotage

Another thing is remove Cabotage for container ships. Container shipping business is a shipping line driven business. It is not import/export driven business unlike bulk cargo or driven by cargo owners. It is the shipping line who decides the port of call or the hub port. If the government wishes to decide which port will be the hub port then they are totally mistaken. Government can only create business conditions such that shipping lines choose the port because it has to be part of their overall logistics strategy.

The government wanted to make Vallarpadam Port a hub port, but it did not materialise. Even if cabotage is relaxed for the port it will still not materialise, because your whole planning is wrong. If you want India to have a hub port relax cabotage for all ports, give shipping lines the opportunity to choose and decide their hub port. If cabotage is relaxed, three ports will straight away become hub ports – Mundra, Pipavav and JNPT.

On the east coast Krishnapatnam can become a hub port. Vizag is another possibility, but it has space constraints. Dhamra can be a hub port 10 years down the lane. So, if India wants to have a hub port this is the way and these are the transformational changes that need to be implemented.

Shashi Kiran Shetty
Founder and Chairman
Allcargo Logistics Ltd

MAN WITH THE MIDAS TOUCH

"A lot of people talk about centricity, but when you have to manage a huge organization, you need more confidence, capital, effort and organizing abilities to replicate services everywhere."

Deepika Amirapu

Today, the firm Allcargo and its Founder Chairman Shashi Kiran Shetty may be synonymous as there are many things in common about the enterprise and its entrepreneur – from the way the firm and its founding father found their feet in Mumbai and rose quietly yet steadily to occupy dominant positions in the industry. Much like Shetty donned many roles before becoming its Executive Chairman; the firm too started small and has grown today to be India's largest logistics company in the private sector and a multinational leader. It operates across 90 plus countries through more than 200 offices globally. Its offerings range from being multimodal transport operators, running CFS/ICD operations, project logistics, equipment hiring, ship owning, chartering and contract logistics. In this edited interview with *Maritime Gateway*'s Deepika Amirapu, **Shashi Kiran Shetty** talks about where he would like to see himself and his company in the years to come.

Q How would you define the character of Allcargo?

A I would define Allcargo as a firm that has balanced ambition. That is, we are sure about where we want growth to come from-that every business should give us sufficient return on investment made and anything we invest our effort and time in should fetch us good results.

Q As someone who moved away from a firm to start your own business, who were your first clients?

A If my memory serves me right, the first few who showed immense confidence in my ability are M Dinshaw, Commercial Shipping, R Tulsidas, JM Baxi and South India Shipping agencies.

Q How did you manage to get business from them?

A Since I worked in the shipping industry, I had friends who knew of my work. The working knowledge I had while working in business helped me understand the pain points of the ports and shipping lines. The contractors that were hired were not able to satisfy the clients and provide valuable service. For them, a service meant just trucking; but for me, it also encompassed various efficiencies such as a vessel not being made to wait to berth. I knew the complexities of the shipping agent and that of a shipowner. It was much easier for me to sell the idea because I knew the business although it took me two to three years to pick up momentum. Then, we invested our returns back in the business and I could experience that I couldn't go without my own fleet for long. I therefore, invested in a lot of equipment for our firm.

Q How do you make a choice in the business you would want to put your money in?

A As an enterprise, we look hard for opportunities. When I began my career I was in the ports business. With this background in shipping, I realised I did not want to be a shipping agent because I would always be dependent on another party for sustaining my business. A true entrepreneur would not like to be strangulated and in addition, the agency would be in conflict with the transportation business. So, we decided to be a diversified logistics player.

Q Almost every start-up talks about a customer-centric approach. Why is it then that so few people have been successful?

A In my view, a business is also about expanding your services to different geographies to serve your customers. We expanded to transportation within ports, transportation for project cargo, oil and gas movement, hinterland movement of cargo and such. A lot of people talk about centricity, but when you have to manage a huge organisation, you need more confidence, capital, effort and organising abilities to replicate services everywhere.

Q How did you replicate the business model and expertise within different verticals? How do you pick people to lead your businesses?

A I pick people with the right experience, qualification, passion and those who I think possess the ability to match the current trend in thinking. Young people from other industries are a huge workforce these days. It's a healthy mix that we have here at our firm. We also bring people from different industries. In a firm as big as ours, you need people who will stay a longer period. The old loyal people will create a working culture. But as a firm, we continuously evolve so that the new joinees fit in without much issue.

Q You have acquired almost a dozen companies overseas. How do you integrate the people and culture from such varied backgrounds?

A In acquisition, identifying the target becomes important. While buying out companies, we look for synergy in terms of business operations and a cultural fit. We look for companies that give us access to a new region, expand our management bandwidth, and allow us entry into certain business verticals such as freight forwarding, full container business and so forth. Therefore, it is all about the synergy we see in an organisation.

Q How much has the shipping embraced you in all these years? Has your growth been parallel to the industry's growth? Are you climbing steps together?

A The industry has been very kind to me. If you broadly look at India and if you take it measure by measure for any particular business it is as per the market growth. The growth we have experienced also in different geographies and this is perhaps not comparable with a few firms here. We do have a leadership position in many of the markets we are in, because we have quality people as heads. So, in some businesses where we have lot of focus, like CFS, NVOCC, we have been consistent as market leaders and in the equipment business, for example, we are the second largest and we think we've come a long way from where we were five years ago.

Q Do you aspire to be a conglomerate at some point in time having achieved leadership position in some businesses already?

A I think we already have enough room to grow in the existing business; so I'm not looking out really to branch out into other sectors at this point in time. We are already doing some business in real estate currently in Bengaluru where we have a real estate fund and in some interests in Sports.

Q One of the main challenges for ports and shipping lines is to find cargo. In the coming years, do you think logistics is going to show ports the way to new hinterland?

A Wherever the cargo gets generated, it has to find some port to go to. Ports have to look for cargo actively offering better qualities of service and they have to become more accountable. We want to make sure we reduce the transit time and cost as logistics players and in towards this goal, we want to build warehousing spaces. We want to become active third-party logistics for ourselves.

Q How prepared is Allcargo to the roll out of the Goods and Services Tax when it happens?

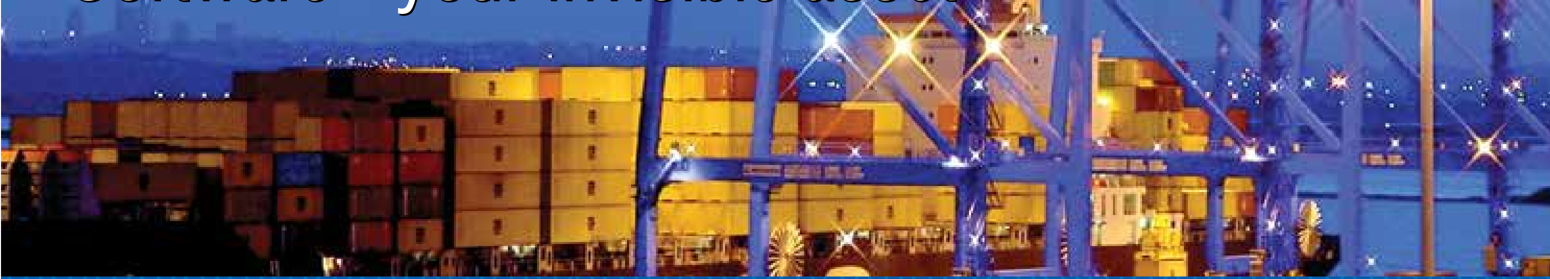
A We have an active team working on it and we have many customers already who we are serving today as a warehouse management company. Whenever there is an opportunity, we will take off because we have the knowhow, the capital, the land bank, and tie-ups with foreign companies that can bring experts to make our firm ready.

Q What is the next port of call for you personally? Are there any particular geographic regions that are interesting to make a foray into?

A Within this business, we are almost present in every service. We have been growing 25-30 per cent year over year; so we are satisfied with this growth. Asia Pacific and other emerging markets show a lot of promise. In the developed markets it is very difficult to find growth because it is saturated by many established players. We have operations in Africa and Latin America and we think they offer a lot of opportunity.

Q Where do you see an exit point for yourself in the business?

A We are a truly professional enterprise and are driven by the board that gives us active advice and participate in all important decisions. This business can be run even without me. We can always hire a high quality chief executive in my place and the company will go on. But what I bring to the team is a natural leadership trait and ring side experience of the industry, having been in this sector for so long. mg



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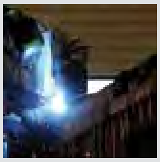

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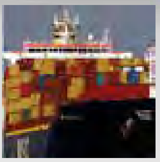

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Will it be smooth sailing for Vizhinjam?

Not often does one come across two mega ports being pitted against one another sharing almost the same waters. But, here in Kerala, Centre run Cochin Port that houses the Vallarpadam terminal and State run Vizhinjam Port will be snapping at each other's heels to earn the reputation of a transshipment hub. However, for both the road doesn't seem easy. Only time will tell how the ports will perform and wean cargo and ships from Colombo.

Mohammed Shareef MP

After almost 25 years of trial and error, work on the Vizhinjam international deepwater multi-purpose port is expected to begin on November 1 this year, with the Kerala Government finally awarding the project to Adani Ports and SEZ Private Limited. Once developed, this port would then be the deepest port in the country bringing mega shipping fortunes, being close to the busiest international sea route and East-West shipping axis. While the country is still depending on the foreign ports like Colombo, Singapore, Jebel Ali etc. for its EXIM transshipment cargo, Vizhinjam port is expected to grow bigger as a transshipment hub and expected to extract business from the major international ports in the region. Though there has been talk about the project being a face changer of the Indian Maritime Industry, several experts would rather wait for the project to actualise before they place their bets on it.

The Vizhinjam Port was originally conceived about 25 years ago. The initial project model was suggested as a Public Private Partnership (PPP)-Private Services model. Two rounds of bidding and tenders called for under the PPP model ended as a failure one of the reasons being the inherent un-viability of the project's economic rationale. In the first round, the project was granted to a Chinese company that failed to secure the security clearance from the Center. In the second round the project was first awarded to Lanco Group which was challenged in the Kerala High Court by Zoom Developers that led to the eventual withdrawal by Lanco Group from developing the port. Finally, the Kerala cabinet on June 10th 2015, decided to award the 7,000 odd crore Vizhinjam international port and deep-water container transshipment terminal to Adani Ports and SEZ, the sole bidder.

The first phase of the project would cost ₹7,525 crore. Of this, the Adani Group would invest ₹2,454 crore and has sought a grant of ₹1635 crore from state and central governments. APSEZ – India's biggest private port operating firm – had submitted the bid on April 24. The board of the special purpose vehicle set up for executing the project – Vizhinjam International Seaport Ltd – accepted the bid, which was ratified by an empowered committee headed by the chief secretary. Subsequently, the bid was referred to the state Cabinet for final approval. Land for the port is being licensed to the Adanis for a period of 40 years even as the title of ownership rests with the government.

The Chief Executive Officer of

Vizhinjam International Seaport Limited, K. Suresh Babu said the tender terms and conditions would not be changed than what is provided for already in the draft agreement. This includes the provision for a revenue share of one per cent to the government from the 15th year of port operations. This share can go up to 40 per cent going forward.

Salient Features of the Port

Proximity to International Shipping Route

As per the master plan, Vizhinjam has a huge location advantage in that it lies within 10 nautical miles from the major international shipping route. The port can attract large share of the container transshipment traffic destined or originated to/from India, which is now being diverted primarily through Colombo, Singapore and Dubai.

Favourable Bathymetry

Bathymetry in Vizhinjam region is very favorable for deep draft port development. The port site is endowed with natural depths of an 18m contour within a distance of a mile from the shore. This will result in a minimum need for capital dredging required for berthing and navigational arrangements at the port to handle the largest container vessels (up to 18,000 TEU) being planned to transit the East-West shipping channel as no such deep facility is available anywhere else in the Indian coast.

Availability of Large Waterfront

A water front area of 2500m is available for the proposed port development, which can be utilised for handling the container, cruise and other cargoes. A continuous long container terminal quay length can optimise transshipment terminal quay side productivity. Also, no active fishing is taking place along the proposed waterfront, which is segregated to the north and the south of the proposed site and has the added advantage of not affecting the activity and the nearby community.

> India is yet to display its vigor in the competitive atmosphere of the international maritime sector in a level playing game in the field matching the global players in the region.

Capt Deepak Tewari
CEO, MSC India.

Proposed Road & Rail Connectivity

The port can be connected to existing National Highway and Railway network. NH 47 passes through Thiruvananthapuram and is at a distance of approximately 8kms and running almost parallel to the shoreline. A railway line runs parallel to the NH 47 and connects major towns such as Thrissur, Palakkad, Kollam and Alappuzha. The existing railway line runs North-South and connects to Mumbai through Konkan Railway. This rail line connects southern part of Tamil Nadu through Nagercoil and Tiruchirapalli as well as to the North-West region of Tamil Nadu through Palakkad and Coimbatore.

Greenfield Port

The port being a Greenfield project, away from dense urban/city area, and thus can be master planned and shaped as per the needs of VISL into a very efficient, modern and highly productive port.

India's transshipment woes

A container transshipment terminal such as the one already developed near the Cochin Port, Vallarpadam acts as a hub into which smaller feeder vessels bring container cargo, which then gets loaded onto larger ships. Larger vessels bring about economies of scale and lower the cost of operations for shipping lines, which translates into lower freight rates for exporters and importers.

More than half of India's annual container cargo is being transshipped at ports outside the country, mainly at Colombo, Singapore, Salalah and Jebel Ali. This is because India had no port near international sea routes to handle large vessels. Cochin port enjoys nearly the same locational advantage as Colombo, with a mere 76 nautical miles deviation from the main east-west shipping route.

The country still couldn't make any progress in the big transshipment business in the sector where main line vessels bring huge volume of container cargo. It was with much ado that four years ago country's first international container transshipment terminal at Vallarpadam near Cochin commissioned but as of now it hardly handles any transshipment cargo even after the Cabotage restrictions were lifted.

International shipping lines see no incentive in calling here in Indian ports according to shipping lines. "India is yet to display its vigor in the competitive atmosphere of the international maritime sector in a level playing game in the field matching the global players in the region," says **Capt. Deepak Tewari, CEO of MSC India.** Listing out the reasons why the country is yet to make any progress in the transshipment business Capt Tewari added the Cabotage law restrains the shipping line from aggregating cargo at a transshipment port in the country. The transshipment procedures from the point of view of the port and customs are very cumber some in India compare to other transshipment port in the region.

"Colombo is well-established as a transshipment hub. It recently expanded

Advantages cited by the developers

- Vizhinjam is an all-weather port located on the Southern tip of the sub-continent, it is just 10-12 nautical miles from the busy Persian Gulf - Malacca shipping lanes which carry almost a third of the world shipping traffic.
- Central to the eastern and western coast lines of India - can cater to the needs of both west and east coast.
- The proposed transshipment terminal will be an ideal location for attracting mainline vessels ranging from Post Panamax to Malacca-max in a phased manner.
- The proposed site is endowed with natural depth of more than 20 m as close as one Nautical Mile from the sea coast.
- The proposed site has minimal littoral drift and as such would hardly require any maintenance dredging during the years of operation. This will result in low O&M costs.
- Once the port is up, Indian exporters will not have to rely on foreign ports for transshipment of cargo. It is expected to save at least ₹1000 crores in expenditure annually.

"Both Vizhinjam and Vallarpadam will be competing for the same international cargo now being transshipped through Colombo. It doesn't help either that an ongoing debate in the industry questions the rationality of transshipment terminals"

K Ravichandran
Senior Vice President & Co-Head, Corporate Ratings, ICRA

capacity with Chinese investment. To compete with Colombo, any port in India has to match its cost, as well as facilities," says Deepak Tewari.

In the case of Vallarpadam though the Cabotage restrictions were lifted almost a year ago the procedures get tangled in the hands of customs formalities. For example, the customs officials in ports like Chennai were of like no clue about the Cabotage relaxation for the Vallarpadam which in turn nullify the existence of this tax exemption, according to Tewari.

Vallarapadam is not yet competitive with Colombo. Doing business at Colombo is cheap and they persistently negotiate with the shipping lines. Every time Vallarpadam tries to match rates with Colombo, they lower the rates for five, ten or fifteen dollars and retain the business. By the time their mechanism matches the rates Colombo slashes the rates further down. In terminals like Vallarpadam, there are service charges on the landside too for storage capacity where as in Colombo terminal storing is free of cost. Tewari pointed out.

With a deep draft even at this moment 18000 TEU vessels dock at Colombo but for Vallarpadam having such a deep draft is still a dream.

While one of the main features of Vizhinjam is its deep draft, unless the port physically shapes up and enters into the business, nothing big can be said about it now and according to Deepak Tewari, it would at least take a minimum of fifteen years to see the results from Vizhinjam project.

A former senior official with ministry of shipping, who doesn't wish to be quoted on Vizhinjam has strong disagreement with the way the new project is being "blindly promoted". According to him normally, the experience of a neighbourhood project would be a lesson for others trying to take up similar projects.

"Of course, the port has its plus points. It has the natural advantage of deep draft capable of handling large vessels. It means no recurring cost of dredging as in the case of Kochi port. The port is closer to the international shipping route. Unlike Vallarpadam, which being part of the Major Port of Cochin is subject to tariff regulations, Vizhinjam will be a private port with freedom to set own charges. And ostensibly so, Vizhinjam will be competing with Vallarpadam from day one. Both would be depending on Indian cargo now being transshipped through Colombo port—a well established transshipment hub. When an experienced port operator like DP World finds it tough to get mainline ships to Kochi, one can well imagine how competitive the business will be for a new port," he points out.

Since the new port obviously will have only a miniscule of domestic cargo to be exported and imported, the idea of making it a Mega Transshipment Hub seemed to be the only rationale behind the new green field mega port at the farthest end of the western coast. Competing with the leading transshipment ports like Colombo, Singapore and Dubai would be more easily said than done.

K Ravichandran of the rating agency ICRA says, "Both Vizhinjam and Vallarpadam will be competing for the same international cargo now being transshipped through Colombo." It doesn't help either that an ongoing debate in the industry questions the rationality of transshipment terminals. All ports in India want to be direct call ports. Any place in southern India is at short distance to the seacoast. For the northern parts, access to sea is limited to the Gujarat coast; and long-haul inland carriage is through rail and not port-to-port transshipment," Ravichandran adds.

Will both Vizhinjam and Vallarpadam survive? What is the guarantee that Vizhinjam will not face the same fate as Vallarpadam? Or will the former beat the latter and be successful? Only time will tell, experts opine. While this is not an argument against Vizhinjam, experts say that it is best to highlight the fundamental flaws in the country's port development policy. First, the government or its private partner at Vallarpdam failed to foresee the limitations of the project. Second, there is no serious effort as yet to rectify the limitations and resolve the problems that is hurting its performance. Third, there is no system to ensure that the same mistake is not repeated. The fate of the port would largely rest on government's foresight and commitment to viable solutions, experts say.

Anil Gupta
CMD, Concor

Pinning hopes on growth in exports

Growth in exports only can set the EXIM balance right and reduce the cost of moving empty containers

MG Report

Q Tell us about your projects in progress?

A We are developing 15 logistics parks. We have undertaken to develop them during the 12th five year plan period. Work has started on all the parks except one or two places where we are stuck in the land acquisition process. So we are on target. These parks will be ready by March 2017, ofcourse some of them may not be completely ready and may take a bit more time. Work will proceed in phases, for instance, our Kathua facility has not been yet notified by customs as an ICD but we are already handling double stack 60 trains per month without use of warehousing and other facilities. When warehousing is added, this number will go up further and value added facilities will be provided. So this is our business model.

Q In EXIM cargo, there is usually this gap between exports and imports. Since you have been facing this problem too, how do you manage to plug the gap?

A Basically this gap is there for two reasons: there are imbalances between imports and exports primarily in two accounts – one is overall imports exceed exports. Last year this gap was around 90,000 containers. Second is the port wise imbalance. For instance, at Mundra exports exceed imports, so we always have to run empty trains from Mundra to other ports like Pipavav and JNPT where our imports are more than exports. There are two reasons for the gap. One is the shipping line strategy, because shipping lines have a strategy of dropping imports in JNPT and do double dipping for picking up exports from northern India at other ports. So those also we have to suffer. The only hope is our exports should grow. Growth in exports has been quite good last year and we are hoping that the emphasis the government is giving on exports will increase them more. But imbalance is inevitable and this problem is worldwide.

Q Are there any solutions apart from the measures Concor is taking to reduce this empty movement cost?

A Shipping lines should plan for their boxes to balance between the ports. But we should also understand that they go by their business logic. Over a time their business logic and our business logic has to match other wise there will be increase in cost. Today I am providing empty rakes to Pipavav, once the Mundra imports pickup I will not be able to serve the demand at Pipavav, so automatically they will have to look for alternative options.

Q How is the performance of your cold chain operations?

A Cold chain is not doing very well. We tried to revive it last year and we did make operating profits after a long time, but because of the debt liability and depreciation provisions etc we are not very happy with the performance and we are debating about it. Most likely we will give a break this year and not go for procurement. We will just provide the facility as a logistics infrastructure provider.

Q How will be the business performance in the year 2015-16?

A We are still grappling with some of the problems created by tariff hikes, especially in domestic market where there has been a steep fall. We have made a representation to the authorities to review the rates, but notwithstanding that we are quite hopeful of nine and half to ten per cent growth.

Q Private players see a lot of potential in ICD/CFS business. How do you see as a major player in this space? As capacities are going up, will they cut into each others business?

A I hope that does not happen and the overall trade grows so that there are good volumes for everybody. It is unfortunate that when this sector opened up the volumes declined. Had the volumes remained the same this situation would never have arisen. If India has to grow at a CAGR of 13-14 per cent as it was doing before 2008 in the logistics sector then I don't see any problem for all of us. There could be complimentary capacities, they could use our terminal and we could use their facilities. Only negetive point is shipping lines would have to pump in more inventory to meet their requirements in all places which is always a challenge. mg

BOON TO BOTTLENECKS OF NCR

Ideally positioned at the outskirts of NCR and in proximity of cargo production and consumption centers, the **Delhi International Cargo Terminal** is expected to ease out bottlenecks in cargo traffic movement in and around the NCR

Ritu Gupta

The National Capital Region and its surrounding regions are among the largest cargo generating hinterlands of India, both for EXIM trade and for domestic end-use. The rapidly evolving industrial hub of the region spans across several key manufacturing sectors like automotives, electronics, metallurgy, engineering, chemical and petrochemicals, and over the years it had been facing the huge problem of lack of integrated management of various logistics services. But with the advent of the Delhi International Cargo Terminal (DICT) – an ICD of the of J M Baxi Group – this problem has now turned into an opportunity. The new integrated rail-linked logistics park cum inland container depot, which has been built on a sprawling 65 acres of land situated near Sonepat, off National Highway No 1, is now re-defining bulk and container logistics. DICT will act as a Hub and DC (Distribution Center) for North India. It is therefore rightly termed as an 'ICT' (International Cargo Terminal) and not just another 'ICD'. There are many ICDs in the region but most of them are an extension of a rail operator, terminal or a Line which creates exclusivity.

DICT is a complete common user facility where all stakeholders will have a level-playing field and will be able to establish their businesses according to their requirements. According to its promoters, various firms including shipping lines, container train operators, customs house agents, freight forwarders and shippers have expressed willingness to sign memorandum of understanding with DICT. In terms of handling charges, DICT is at par with all ICDs in NCR. Its volumes are also growing with every passing day. The June 2015 volumes are estimated to be about 2700 teus, and May 2015 volumes were 2200 teus. This is the fastest build-up of volumes in an ICD/CFS ever.

The J M Baxi Group has invested ₹200 crore in the state-of-art DICT to cater to the growing trade of NCR and North India. Phased investment of another ₹600 crore is expected to follow. Among one of the first such integrated multi-cargo handling infrastructure facility to be developed under one consolidated service umbrella, the DICT offers host of logistics services for containerized cargoes, empty storage, container repair, bulk cargo warehousing, liquid bulk storage (be it of clean liquids or chemicals), rail-head movement, cold storage facility for refrigerated cargo, and bagging facility for bulk cargoes like fertliser. Indeed, DICT is the single-point solution for a customer's needs with its wide range of infrastructural facilities. It offers a 24x7, congestion-free facility where heavy traffic movement is free flowing and does not get restricted by city traffic. DICT is developing progressively towards capabilities to handle over 1 million containers, over 8 million tonnes of bulk and liquid cargo capacity, completely mechanized bagging plants, and multi-temperature controlled cold storage capabilities of over 8,000 tonnes.

Other advantages of DICT

The biggest advantage of DICT is the fact that it is located at a critical position on the outskirts of NCR, extremely rich in agricultural produce and also fast developing into an industrial hub. The region is already the central artery for cargoes like rice, meat, yarn, woolen rags and blankets, and scrap. “The major commodities that we continue to handle are rice, home furnishing, machineries, polymers , yarns, rags, trading goods, chemicals, automobile parts, iron articles, medical equipments, wooden Handicrafts. wooden logs," says Udit Mittal, head-business development and sales, J M Baxi Group. Acccording to DICT Officials, all major shipping lines are the clients of the facility. Apart from catering to the needs of the NCR region, DICT is also positioned at the mouth of the funnel where all traffic from the North East–North West quadrant converges to gain entry into Delhi.

Till the advent of DICT, the cargo generated in this region had to travel to East and South NCR ICDs for evacuation as there was no support infrastructure for its logistics requirement in its production hinterland. Similar was the case for the cargo which was inbound/imported into this region. Furthermore, as one of the significant cargo generation and destination clusters, the NCR region has very high demand both for warehousing and distribution services with respect to several inbound and outbound cargoes. While most of the existing ICD-CFS operated by Concor and other warehousing facilities of CWC are meeting the current demand, with increasing domestic demand the available infrastructure has reached a saturation level with respect to both capacities for handling the incremental volumes as also the growing demand for variety of integrated logistics services.

Between North India and NCR there is an equipment type imbalance of 20' & 40' inventory as well as import and export volumes. DICT is well positioned to provide a right balance of trade and equipment as it is situated between Ludhiana and NCR ICDs and in the close proximity of the cargo production and consumption centers. It is estimated that 80 per cent of the NCR traffic has a natural advantage in using DICT as a gateway. The location is ideal for filling up the capacity almost immediately. Notwithstanding, this would also ease up the cargo traffic congestion within the NCR road network.

The container yards at the DICT logistics park consists of a customs notified area for storage of EXIM containers and also dedicated and exclusive area for storage of domestic containers. The EXIM yard is fully equipped for storage of general as well as containers. It has capacity to store around 4,000 teu at any given time. Its container yard also has a container repair facility for both general as well as reefer containers. Dedicated yard space is allocated for storage of empty containers. User amenities like customs offices, EDI Link, specialized warehousing spaces, metal scrap inspection yard with scanners, dedicated transport pools, office spaces for CHAs, liners, forwarders, high-end IT systems, generator power back-up, weigh bridges, electronic surveillance, bank on premises, customer facilitation center and related infrastructure are pre-installed. In order to facilitate the cargo operations, modern handling equipment like reach stackers, hydras, forklifts, 75 road trailers, 90 reefer plug points, among other things are being deployed.

DICT's state-of-the-art warehouse further combines technical competence and operational diligence to deliver customized logistics that can turn potential problems into innovative solutions. The storage infrastructure includes an import bonded warehouses spread across almost 50,000 sq ft, offering services for both in-transit as well as bonded cargo storage and EXIM movement. In the second phase of development, further 100,000 sq ft of dry warehousing space will be added that will store cargoes that are primarily meant for domestic market. The storage and warehousing infrastructure will include a state-of-the art temperature controlled warehousing capacity to be developed across five acres of land for reefer cargo storage, stuffing and containerization. The facility will also offer consolidation services for export cargo. DICT will also have mechanized bagging plant with a proposed capacity for bagging 2,500 tonnes per day for mechanized bulk bagging of cement, fertilizers, agri-products and food grains. Bagging facility at the bulk storage point will enable shorter turnaround time for end-user delivery of bagged product and save costs on unnecessary or multiple movements. It will also ensure standardisation and faster evacuation of cargo which will act as value added business proposition for the clients. Bulk storage facility along-side mechanised bagging will give DICT an added advantage in taking up end-user distribution of bulk commodities, which can significantly cut down costs and save time. Besides dry-cargo, DICT will incorporate multi-product liquid tank farm facilities for storage of clean cargoes like oil, edible and non-edible and other liquid chemicals spanning an area of 10 acres. These products will be transported to the end users or for movement to further storage facilities of bottling and packaging units.

DICT also has rail connectivity and it provides seamless connection to gateway ports such as JNPT, Mundra and Pipavav and any other port on either coast for EXIM cargo, or any domestic location in the Indian hinterland. DICT is connected with three rail lines, linked through the serving station of Bhodwal Majri. Thus movement of EXIM/domestic cargo as well as hinterland connectivity can be achieved with ease. Rail sidings have their dedicated rail yards (back-up area) for temporary storage of containers. Train examination facility integral to the safe running of rail wagons are part of the rail siding facility and provide the much required additional capacity for container train operators to base their rakes at DICT. Indeed, DICT offers a better turnaround time for containers, trains and road transport vehicles; thereby saving cost and time. This creates a win-win situation for all stakeholders. Due to challenges of congestion, inventory imbalance and cost, a large section of the trade uses road transportation instead of rail to connect cargoes to and from gateway ports. DICT is poised to alleviate all the above impediments, thus enabling the cargo to revert back to rail.

According to its promoters, DICT is not only soon likely to have the largest control of container business activities in the National Capital region but it also has the most fascinating growth because of the challenges that it has successfully met especially in ensuring seamless flow of operations at all hours. It has already raised the tempo in the shipping community and thus is fast turning into a source of prosperity benefiting the entire EXIM fraternity. mg

21st century Seamanship

Edition	: **2015**
Price	: **£125**
Number of Pages	: **1289**
Publisher	: **Witherby Publishing Group Ltd**

In recent decades, shipping seems to have moved at a tremendous pace and the need for a new up-to-date manual which captures such a broad scope in a single publication that appeals to the forward thinking seafarer is needed. Developed over a period of 10 years, this publication takes the traditional values of centuries of good seamanship and blends them with today's reality. The book "21st Century Seamanship" has been aptly positioned as a manual for the modern day seafarer in the 21st century. It provides a detailed understanding of the shipping industry and how it keeps the world moving, carrying more than 90 per cent of the world trade that is set to almost double in volume over the next 20 years.

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Speedy evacuation for major ports

The SPV is expected to enhance last-mile connectivity for major ports, substantially reduce the dwell time of cargo at ports and bring down the overall logistic cost for trade. However, the government should ensure that it does not end up becoming a mere paper tiger

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 modernisation 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 slew of nearly 40 projects which include 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 PIVNL would work in close coordination 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 logistics 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. 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. The cabinet accorded its approval in the last week of March."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.

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. According to experts,

"This concept is not new since not very long ago the Mumbai Port had its own internal Rail system and even had Engines for internal movement. This concept worked well in the days of Break Bulk cargoes and handling of conventional ships. But it may not fructify in the present era of unitisation."

Capt Sanjeev Rishi
Advisor
Worlds Window Infrastructure ICD Loni

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 materialise from concepts papers in to something concrete.

However, some industry experts are skeptical about the development. According to them, without the requisite infrastructure and efficient operations, it may end up posing more problems rather than solutions. "This concept is not new since not very long ago the Mumbai Port had its own internal Rail system and even had Engines for internal movement. This concept worked well in the days of Break Bulk cargoes and handling of conventional ships. But it may not fructify in the present era of unitisation," says **Capt. Sanjeev Rishi, Advisor, Worlds Window Infrastructure – ICD Loni**. According to him, if the proposed SPV is for internal shifting of cargo, then this would be a redundant exercise, since the cargo today is containerised with

> In matters of rail connectivity, special consideration should be given by the SPV for evacuating hazardous cargoes, flat racks, open top containers and tank containers which today are restricted for movement by rail.

Capt Dinesh Gautama
President, Navkar Corporation Limited

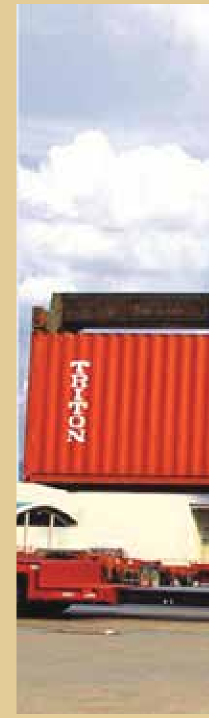
almost 60 per cent of which moving to hinterland and being evacuated by the various container train operators (CTOs), whose rakes are placed next to the ship side. With regards to the rest 40 per cent of the cargo, which is for areas in the vicinity of the port, the exporter/ importer arranges his own transport for evacuation. "Therefore this SPV formed with intent for internal shifting will come a cropper," adds Rishi. Furthermore, for transporting goods to the hinterlands, the SPV will function like any CTO and will be subjected to intense competition from other CTOs including Concor. Experts say that the SPV may not also be a viable option for last-mile connectivity, as road transportation is cost-effective and efficient for short hauls. Further, last-mile connectivity through this SPV will add to the cost through multiple handling. "For the SPV to handle internal movement of bulk cargo is also out of question because liquid bulk is generally moved through pipelines and dry bulk through special rakes owned or chartered by Indian railways," aver experts. "The best alternative for the proposed SPV would be to have a network of tracks within the port along with shunting engines so that movements fed through hinterland, containerised or in bulk are immediately received and handled and thus not subjected to congestion and consequent restriction by the railways. The dedicated shunting engines which now have to be requisition from railways will greatly help in internal shifting of rakes and faster turnarounds. This aspect will become more important after opening of dedicated freight corridor in 2017. The SPV should, therefore, complement the feeding through the railways system," adds Rishi.

> The SPV would provide last-mile connectivity to the major ports, help in modernisation of evacuation infrastructure, operate and manage internal port railway system and raise financial resources for funding port related railway projects.

According to other experts, the government needs to bear in mind many parameters for the SPV to become efficient. "In matters of rail connectivity, special consideration should be given by the SPV for evacuating hazardous cargoes, flat racks, open top containers and tank containers which today are restricted for movement by rail," says **Capt. Dinesh Gautama, President, Navkar Corporation Limited**, Navi Mumbai. "The SPV being envisaged by the government will be in a position to focus primarily on rail development thus ensuring that rake-loads of parcels ranging between 2,700-3,500 tonnes are moved at a time thus keeping the ports uncongested at all times," adds Gautama. Furthermore, such SPVs will, from the start itself, should ensure that double-stack trains for containers can be handled in container ports. After all, today India's container terminals have a capacity of 15.45 million teu (as on March 31, 2015) and this figure is likely to increase to about 24 million teu by the end of 2021-22. Indeed, the formation of the SPV would be a step in the right direction only if the industry requirements are kept in mind while forming the nuances of its operations. Moreover, it is imperative for the government to first develop new infrastructure for the SPV, rather than using the already congested road and rail networks. mg

Debashis Dutta
Chairman, FFFAI

The Federation of Freight Forwarders' Associations in India (FFFAI) is the apex body and the sole representative of 24 member associations from all over India representing 5,000 Custom Brokers and Freight Forwarders and controlling 90 per cent of India's international logistics trade. One of the main objectives of FFFAI is to coordinate the activities of the Custom House Agents' Associations and their members. This is the only national body in the freight forwarding and logistics sector having representation on international associations like International Federation of Freight Forwarders Associations (FIATA)



STREAMLINE PROCESSES, UPGRADE INFRASTRUCTURE

"We just expect simplification of procedures in processing documents and Customs clearance from the government, and adequate infrastructure with proper connectivity for seamless movement of cargo through Port as well as through Land Customs Stations and Airports."

Omer Ahmed

Q In India the amount spent by businesses on logistics seems to be more when compared to other developing nations. Why is it so?

A India's logistics cost as a percentage of the GDP is higher than that of the other developing countries. It is mainly for over-dependence on road transport. This over-dependence on high-cost logistics is increasing the cost load on Indian manufacturers and negetively impacting India's future as a manufacturing network. Booking of cargo and movement by road is much higher than that of railways and as such railways need to introduce all sorts of cargo booking and unless that happens logistics cost itself will adversely affect the competitiveness of India's manufacturing.

Q What are the challenges faced in handling cargo at ports/ terminals?

A Adequate port infrastructure and connectivity is the prime concern for which we have been representing to the Ministry of Shipping. We have also suggested to the Minister that there should have been an independent port regulatory authority for regulating port tariff. I also feel that the Ministry should take more meetings with trade participations for making their plans and programmes successful like the Ministry of Commerce and Ministry of Finance, individually with the trade, customs brokers, handling agents and all other concerned in dealing with the practical problems and solutions thereon. It has been experienced that only from the

level of port officials major important decisions cannot be taken.

Mobilisation of modern equipment to handle cargo is required. Congestion in ports / terminals due to the draught in the navigational channel in some ports has been causing a continuous threat to the trade adding huge transaction cost.

Q How will the GST implementation change the logistics landscape?

A GST is viewed as the country's most noteworthy tax reform. This will usher a new economy order. 'The entire country will become one market and it will be an economic integration of India,' as asserted by our Honorable Union Minister of Finance. This will help in seamless transfer of goods and service with the improvement of economic activity and growth. Although GST is expected to be a simple tax regime, different GST rates might prevail in different states. So, more clarifications and deliberations are necessary for the clarity of implementation of GST so that trade may be able to easily perceive and understand its implication. Keeping this in view, the 'overall impact of GST on trade and industry' has been included and discussed in the Business Session of our just concluded 22nd Biennial Convention of FFFAI in Mumbai held from May 21-23, 2015. We look forward to growth with implementation of GST by 2016 as the operational year for the new goods and Service Tax structure. This will be a significant development in tax regime.

Q What is the status on the establishment of Transport Logistics Corporation of India Ltd?

A Setting up of Transport Logistics Corporation of India Ltd is under way and likely to be established in July 2015. This is a new PSU to cater end-to-end Logistics Biz – One Stop Solution for Logistics needs. The success of the Logistics Corporation will depend on its own strategy and also progress made by key infrastructure projects like Delhi-Mumbai Industrial corridor and the Dedicated Freight Corridor.

Q What opportunities and challenges does the growth in e-commerce bring to the logistics firms?

A The rapid growth of e-commerce has changed the way of functioning of Indian logistics. E-commerce is a novel concept. The strong emergence of e-commerce will significantly impact the supporting logistics functions. The key to success in e-commerce is an efficient last-mile network to ensure time-bound delivery while maintaining the logistics chain. E-commerce will have much significance in our way of working for the EXIM trade as a whole.

Q What is the potential for logistics outsourcing in India?

A In an era where efficiencies in logistics are in sharp focus, it would be relevant to take note of the emergence of 3PL to 5PL in India who are revolutionising the way in which delivery system functions are being managed.

Although the percentage of Indian companies outsourcing logistics has become significant, the 3PL to 5PL market forms a small part of the overall logistics business in India. For the potentiality of outsourcing in logistics in India, the issues like the needs of manufacturers, infrastructure requirements, views of service providers and obviously the policy issues are to be seriously taken into consideration. It depends on the increasing manufacturing efficiency using 3PL outsourcing sharing and capturing knowledge.

Q As the government emphasises on "Ease of doing Business" what are the key elements to be focused upon?

A This is the need of the hour which will help for the growth of the industry, and participation of FFFAI in the meetings with the government departments in this regard is of much significance. As for Ease of Doing Business we are very much concerned covering the area of our operation with the importance on the following:

- 24X7 operations.
- Simplified and reduced documents.
- CCFC – Customs Clearance Facilitating Centre.
- Use of digital signature for electronic submission of customs processing documents.
- Indian customs single window.

- PGA – Participating Government Agency (Trade does not have to approach different agencies and data will be filed at single point)
- Automate routing
- RMS - Integrated Risk Assessment
- Paperless process – Trade will submit supporting documents digitally.
- On-line issuance of delivery order by the steamer agents which has been started in respect of air cargo in Mumbai Airport and JNPT has been taken up as the first port for on-line issuance of D.O. Soon this will be extended to all other ports subsequently.

Q FFFAI recently conducted a study on the International North South Transport Corridor. Which regions and businesses stand to benefit from it?

A It is our proud privilege that FFFAI successfully conducted dry run on the prestigious International North South Transport Corridor Project on behalf of the Ministry of Commerce as joint venture. There are a lot of cross-trade opportunities among CIS countries, Russia, Iran and India along with Ukraine, Baku –Azerbaizan, Belarus etc., INSTC routes will bring down freight charges between India and CIS countries: it will emerge as an economic regime in this sector.

Q Demand for skilled workforce is expected to drastically increase in the warehousing and logistics sector. Do you see quality human resource development happening in India? What are the challenges in attracting and retaining the talent?

A Yes, quality human resource development is very much required in India. In fact I have been harping on this issue at every opportunity in different forums for the necessity of skilled workforce in the warehousing and logistics sector. The demand for such skilled workforce will go on increasing. In FFFAI we have developed a career path way for those who are interested in pursuing a career in the ever expanding logistics industry and the educational wing of FFFAI is IIFF (The Indian Institute of Freight Forwarders).

Creating adequate opportunity and extending the horizon with validation of such course by the authority as an eligibility criteria for examination under Regulation 6 of CBLR 2013 will help to retain the talent in the teeth of stiff challenges.

Q What are the major concerns of the freight forwarding community?

A Satisfying the clients with prompt and value-added service are the major concerns of the freight forwarding community. The role of freight forwarders has become very crucial day-to-day in complying with the various paraphernalia in the delivery system.

Q What were the expectations of the customs broking and freight forwarding community from the government? Do you see any progress made in the past one year?

A We just expect simplification of procedures in processing documents and Customs clearance from the government and adequate infrastructure with proper connectivity for seamless movement of cargo through ports as well as through land Customs stations and airports.

I have seen the progress made recently with the steps taken by the government in putting emphasis on 'Ease of Doing Business' for which the government departments have been consulting FFFAI from time to time and I believe that 'Ease of Doing Business' programme will result in a big way for the whole logistics sector.

Q Any policy or regulatory changes the freight forwarding community is looking forward to happen?

A New Foreign Trade and Procedure policy Book has just come out. Bringing in GST as a single tax for all goods and services in our country is an important regulatory change in the vicinity. We look forward to have more new policies and regulatory changes for which we have been representing to the government for all round development of the logistics trade with the economic growth of the country. mg

New South Wales coal exports to India increase

Raising hopes among downbeaten miners, coal exports from New South Wales (NSW) are up on the last financial year, pointing to a new era for the sector that hopes to feed India's rising appetite for energy.

Coal remains NSW's number one export commodity, as exports for 2014-15 jumped nearly 5 per cent to 133 million tonnes, from 127 million tonnes in the previous financial year.

Exports to India have more than doubled from 3.2 million tonnes to 7.7 million tonnes over the nine months to March.

The bulk of the coal exported through the Newcastle Port was to China and Japan but "India is a growing market," said Paul Chamberlin, spokesman for Port Waratah Coal Services. "It is a win for Newcastle and Queensland because the coal that comes out of the Hunter Valley is very clean compared to ground coal from Victoria."

India currently imported 80 per cent of its "low-grade, high-ash coal" from Indonesia.

India's move to cleaner coal imports puts NSW in a prime position to benefit from this growing demand for the type of clean thermal coal the state produces.

Gajanan Kirtikar, MP, North Mumbai and Rajive Kumar, Secretary, Ministry of Shipping at the Inaugral Ceremony

Opportunities in coastal shipping

The first seminar organised by ICC Shipping Association in Delhi focused at promoting domestic shipping sector and brought to the fore key issues to be addressed in this regard

Omer Ahmed

ICC Shipping Association for the first time organised a seminar in Delhi which was well attended by eminent people from trade and industry. The focus was on promoting domestic shipping, the thrust area of PMO office. At the inaugural session, Gajanan Kirtikar, MP, North Mumbai and Rajive Kumar, Secretary, Ministry of Shipping addressed the gathering. The event saw grand presentations on the theme: "Opportunities in Coastal Shipping – Rolling on," by Capt. Kiran Kamat, CMD, Link Shipping & Management System Pvt. Ltd. Capt. Gur Prasad Kohli, MD, Wallenius Wilhelmsen Logistics (India) Pvt Ltd focused on the need for RoRo service to take load off the land and help reduce India's logistic cost and fuel bill.

A panel discussion moderated by Dr. S B Agnihotri, Ex DG Shipping and Additional Secretary Cabinet Government of India, deliberated on key issues such as lack of investment in shipping, old rules and regulations, lack of financial lending models and use of appropriate measures to reduce carbon foot print.

Key outcomes and actionable points:

- Seminar by shipowners, operators, managers in Delhi is very essential to engage all stakeholders together with the government at least once a year.
- Rules and regulations affecting domestic shipping need to be changed immediately – there is need for new Merchant Shipping Act, Inland Vessel Act etc.
- New MS Act, IV Act, Indian Ports Act could provide for independent domestic shipping Directorate.
- Adoption of IWAI model rules by all maritime states and declaration of new IV limits.
- MS Act should be first and last call for all things including processes and procedures for customs, immigration, port entry, exit etc. Maritime Radio communication should be under Shipping Ministry and not be governed by Indian Telegraphy Act, 1873.
- Not permitting use of VSAT for Indian shipping in Indian waters costs the industry too much money and loss of efficient ship management enjoyed by foreign flag vessels.
- Rationalisation of port user charges, wharfage, waste disposal, under used concession agreements, etc.
- Creation of dedicated physically separated port, terminal facilities for seamless transfer of domestic freight to reduce India's high logistic costs.
- Customs, immigration, RTO, Octroi etc. should have no connection to exclusive domestic freight movement like it is available to domestic air, road rail traffic.
- Early implementation of customs committee recommendations for ease of doing business, simplification and use of IT enabled technology.
- Emphasis should be on port-led development of shipping, not just on port development.
- Early announcement of incentive scheme for modal shift of cargo, guide for India controlled tonnage, bare boat chartering and presentation of vision document to PMO for its monitoring by a Steering Committee consisting of ICCSA, INSA representatives with the objective of increasing Indian shipping fleet as soon as possible.
- Progress towards easy and transparent hybrid PPP models for developing IWT, RoRo, cruise, marinas, ship building / repairing facilities etc.
- Make in India campaign to invite making of marine equipment for domestic use as per Indian standards and appropriate technology.
- Recognition of water as essential source for navigation.
- Resolution of inter / intra state issues of local taxation etc.
- Provision of dredging capacity in the private sector for deepening, maintaining viable draft for use of correct size of vessels because costs come down with good draft.
- Enhance domestic shipping for large potential for employment, energy security, poverty alleviation in national interest. mg

FORAYING INTO NEW TERRITORIES

Belgium-based Ahlers Group that specializes in providing maritime and logistics services is planning to strengthen its presence in India by diversifying and focusing on chemical logistics business. Its five year plan will also include entrenching itself in the African market and bolstering its business prospects in China

Deepika Amirapu

Ahlers India Private Limited, a global freight forwarding and logistics firm, plans to build expertise in its project cargo business and expand its logistics service offerings counting on its years of experience and knowledge of handling break bulk cargo. The firm will leverage on its technical expertise, transnational presence and relationship with shipping lines to augment business prospects in the project cargo segment in India.

Currently, the firm gets more than 75 per cent of its revenues from the consumer business, followed by project cargo contributing about 22 per cent and logistics division fetching them less than one per cent. This math, however, is set to change with Ahlers drawing up a five-year strategy to double its turnover and garner a greater percentage of revenue from its logistics and project cargo business. The firm has a blueprint in place to enhance its business prospects from handling project cargo, liquid logistics with a special focus on

chemical cargo. The Ahlers management is eyeing a 10-12 per cent growth in the next three years in the project cargo and freight forwarding business.

In the project cargo business, the engineering, procurement and construction and power vertical will fuel growth for the firm as Ahlers expects to move a lot of cargo for customers who have businesses in Africa. "Our strategy is to venture into challenging markets and follow the customer," says **Pradeep Joseph, Managing Director, Ahlers India.** Currently, Ahlers has a presence in the dark continent only as a maritime agency in Angola and through strategic partners in other countries where they jointly undertake orders in 17 nations. Some of the major projects handled include transportation of sugar plants from India to Ethiopia, thermoelectric plants to Rwanda and other cargo to Namibia.

To augment business prospects in Africa and tap into the potential the country offers, Ahlers is considering establishing an office in Africa with a consortium of local partners. While Ahlers will be the flag bearer and take the lead role, the partners' contribution will emanate from their understanding of the way local markets work. "We have had a vision for Asia for 30 years, and now it is Africa's turn. We hope to have the consortium in place by end of 2015 and from the following year; the group will focus on shipments to Africa," Joseph added.

Closer home, Ahlers is also in talks with certain firms in China for a possible joint venture to improve trade between China and India. The Chinese partner will help with their local knowledge of the market while Ahlers will share its technical expertise in all areas of business it chooses to strengthen its presence.

Currently, Ahlers gets three-fourths of its revenue from Europe, Russia and CIS and Asia with Africa contributing to the remaining 10 per cent. However, this math is likely to be altered with India and China staking a higher claim in the share of total revenue contributed to the firm. In the next 4-5 years, India is expected to contribute to 12 per cent of the group's revenues, Joseph said. With the manufacturing base shifting to developing nations in the East, intra Asia trade could stimulate a lot of movement in cargo; giving logistics firms a larger platform to grow their businesses. In fact, intra-Asia trade is set to overtake

> "We have had a vision for Asia for 30 years, and now it is Africa's turn. We hope to have the consortium in place by end of 2015 and from the following year, the group will focus on shipments to Africa."

Pradeep Joseph
Managing Director, Ahlers India.

business stemming from the European nations in the next five to six years.

While the group is focusing on improving its presence in Africa and China, Ahlers is simultaneously looking at strengthening its presence in India through the chemical logistics segment. It is currently mulling on entering into a joint venture partnership with a few players who already have established warehouses and can boast of little presence in the chemical logistics space. Ahlers will lend its expertise in chemical logistics handling by sharing technology on temperature control, re-packing, standardisation and labeling. "We will focus on western customers who have a base in India and who are looking for logistics partners that can comply with international standards."

Such a model of doing business, Ahlers believes, will help its customers in achieving cost-optimisation by delivering customised service at the right price. A thorough logistics evaluation of the flow of operations and also assessing of ways to plug leakage will be performed, Joseph explained while outlining his plans on how the chemical logistics business will be implemented. "The key to our high quality solutions are the people who are building them. Ahlers employs well educated and trained staff with many years of experience in transportation and handling of chemicals. In addition, our state-of-the-art IT systems support the daily operations and generate customised reports," Joseph added.

In the next few years the firm envisions to strengthen its presence in India and China to emerge as one of the top contenders in the freight forwarders and logistics sectors. mg

End-to-end supply chain services for the chemical industry

The chemical JV is high on the agenda of Ahlers India for pushing further organic growth. The partners considered are established 3PL players in Indian market, with their own facilities. Ahlers would like to enter the 3PL market specialising in chemical logistics, using the real estate and experience of local players and creating value addition by its renowned expertise in terms of knowledge, certifications, brand image & customer goodwill.

Our solutions are designed for hazardous / non-hazardous chemicals. We carefully analyze your needs to create solutions which add value to your operations.

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- Do we need more ports and terminals?
- Dredging or Cargo evacuation: Which is priority at our ports?
- Weighment of Containers: What are the challenges?
- How does self regulation become operational?
- On-dock or Off-Dock: Which is serving shipper better?
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- Inland Waterways: Will it be a game changer?
- Container Marketing: Innovation and new trends
- Role of coastal shipping in container transport

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'HIGH LOGISTICS COSTS POSING A MAJOR CHALLENGE FOR US'

Ashok Mod, Head of Logistics, JSL, gives a snapshot of the steel industry in India and talks about the several operational challenges faced by manufacturing unit, in an interview with Maritime Gateway's **Itishree Samal**

India's largest stainless steel producer Jindal Stainless Limited (JSL), which has a manufacturing plant at Kalinganagar in Jajpur district of Odisha as well as at Hissar, Haryana, is battling with several issues including high logistics and transportation costs in Odisha, unavailability of quality raw material in the country and less capacity utilisation, which put together affecting the manufacturing unit's bottom line. Though it's been a decade since the plant commenced operation at the industrial belt in Kalinganagar, however, the unit utilises only 50 per cent of its total production capacity.

Q How has been the journey of JSL since the commencement of its manufacturing unit at Kalinganagar?

A The manufacturing unit of Jindal Stainless at Jajpur, Odisha, is the only fully integrated stainless steel plant in the country encompassing complete integration including ferro-alloy production and steel making, along with captive power plant. The journey in Odisha started in 2005 with phase 1 of Ferrochrome & Power, Coke and in 2011 phase II with manufacturing of stainless steel.

Over the decade, the company has emerged as a leading player in steel assistive in the country and meets more than 85 per cent of India's annual requirement. At present, India consumes around 6 lakh tonnes of steel assistive every year. In steel assistive, we have installed the best of technology and our plant has been ranked among the first 10 steel assistive plants in Asia.

Ashok Mod
Head of Logistics, JSL

Q Despite being a major producer of steel assistive in the country, the company, however, has not yet harnessed its full capacity. What could be the factors responsible for the less capacity utilisation?

A The primary cause of our woes lies in the lower capacity utilisation, which is around 50 per cent of our annual capacity of 1.8 million tonnes. Segment-wise, the company does about 55,000 tonnes of HSM (heavy melting steel) every month and have set a target to increase to 60,000 tonnes. Initially, there were challenges to run the plants as we did not have our own mines to run either power plant or the ferrochrome plant. And also, though the mines are in close proximity, we could not reap benefits from it. Also, high costs are involved as the company imports majority of the required raw material from China, Japan and Korea.

Q What's your raw material requirement, and where do you source the raw material from?

A The plant at Jajpur requires about 1.2 MT of coal every year to run its power plants and around 60,000 tonnes of HMS/ LMS/SS scrap per month for steel assistive. It depends upon imported coal from Indonesia and Australia, sources chromite from Odisha Mineral Limited (OMC) and largely sources stainless steel scrap from USA/ UAE / Australia/ UK, which is a major component for stainless steel assistive.

Q What logistics or infrastructural challenges you face in raw material sourcing and transporting the product to the final destination?

A We face several difficulties in transportation. First of all, it is very difficult to get the desired fleet (size of the vehicle is an issue here), and secondly, the cost of logistics is also very high. High logistics cost still remains a major concern, which is adding up to 20 per cent to the overall manufacturing cost.

Another challenge remains in availability and sourcing of raw material. Initially, it was a costly affair as we did not own any mines to run either power plant or ferrochrome plant. On top of that, domestic coal had quality issues (coal available in domestic markets often mixed with mud and foreign particles). We largely depend upon imports, which again, has several other concerns such as the distance between port and our manufacturing unit. The nearest ports including Paradip Port is 120 km away from our unit, whereas both Haldia and Vizag Port is situated about 500 km away.

Q What are your imports/exports markets?

A Due to the quality issue in coal, we import 60 per cent of the coal from Indonesia and some from Australia, while the stainless steel scraps come from Europe, Chile, Turkey, Indonesia and Vietnam. And we export to Europe, Brazil, Poland, South East Asia, Indonesia, Hong Kong and Turkey. We are doing about 15,000 to 20,000 tonnes of exports every month.

Q Which ports do you use to meet your exports and imports requirements?

A Though the Paradip Port is the nearest port from our manufacturing unit, it does not support our exports and imports requirements. Though Paradip Port has good infrastructure, the only issue the port has is that not all shipping lines are calling at the port, whereas Vizag Port stands the next best alternative for us with more shipping lines. Also mother vessels are not running between Paradip Port and Vizag Port, so you have to depend upon the feeder vessels that incur additional cost. Paradip is good for bulk cargo such as coal.

In addition to it, Paradip Port does not have too many customers. We do about 400 teu using Paradip and majority of 2,000 teu through the Vizag Port. All our exports are done through the Vizag Port. We depend upon Paradip Port for imports of coking coal.

Though other ports including Krishnapatnam Port has good infrastructure facilities, it will incur additional cost due to the distance. The cost will be approximately three times more what I am supposed to pay at Paradip Port.

Q What are the expansion plans on the card?

A Our margins are under tremendous pressure. Given the high logistics cost and dipping bottom line, survival will be a big question mark if we do not utilise our full capacity in the near future. We intend to utilise our full manufacturing capacity in the next two years.

And given the high imports and logistics cost, the company has plans to look at alternatives like domestic Scrap etc.

Q What is your outlook for the Indian stainless steel industry? How do you see India performing on the global map?

A Globally, the market potential for steel assistive is huge as it is largely being used across sectors starting from automotive, surgical instruments to domestic purpose because of its high durability and less maintenance. Consumption is increasing year-on-year, so as the demand.

However, the stainless steel industry is suffering not only in India but all over the world because of huge surplus capacity in China. Domestic stainless steel industry could be competitive if policies are corrected by government.

Q 'Kalinga Nagar' in Jajpur district of Odisha is emerging as an industrial hub in the region, for that matter in the state and the country. How do you see the industrial ecosystem growing in that area? What potential do you see the region has?

A Kalinganagar in Jajpur is centrally located in the state and well connected by road and rail. The National highway is 35 km away, while both Paradip and Dhamra Port located about in 125 km distance and most of the mines are few kilometres away. Both Vizag and Haldia Ports are situated about 500km away.

Though the ports are in close proximity, the state offers highest logistics cost in the country. The logistics cost is more than double compared to other states, which is posing as a major threat. Despite the state is well connected with most parts of the country, only problem remains the infrastructure in the port, which is hindering the business in the state.

Though Odisha has a rich base of natural resources and minerals, an imbalance exists between imports and exports. Imports are more, while not much export is happening from the state due to the low manufacturing base. mg

Incentivising modal shift of cargo

Monetary incentives will be now given to move cargo using coastal shipping. While the shippers will be the key beneficiaries, the scheme will also generate adequate employment for people residing in coastal and riverside areas

Ritu Gupta

The Union Ministry of Shipping has initiated a scheme to incentivise shippers who move their cargo through coastal routes and inland waterways. This perk, available for certain commodities, cargo and automobiles is introduced to decongest the road and rail network. The identified commodities have a very high potential for transportation through coastal shipping but at present they are being ferried mainly via roadways or railways. The Scheme for Incentivising Modal Shift of Cargo (SIMSC), in addition to promoting coastal shipping, aims to minimise the environmental impacts as well as the social costs of congested road and railway networks. "SIMSC proposes to achieve its objective by promoting coastal shipping and inland waterways transportation as a viable alternative to road and rail transportation by compensating for the costs incurred in availing first-mile and last-mile connectivity when the cargo is moved through coastal or inland waterways through the provision of Central Financial Assistance (CFA)," said an official release.

The scheme will initially be implemented during the period April 1, 2015-March 31, 2017 of the 12th Five-Year Plan. A provision of ₹295.87 crore has been made for implementation of the scheme during the plan period. The scheme will be reviewed at the end of the plan period for continuation in the 13th Five-Year Plan. SIMSC can be availed by shippers who transport the identified categories of cargo through coastal shipping or inland waterways or both using Indian flag vessels, river sea vessels or barges. The categories of cargo eligible for incentives under the scheme include bulk or break-bulk cargo commodities such as fertilizers, food grains, marbles, tiles, sugar, edible salt and over-dimensional cargo, any type of commodity carried in containers in full container load and automobiles in the form of three-wheelers and four-wheelers (HMV & LMV).

The ministry, in its guidelines for implementing the scheme, has fixed the rate of incentive for each of the identified categories of cargo. For transportation of bulk or break-bulk cargo pertaining to the seven commodities, the shipper will be eligible to get incentive at the rate of ₹1 per tonne per nautical mile up to a maximum of 1,500 nautical miles in each trip starting from origin and ending at the destination. Transportation of any commodity in containers in full container load will be eligible for an incentive at the rate of ₹3,000 per teu. The transportation of any commodity through 40-feet or other larger sized containers will be incentivised based on number of times the said container size can be converted into teu. In case of vehicles transported through Ro-Ro vessels,

"The average value of differential, economy of scale by way of volume of cargo, distance covered and the freight losses in carrying empty containers on the ballast voyage have been taken into consideration in arriving at the numeric figures for pragmatic implementation of the incentive scheme."

Capt. Sudhir Subhedar
President, ICCSA

the rate of incentive has been fixed at ₹300 per two-wheeler, ₹600 per three-wheeler and ₹3,000 for other vehicles. The SIMSC will be implemented using the Port Community System. The shippers eligible for grant of incentives under the scheme have to register on PCS at the Indian Ports Association website. The PCS is a single technology based platform that brings together all stakeholders and shares information on cargo movement at ports. It is managed by IPA.

While the shippers will be the key beneficiaries since they play a crucial role in selecting the mode of transportation, the scheme also

encourages domestic companies to achieve adequate employment generation for people residing in the coastal or riverside areas. This is proposed to be done by granting financial assistance under the scheme only when the cargo is transported through Indian flag vessels, River-Sea Vessels (RSVs) and barges operating on coastal or inland waterways routes. The major ports, non-major ports and Inland Waterways Authority of India (IWAI) have also been involved in the successful implementation of the scheme. Trips involving any of these as origin or destination points in any leg of the journey would be eligible for grant of incentives under the scheme.

Introduction of the much awaited scheme has but naturally been appreciated by the industry. “The average value of differential, economy of scale by way of volume of cargo, distance covered and the freight losses in carrying empty containers on the ballast voyage have been taken into consideration in arriving at the numeric figures for pragmatic implementation of the incentive scheme," says **Capt. Sudhir Subhedar, President of the Indian Coastal Conference Shipping Association (ICCSA).** The idea for implementing the scheme was given by the PVK Mohan Committee that recommended an incentive plan akin to other countries towards the modal shift

Commodity specific routes and volumes

Commodity	Key Routes	Volumes(in mn tonnes)
Cement	Mundra-Cochin	0.7
	Cuddapah-Krishnapatnam-Haldia-Burdwan	1.2
	Cuddapah-Krishnapatnam-Cochin	1.8
Fertilizers	Kandla to Mangalore	0.4
	Haldia to Vizag	0.2
	Paradip to Chennai	0.8
Foodgrains	Panipat-Kandla-Mangalore	2
	Panipat-Kandla-Cochin	0.6
	Panipat-Kandla-Chennai	0.7
	Guntur-Vizag-Haldia	0.3
Steel	Jamshedpur-Chennai	5
	Rourkela-Chennai	0.2
Marble	Udaipur-Cochin	0.5
	Udaipur-Chennai	0.9
Salt	Gandhidham-Kandla-Mangalore	1.5
	Gandhidham-Kandla-Cochin	0.2
	Tuticorin-Haldia	0.9
	Tuticorin-Paradip	0.3
Sugar	Vellore-Chennai-Paradip-Bhubaneswar	0.1
	Vellore-Chennai-Haldia-Kolkata	0.4
	Belgaum-Mangalore-Kandla-Ahmedabad	0.2
Automobiles(# of cars)	Pune-Chennai	35,000
	Pune-Cochin	20,000
	Gurgaon-Cochin	50,000
Tiles	Morbi-Mundra-Chennai	0.4
	Morbi-Mundra-Mangalore-Bengaluru	0.2

***Source:** KPMG*

“ An enabling model was needed for shifting cargo carried by rail and road to coastal shipping and inland waterways. A single barge has the dry-cargo capacity of 50 trucks or 15 railcars. Barges are also not fuel gluttons and emit fewer greenhouse gases. ”

Capt B V J K Sharma
Co-chair, FICCI National Committee on Infrastructure.

of cargo from rail/road to waterways with direct and indirect benefits. The committee felt that implementations of the incentive scheme would bridge the gap of freight differential between the road/rail and waterways. "Incentivising sea freight can occur through financial support from the ministry on account of two potential savings   diesel subsidy savings due to movement by coastal shipping and reduced social cost of improved carbon emissions," avers an official of a leading private costal shipping company. According to **Capt. B V J K Sharma, co-chair, FICCI National Committee on Infrastructure**, the industry needs to remain focused as developed inland waterways could reduce the annual expenditure on logistics for India. "An enabling model was needed for shifting cargo carried by rail and road to coastal shipping and inland waterways. A single barge has the dry-cargo capacity of 50 trucks or 15 railcars. Barges are also not fuel gluttons and emit fewer greenhouse gases," added Sharma.

Industry experts aver that introducing the scheme is not enough. "For effective implementation of the scheme, development of inland waterways is a must," says Sharma. According to experts, integration of waterways with other modes of transport to form an efficient multimodal transport system with optimum logistic efficiency is the key to achieving sustainable development of coastal shipping sector. Detailed mapping of waterways along with other modes of transport and industrial clusters in the influence area of waterways as well as analysis of origin and destination of cargo shall help in designing appropriate costal transport network.

Antony Prince
President & CEO
Smart Engineering & Design Solutions (India) Ltd

A clarion call for skill development

India has set an ambitious goal to join the league of global leaders in shipbuilding and ship repair. This calls for addressing the glaring skill gap in the industry at the earliest

India post independence was always reluctant in utilising its strategic position in the world to become a maritime powerhouse. However, this is fast changing and the authorities are gearing up to accelerate the growth of India as a shipbuilding and ship repair destination. Availability of suitably skilled and trained manpower will be a vital component in making this dream a reality.

Present scenario

There are 27 well known shipyards in the country, 8 in the public sector and the remaining 19 in the private sector. The current building capacity of all these yards together is roughly 500,000 dwt. At the end of 2013-14, Indian shipbuilding companies had orders of 350 ships with dwt of 27.5 million tonnes.

The total number of employees in the Indian shipyards is below 30,000; out of which around 5,000 are officers. It is believed that for every job inside the shipyard, there are several jobs created outside, which includes suppliers and subcontractors.

Looking ahead

In the commercial sector, the Maritime Agenda of the Ministry of Shipping has set targets for the Indian yards to achieve a market share of 5 per cent of the global shipbuilding and 10 per cent of the global ship repair by the year 2020. In addition, it envisages the development of strong R&D facilities and design capabilities for the commercial shipbuilding as well as a strong base for the ancillary industries in India. This is expected to generate additional employment for 2.5 million

persons (0.5 million direct and 2 million indirect) by 2020.

The commercial shipbuilding order book of Indian shipyards as of 2012 values at ₹280 billion, which translates into approximately ₹70 billion per year. It is estimated that the total potential of the ship repair market available in the Indian region is to the order of ₹27.5 billion per annum. Repair industry being labour intensive is estimated to create an additional 20,000 jobs in the skilled and semi-skilled category. As much as 40 per cent of Indian ships will need to be replaced over the next five years owing to age (above 20 years) and mandatory IMO Regulations for phasing out single-hull tankers. The prospect of building LNG carriers in India with technical cooperation from Korean shipyards will further strengthen the position of shipyards in India. All of the above are expected to create a huge requirement for manpower in the maritime industry.

Looking at the defence segment, a major naval modernisation programme has been underway since 2002, aimed at promoting the Indian Navy from fifth to third largest fleet in the world under the Indian Navy's indigenisation plan until 2022. The Indigenisation drive also has big plans for the ancillary industry. India plans to have a 'Blue Water Navy' by 2020. The shipbuilding order book of the Indian Navy up to the year 2014 stands at 39 vessels, with a total value estimated to be at ₹235 billion. Also, by 2030, India is expected to build 24 submarines at an estimated cost of ₹600 billion. Riding on the assumption that the Indian Navy will be spending ₹950 billion, starting in 2013 up to 2030, the Indian shipbuilding industry would see an annual spending of ₹53 billion per year in the defense sector.

Skill requirements

Present

Shipyards, design houses, classification societies, suppliers, sub-contractors and ancillary industries need qualified and trained personnel for their operation. At present they find it difficult to get skilled and semi-skilled personnel. Companies are forced to invest huge amounts in training the fresh graduates, partly due to the lack of practical training as part of the academic curriculum.

In addition, they find it difficult to retain the trained personnel. On an average, the Indian shipyards and design firms see attrition rates of around 10 to 15 per cent year-on-year.

Foreign shipyards, often with government support can offer better remunerations to the trained employees compared to their Indian counterparts. At least 10 new shipyards and design houses of various sizes have come up in the Middle East, South East Asia and Europe in the last decade. Organisations like these look for trained workers and engineers from India. The Indian firms who spend their time and money in training these personnel stand to lose.

Future

The Maritime Agenda 2020 of the Ministry of Shipping estimates a requirement of 500,000 people for the direct employment by shipyards and design houses. If 15 per cent of the above number is to be skilled / trained, then India needs to have 70,000 graduates (officer grade) to work in the ship design/building industry. This is a huge number when compared to the current figure of approximately 5,000. The rest of the projected requirements of 500,000 people are to come from the semi-skilled technicians and unskilled labourers. This is an equally huge number, considering the present scenario. The 'Make in India' initiative by the Government of India will further strengthen the demand for suitably trained personnel in the industry.

How to achieve

Skilled workforce

Graduates are to be trained to make them industry-ready. The industry should play an active role in devising and designing the courses as well as training the graduates. The government should evaluate and recognise the courses as well as support those organisations which invest in this venture. Every stakeholder in the industry including shipyards, design houses, classification societies, statutory bodies and ancillary industries should provide necessary support to the initiative and recruit from the trained talent pool.

Semi-skilled Workforce

The government has set up an autonomous body, namely, the National Skill Development Corporation (NSDC) in June 2013, for skill development in the country. It has also formulated National Skill Qualification Framework (NSQF) to provide mobility between general education and vocational education/training. As much as these steps are important in imparting basic acquaintance with various disciplines, there ought to be specific courses addressing the requirements of shipbuilding and repair industry. As an example, the quality of welding expected in a shipyard is much higher compared to most other industries. Therefore, the shipyards should actively participate in designing such programmes and training the participants.

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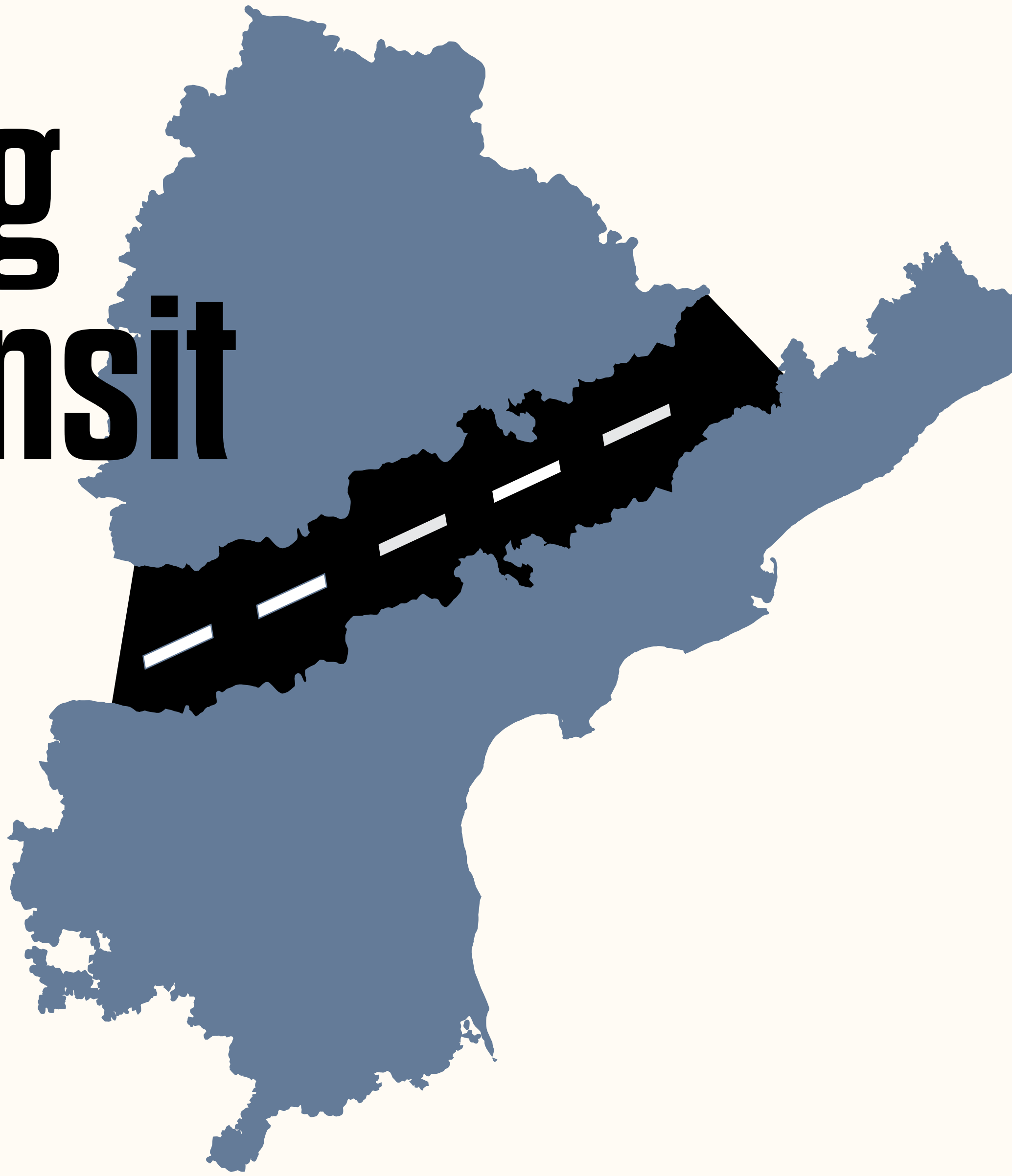
Conclusion

The maritime sector in India is going through a transformation. Having set ambitious goals to catch up with the global leaders in shipbuilding and ship repair, the glaring skill gap in the industry should be addressed at the earliest. The authorities should formulate a farsighted plan with the involvement of the industry. The vision of a shipbuilding India has to be backed with action, and the time is now.

Taxing transit



Entry tax is filling up the coffers of both Andhra Pradesh and Telangana, but it is adversely impacting the logistics sector as a whole. In times of free home delivery and booming e-commerce trade, if carriers are charged more for their inter-state journey, it will either eat into company's profit margins or impact the quality of delivery

Reshmi Chakravorty

Road transport is the backbone of any state's economy as it helps move essential cargo and manufactured goods from different regions. The movement of vehicles across borders helps states bolster their tax revenue collected under the Motor Vehicle's Act.

But when two newly formed states impose tax on vehicles with a view to augment their collections alone, the decision could have far reaching ramifications. More so because both states are yet to strengthen their coffers from other economic activity.

Once treated a united state, Andhra Pradesh after division in to Telangana and residuary Andhra had to deal with many tax issues, one of them being entry tax on vehicles. Effective from April 1, the Telangana government issued an order stating all goods vehicles entering the state from AP on short-term licenses not covered by national permit, AP state contract carriages, all India tourist buses and maxi cabs are liable to pay MV tax (entry tax) at various checkpoints. Entry Tax is a tax imposed by the state governments in India since September 2000. It is levied on movement of the goods from one state into another by the recipient state to protect their tax base.

The money collected is put directly under the control of Commissioner of Transport, Telangana State. "The Telangana Government began collecting MV tax from the intervening midnight of March31 - April 1. The A.P Reorganisation Act of 2014 empowers the two newly created states to impose tax on all private vehicles coming from outside the state. The Telangana Government had ordered collection of such tax in June 2014. However, following request from lorry and private operators, the Governor (who is common to both the states) had then taken a decision barring either State from imposing any tax for the intra-transport of passengers and goods till midnight of March 31, 2015," explained **Sandeep Kumar Sultania, Transport Commissioner, Government of Telangana State.**

The industrial belt of Telangana is highly dependent on the ports of Kakinada and Krishnapatnam based

“The A P Reorganisation Act of 2014 empowers the two newly created states to impose tax on all private vehicles. The Telangana Government had ordered collection of such tax in June 2014. However, following request from lorry and private operators, the Governor had then taken a decision barring either State from imposing any tax for the intra-transport of passengers and goods till midnight of March 31, 2015.”

Sandeep Kumar Sultania
Transport Commissioner, Government of Telangana State.

in Andhra Pradesh for exporting and importing cargo such as concrete, vegetables, fruits and other items of daily need. There are three check posts between Andhra Pradesh and Telangana in Nalgonda district which has the longest border with AP. The vehicles coming from Vijayawada and other parts of AP enter Telangana near Kodad where the Transport officials collect tax. Vehicles coming from Guntur, Prakasam districts enter Telangana at Damarcherla where the Telangana Government set up a check post. Another check post was also set up at Nagarjunasagar. The imposition of entry tax by Telangana will now result in spiraling of prices of essential commodities in both the states. Eventually, this burden on vehicle owners would be passed on to the end consumer. The Telangana officials, however, say they have not received any complaint till date. “We didn’t receive any news from the logistics sector or the lorry association that they are facing any problem and are not being able to pay the extra taxes. No one has gone to court against it,” informed Sultania.

But the industry is unhappy. The whole impact of levying entry tax on other state vehicles has affected the logistics sector as a whole. In times of free home delivery and booming e-commerce activity, if carriers are charged more for their inter-state journey, it would either hit the company profit margins hard or the quality of delivery would drop. According

“Being two neighbouring states, both AP and Telangana not only share their border but also their resources. The introduction of entry tax from both the states will in no doubt increase their revenues but the burden will be on the end customers who will have to bear the brunt with additional expenditures. Right now, services are still smooth without any glitches due to double taxation across borders of AP and Telangana. Per trip, almost ₹2,500 is paid extra as MV Tax charges.”

Patram Choudhary
National Operations Head, Gati Limited

to **Patram Choudhary, National Operations Head, Gati Limited,** “Being two neighbouring states, both AP and Telangana not only share their border but also their resources. The introduction of entry tax from both the states will in no doubt increase their revenues but the burden will be on the end customers who will have to bear the brunt with additional expenditures. Right now, services are still smooth without any glitches due to double taxation across borders of AP and Telangana. Per trip, almost ₹2,500 is paid extra as MV Tax charges,” Gati Limited is India’s foremost companies in Express Distribution and Supply Chain Solutions. Operating out of Hyderabad, Gati has helped the logistic industry in becoming more organised as a sector.

The state government, however, measures the impact in terms of pay-out per person and justifies its move. “The government of Telangana will garner ₹350 million (₹35 cr) per year due to the MV Tax. If you take the population of the state into consideration, then it is a mere ₹9 per year per person. The rates are even constant since the year 2006,” said Sultania.

Be it goods carrier or e-commerce cargo, the MV tax rate remains unchanged for trucks delivering cargo. The e-commerce wing of many companies are feeling the heat due to steep competitive market and rising cost of delivery. On the one hand, companies have to provide free delivery and on the other hand, the delivery expense is on rise due to several taxes levied by government. The e-commerce trade expense between AP and Telangana too shot up now with the levying of current entry taxes by both the governments. “The entire concept of levying entry tax for e-commerce vehicles was the brainchild of Mamata Banerjee led government of West Bengal way back in 2012,” informed **Karthik M, Country Head, E-Commerce, Gati Limited.** When a customer buys products from an e-tailer, then the governments lose its revenues which it would have gained if it was locally sold by any retailer. Therefore, they started charging entry tax to the e-commerce vehicles. “Since 2012, the West Bengal government levied 1 per cent entry tax on the declared good value. The carrier can pay the tax in advance online. Soon, Bengal’s neighbouring states followed suit – Odisha, Assam, Bihar have levied this tax. Telangana too now has introduced entry tax on e-commerce vehicles to garner more revenues.

But India as a country needs to move towards globalisation and secure larger markets for industries to flourish. Therefore, fragmenting each state in terms of entry taxes and other taxes should make way to a more concrete way to garner revenues like the Goods and Services Tax (GST) which has got clearance from Lok Sabha and awaiting passage in the Rajya Sabha. Once implemented, GST will be the biggest tax reform since 1947. A single rate GST will replace central excise, state VAT, entertainment tax, octroi, entry tax, luxury tax and purchase tax on goods and services to ensure seamless transfer of goods and services. But the central government would have to ensure clarity regarding the rate at which GST will be charged. That is whether it will be a single rate or a dual rate (one for centre and one for states).

The logistics sector is riding high on trade between the two southern states and as per the current trend it will not subside due to any new tax applied. Both the Andhra Pradesh and Telangana trade corridors are important for other states even that are moving cargo and both the states should adopt measures to encourage trade than look at garnering revenue in the short term. mg

LEAN PRACTICES ARE THE KEY DIFFERENTIATOR

"The company's culture emphasises on lean practices and continuous improvement and focuses on the voice of its customers to reduce waste and cost."

Omer Ahmed

Menlo Logistics, a name renowned in the 3PL sector, operates in 20 countries across five continents. The company manages over 20 million square feet of warehouse space, thus optimising over $2.5 billion of its clients' transportation expenditures. Menlo continuously invests in technology upgradation and sprucing the skills of its workforce as part of its commitment to help businesses transform their supply chain and find their competitive edge.

Amit Dhingra
Director Operations - India
Menlo World Wide

Q What is the contribution of the logistics sector to a nation's economy? What percentage of GDP does logistics constitute?

A The development of logistics infrastructure is critical to India's economic growth. Modernising the national network of roads, railways and ports will be essential to support industrial and commercial development across the country.

According to research (McKinsey) India loses $45 billion a year due to inefficiencies in its logistics network. That accounts for 13 per cent of India's GDP, compared to 9.5 per cent in the US and 8 per cent in Germany.

Q How is the 3PL market flourishing in India? How do you think GST can bring about a change?

A With more 3PL players entering the market, the business environment is becoming more competitive and as everyone is looking to create value in each customer's supply chain. 3PLs have been successful in raising the bar of the services they provide by supporting more complex supply chains and offering value added services. At the same time, customers have become more sophisticated in terms of their knowledge and understanding as users of outsourced logistics services.

GST is currently being introduced at state level and will eventually be implemented at regional level for larger distribution centres. This development will definitely be beneficial for a company like Menlo, as its key strengths are in managing larger warehouse spaces and operations. As consolidation gathers momentum, customers will move away from traditional warehouses to more modern distribution centres which will improve operational efficiency.

Q A report by Gartner describes Menlo Logistics as one of the most advanced 3PL providers. How have you achieved this synchronicity of operations?

A The company's culture emphasizes Lean practices and continuous improvement and focuses on the voice of its customers. Over the past seven years, Menlo, through application of its Lean methodologies, delivered more than $60 million in savings for 2014 to customers around the world.

So we see Lean as a key differentiator in the market place and we are certifying more of our warehouses across South Asia in response to growing demand from our customers to improve efficiency and reduce waste and cost.

Q While moving products for a customer what value addition do you offer?

A As an example Menlo incorporated its Lean methodology in the solution it delivers for a global food and beverage client in Thailand. The company provided full logistics management services and the daily operation supports time and temperature-sensitive food product distribution with in-store delivery to more than 130 retail outlets throughout Thailand.

Q You are continuously growing to meet customer requirements. How do you ensure supply chain visibility?

A There are a number of techniques used to expose the waste and identify the opportunities for continuous improvement. Visual management helps to expose the information to everyone and understand "at a glance" what is happening. This is done through a variety of tools including status at a glance boards, signage and markings, and regular communication.

Value Stream Mapping of the major/minor processes to allow participants "to see" and understand the current state of activities, identify the waste and opportunities that will allow for a much more efficient operation. The VSM is the starting point in connecting the information and process flows while identifying value added and non-value added activities.

Going to the workplace where the work is being done to get the actuals. Known as "go look, go see," this practice has the Lean team go to the actual facility, observe the manufacturing of the product and relevant services, and get the actual facts and data. This allows you to apply Lean principles accurately and effectively to drive improvement.

Q As a 3PL provider, which are the sectors you feel are still unexplored and have huge business potential?

A We have customers across many industries as our focus is on reduction of waste. Our focus in India is on automotive which is growing rapidly. Across South East Asia we also see automotive, retail, F&B and medical equipment as sectors that have potential in the future.

Q In the past one year of the Modi government, what improvements have you noticed in the logistics sector and which are the areas that need improvement?

A We see promising signs that there will be increased investment in infrastructure which will be highly beneficial to the logistics sector. GST is proposed to be introduced from April 2016 and it will be beneficial to us as our key strengths are in managing larger warehouse spaces and operations.

Q As you expand your footprint across the globe, how do you ensure the quality of service is not compromised?

A Through training, monitoring, communication and providing our employees with the tools they need to deliver world class solutions to our customers.

Q How do you see the role of 3PL providers evolve in the days to come in the manufacturing industry?

A 3PLs are playing an increasingly important role for manufacturers as they outsource their logistics operations. 3PLs can deliver value throughout the supply chain and allow manufacturers to focus on their core competencies.

Q Tell us about your growth and expansion plans?

A We are focused on organic growth but also consider strategic acquisitions where and when appropriate to improve our network or service offering.

Q As a global 3PL service provider what are your major concerns?

A Land and labour costs are increasing in many areas of the globe and this provides a challenge for all businesses. We also see challenges in finding talent and attracting the best graduates to work. We have our own in-house intern programmes and work closely with education establishments around the world to help promote our dynamic industry. mg

Need to upgrade Ro-Ro infrastructure

Car manufacturers, logistics service providers, and the port authorities need to work as partners in technology and investment for development of adequate infrastructure at ports for automotive exports

Ritu Gupta

Not so long ago Ennore Port signed an agreement with Toyota Kirloskar Motors for export of its automobiles. The agreement, for 10 years, mainly includes Toyata's commitment to use the port as its primary port and in turn the firm will get volume-based discount on the tariff for using certain facilities. The port has a Roll-On Roll-Off (Ro-Ro) berth and, therefore, the cars can be directly driven onto the ro-ro vessel. The berth, having a draft of 10 metres, is capable of accommodating all types of car carriers. The port also has a large car parking yard of 1,41,000 sq m with a capacity to park 10,000 cars, in addition to parking of 2,000 cars at the berth while loading. An additional parking yard is also being developed to facilitate parking of some 4,000 cars.

Indeed, the availability of such infrastructure at Ennore is good news for the sector, as India's ro-ro infrastructure has not matched the growth in car exports, and lags far behind what is seen in other Asian markets including China, Thailand and Indonesia. It is a known fact that Indian ports are grossly overburdened by other cargo and do not see automobile shipping as a lucrative business opportunity. Although car manufacturers have been advocating for the use of a ro-ro facility because these vessels do not need very large depths of water, nor very expensive shore cranes or labour, not much has been done in this direction. "There are many constraints in terms of ro-ro infrastructure. The best example is the Mumbai Port, which exports about 100,000 cars a year but does not have a dedicated ro-ro berth. In the coming years, ports offering better access and faster turnarounds will replace Chennai and Mumbai as gateway ports for car exports," says **Gur-Prasad Kohli, managing director, Wallenius Wilhelmsen Logistics (India) Private Ltd.** Indeed, although there are ro-ro facilities at Ennore, Mundra, Mumbai, Kolkata and Chennai ports, they lack dedicated terminals offering a full range of services for car exports. Industry experts say that both ports have also have storage and congestion constraints. NYK Line provides ro-ro ocean transportation services from all these ports for Maruti Suzuki, Tata Motors, Ford, Nissan, Toyota, BMW, Isuzu, Mitsubishi and various other commercial vehicle manufacturers. Containerised exports often go from Jawaharlal Nehru Port Trust (JNPT). The port of Chennai is India's largest vehicle export hub thanks to Hyundai's using it. However, Hyundai's cars too are stacked as salmon and suffer space constraint. Ennore has eco-friendly and clean storage facility for vehicles, but the road connectivity is extremely congested. Mundra provides a multi-user berth facility and has good road and rail connectivity. But, the on-dock storage space is limited to only 2,000 vehicles. "The ideal ro-ro terminal should be an all-weather facility, operating 24 hours per day and 365 days a year," says **Captain Sandeep Chawla, executive director of NYK Auto Logistics (India) Ltd.**

Manufacturers operate from a port on the basis of a number of parameters

such as inland transport links, services of the ports, plant proximity, and routes of the shipping line. It is not uncommon for exports to move long distances to reach a port of exit. For instance, German exports move 800 km from the south of country to the port of Bremerhaven. However, carmakers usually do everything they can to limit the inland time and cost between plants and ports. But in India, despite a long coastline, lack of infrastructure at some ports has led the carmakers to move even further distances than what is utmost required. For instance, Honda, based at Greater Noida, was exporting from the port of Mumbai, some 1,400 km away from its manufacturing unit, but later it switched to Ennore Port, more than 2,200 km away. “The reason to shift came after grain was once dumped near the car parking yard inside the port and our consignment was left unattended,” says a Honda official. The dumped cargo could have led to contamination, with the wind carrying grain particles into the tyre grooves and the innards of the vehicles. General

“There are many constraints in terms of ro-ro infrastructure. The best example is the Mumbai port, which exports about 100,000 cars a year but does not have a dedicated ro-ro berth. In the coming years, ports offering better access and faster turnarounds will replace Chennai and Mumbai as gateway ports for car exports.”

Gur-Prasad Kohli
Managing Director, Wallenius Wilhelmsen Logistics (India) Private Ltd

“Dedicated ro-ro berths and construction of m-level car parking in congested ports are a must. There should also be dedicated parking bays adjacent to the ro-ro berth, with sufficient lighting, paved land area, security and fencing.”

Captain Sandeep Chawla
Executive director of NYK Auto Logistics (India) Ltd

Motors also shifted ports, though for different reasons. The company, which now ships around 1,000 cars per year in containers from Chennai to Sri Lanka, had switched from Mumbai’s JNPT to Chennai to avoid congestion and longer turnaround times. Frequent container vessel service between Chennai and Sri Lankan ports was another big advantage. Although the company's plants are in Halol, in the western state of Gujarat, and Talegaon in Maharastra, the company like Honda, chose to add additional inland logistics cost in search of better port infrastructure.

Experts rate Ennore as the “best thing to happen to India's car exports.” The Ennore Port terminal exported around 145,000 passenger vehicles last year, with Nissan and Renault accounting for about 100,000 units, Toyota exported around 27,000 cars and Ford about 18,000 cars. According to experts, export numbers from Ennore are likely to rise in the coming years as more carmakers, including Honda, turn to the port. Honda found Ennore the best alternative to Mumbai despite the extra inland logistics costs of ₹12,000-15,000 per vehicle. And the Japanese car manufacturer thinks it is worth the price for hassle-free and quicker export. “It’s clean and there is an efficient administration,” say Honda officials. Industry sources aver that Volkswagen and Daimler India Commercial Vehicles are also exploring the Ennore option, notwithstanding the stiffer tariff compared to Mumbai.

Industry experts reckon some of the major ports closer to automobile manufacturing hubs should follow Ennore’s footsteps. They could also glean from the handling experience of ports overseas. The major export gateways from Asia, such as Japan and Korea, have several dedicated ro-ro terminals to support the growth of exports. China has four dedicated ro-ro terminals, Thailand has two and Indonesia has one with a multi-story car park. “Dedicated ro-ro berths and construction of m-level car parking in congested ports are a must,” says Chawla. "There should also be dedicated parking bays adjacent to the ro-ro berth, with sufficient lighting, paved land area, security and fencing," he adds. High-speed, multimodal connectivity for rail and road to manufacturing plants in the hinterland is also a critical requirement. The terminals should even have advanced IT software such as RFID for track-and-trace of vehicles. Moreover, the terminal service provider should have global expertise, technical know-how and should be able to implement global best practices in its operations. Most importantly, dedicated ro-ro terminals on the east and west coasts are a key requirement for the long-term growth of automotive exports from India. A ro-ro terminal on the west coast should be built at a strategic geographical location in the state of Gujarat or Maharashtra where cargo from the northern, Gujarat and western automotive clusters can be consolidated. Experiments in ports such as Ennore have proved that service quality at ports for car exports can be improved significantly if car manufacturers, logistics service providers, and the port authorities decide to work as partners in technology and investment on development of facilities for car exports, specifically ro-ro. mg

AROUND

VIETNAM

Vietnamese container ports top 2014 growth, Alphaliner's latest top 30 container ports list shows

Vietnamese ports experienced the strongest growth in 2014.

Volumes handled at Ho Chi Minh City (HCMC) and its deep water gateway of Cai Mep rose 16.7 per cent to reach 6.39 mteu. The North Vietnamese port of Hai Phong also recorded a 14.3 per cent growth rate to reach 3.45 mteu.

The top 30 container ports in the world handled a combined volume of 370 mteu in 2014, giving an annual increase of 5.3 per cent. Throughput growth improved from 2013, when the same ports reported total volumes of 351 mteu.

Vietnam's impressive growth is set to continue in 2015, with HCMC terminals recording a 12.6 per cent increase in volumes handled in the first quarter of this year. HCMC has attracted 11 new intra-Asia services since January, resulting in berth congestion at the main Cat Lai terminal.

HCMC is developing its first special economic zone in the south of the city designed with a maritime focus. Under a $470-billion master plan the city will be developed in all four directions but with a focus on the south and east where busy seaport and logistics activities are concentrated.

HCMC has 38 terminals which generated over $705-million

in revenues last year, a rise of 15.3 per cent over the previous year. Growth has been facilitated by infrastructure projects such as the Soai Rap dredging project which enables faster navigation and the ability to handle larger ships.

The region's seaports are expected to handle up to 200 million tonnes of cargo in 2015, 305 million tonnes in 2020, and 650 million tonnes in 2030. Vietnam recorded a trade surplus for the first time in 2015, as exports outstripped imports by $150 million in April.

MIDDLE EAST

Massive Middle Eastern port investment revealed

Countries in the Middle East region are expanding capacity and investing billions of dollars in developing ports and terminals in order to accommodate booming business in the Asia-Europe trade lane, according to *the Journal of Commerce.*

Middle East-based operators continue to get more powerful, with DP World achieving a 25 per cent increase in profits in 2014 over 2013, and Gulftainer recently recording an astounding 97 per cent year-on-year growth in Q1, 2015.

Projects are in planning and preparation phase across the region, most recently Hutchison Port Holdings (HPH) announced a huge port

plan in Oman which aims to quadruple the throughput of the Oman International Container Terminal to 6 million teu. If all the current projects in the region are collated, the Middle East's total capacity is set to rise by around 17 million teu, according to data from the International Quality and Productivity Center. Despite the sterling performances and investment in the Middle East, ports in the region still lag behind the might of Asian and most notably China.

CHINA

Mega growth predicted for China's mega ports

Chinese ports are forecast to record an astounding 6 per cent growth year-on-year by 2030, according to the Shanghai International Shipping Institute.

China's international shipping volume is expected to reach over 6 billion tonnes in 2030, accounting for about 17 per cent of the global total. In 2030, China's coastal shipping volume is projected to reach well over 3.3 billion tonnes, and its coastal container shipping volume around 116 million teu.

Cargo throughput at Chinese ports is anticipated to double to exceed 25 billion tonnes in 2030, but the cargo mix will change greatly. The report said: "Container throughput at Chinese ports will reach 505 million teu in 2030 with an AAGR of about 6 per cent, which is ensured by the fast increase of container shipping along both the coast and inland rivers." The ranking of China's top five ports is expected to be: Shanghai (52.68 million teu), Qingdao (43.15 million teu), Ningbo-Zhoushan (37.27 million teu), Tianjin (32.3 million teu) and Shenzhen (30.24 million teu) by 2030. Three to four super container hub ports are said to be in the pipeline, including Shanghai, Qingdao and Hong Kong. More than 95 per cent of China's coastal ports will integrate resources with other ports in the cluster in the form of capital injection and strategic cooperation.

THE WORLD

MIDDLE EAST

Abu Dhabi Ports in foreign investment deal

The Industrial Development Bureau of the Department of Economic Development (IDB) has signed a MoU with Abu Dhabi Ports to establish a joint-programme that will help attract investment and further develop and enhance the fast-evolving industrial sector of Abu Dhabi. It has been reported that recently, Abu Dhabi's Khalifa Port had received investment of around $35 million, solidifying a business partnership between Italy and the UAE.

The MoU is built on the foundation of knowledge-exchange. The agreement establishes a framework for mutual cooperation and collaboration, strengthening dialogue between the two organisations and deepening technical know-how on how best to facilitate industrial growth for the Emirate of Abu Dhabi.Ayman Al-Makkawy of the Industrial Development Bureau of Abu Dhabi said, "This agreement, and the resulting advancement in expanding current service-offerings, falls within the framework of IDB's objectives of developing and implementing policies, plans and programmes as well as providing organisational, legal and environmental guidance for the development and construction of industrial projects in the emirate."

"This agreement will raise the standards of service and together with Abu Dhabi Ports, we can further get acquainted with the needs of investors as well as expand and develop the attractiveness of Abu Dhabi as a business-friendly environment and place for investment."

Captain Mohamed Juma Al Shamisi, CEO Abu Dhabi Ports said, "With Abu Dhabi Ports focusing efforts on strengthening stakeholder relations, we are able to deliver on our commitment to drive value for our customers and for the Emirate. This agreement will witness further coordination, cooperation and focused efforts in developing the industrial sector of the Emirate. Together with the IDB our aim is to help achieve the objectives set out by the Abu Dhabi Economic Vision."

Abu Dhabi has recently seen a spike in its container volumes, having seen an increase of around 35 per cent in Q1 of 2015, demonstrating positive growth not only for Abu Dhabi but for the UAE.

UNITED STATES

US faces ship shortage for LNG exports

The expected boom in LNG exports from the United States risks being hampered by a lack of vessels to handle the trade, revealed Paul Zukunft, head of the US Coast Guard.

The LNG tanker market, currently suffering from oversupply due to weak demand for natural gas, could thus in a few years face a shortage of capacity. Several large projects are under construction on the US Gulf coast, including Cheniere Energy's Sabine Pass, scheduled to come on stream later this year, and Sempra Energy's Cameron LNG, set for completion in 2018.

"Right now we have one of the largest LNG facilities in the world being built in Louisiana," Zukunft said, referring to the Cameron plant. "In the next three to four years there are not enough gas ships in the world that can accommodate that growth."

Cameron LNG received approval from the US Energy Department in January this year for exports of up to 12 million tonnes of LNG per year. "We sit on 20 per cent of the world's LNG, so the question is how do we get this commodity into the market place and how do we leverage it for our shipping industry," Zukunft said, adding that the expansion of the Panama Canal, set to finish in 2016, will help.

Global fleet growth slows down

Despite an uneven picture across shipping markets in terms of performance and earnings, the volume of capacity entering the fleet seems to have evened out, according to Clarksons.

Shipyard output looks fairly steady, with the 6-month moving average of deliveries averaging around 7-8m dwt per month for about a year and half now.

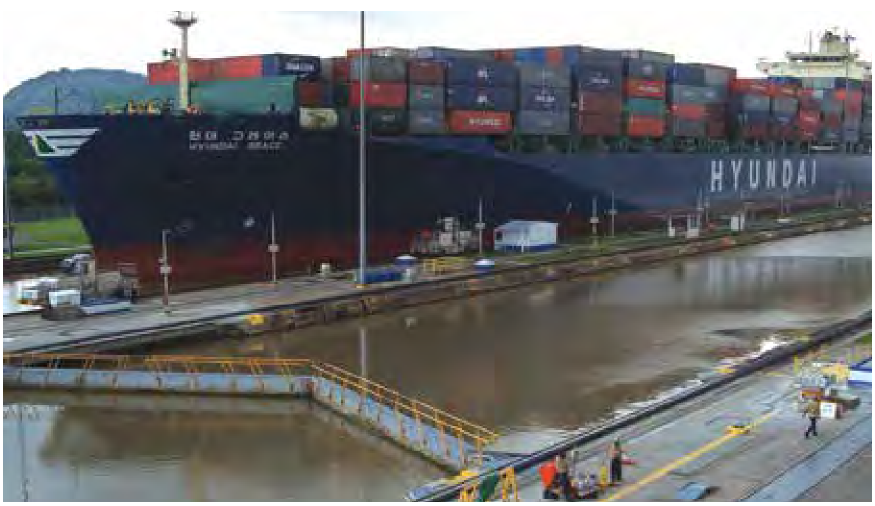
"Fleet growth has slowed from the 9 per cent seen in 2010-11, and today the projection is for a fairly steady rate of growth in total cargo fleet capacity, with expected expansion of 3.5 per cent this year and 4.1 per cent in 2016," Clarksons said. The rate of capacity growth is highly uneven across sectors. In the fast lane are LPG carrier (VLGC capacity is projected to grow by 18 per cent this year) and will continue next year. Crude tanker fleet growth will also speed up (VLCC capacity is projected to expand by 6 per cent in 2015).

Capesize bulker fleet growth will ramp up to 5 per cent in 2016, and after a few years of shrinkage the 1-3,000 teu boxship sector will at last see some much needed expansion of 1 per cent. There are also a number of sectors where growth is projected to slow in 2016. "LNG carrier and Handy bulker supply growth will start to recede. Notably, expansion in the large (8,000+ teu) boxship sector will begin to slow (20 per cent in 2015 to 13 per cent in 2016) whilst the medium-sized boxship fleet will staunchly continue to decline (by 2 per cent in 2016)," Clarksons added.

Expanding to meet the shift in global trade patterns

Having served the global trade for more than a century, the Panama Canal is expanding its capacity in line with the growing sea traffic. In the process, it is also examining possible new projects and areas for expansion around the growing LNG business

Jorge L Quijano
Administrator/CEO, Panama Canal



For more than a century, the Panama Canal has served as a vital artery of global trade. It connects 144 maritime routes that reach 1,700 ports in 160 countries, and for 100 years – the Canal celebrated its 100th birthday in August 2014 – has built a business around the safe and reliable transport of goods.

With a reputation for consistent, dependable trade, the Canal now sees millions of tonnes of cargo pass through its locks. This year, we expect total tonnage to reach an estimated 328 million Panama Canal tonnes.

Our reliability is complemented by the fact that Panama has become the logistics hub of Latin America – a turn-key solution and gateway to do business in the Americas. And not surprisingly, the United States is Panama's most important customer and trading partner.

The United States has also played a critical role throughout the Canal's history. For 100 years, the two countries have built a solid trade relationship that has evolved from American management to Panamanian control beginning in December 1999, when the treaty between Jimmy Carter and Omar Torrijos transferred full stewardship to Panama.

Today, 81 per cent of American imports and 71 per cent of exports are delivered via ocean transport. Of the total tonnage that travels through the Canal, nearly 70 per cent starts or ends on United States' shores. And with the shifting tides of trade and increasing need to deliver goods and services quickly, tonnage through the waterway is expected to grow.

Indeed, the winds of trade are blowing in ways previously unimagined. In the last 20 years alone, traffic on the world seas has quadrupled. Around 80 per cent of global trade by volume is now carried by sea.

To keep up with the changing demands of global trade, the shipping industry has also evolved. For Panama, that evolution has come in the form of the Canal Expansion Program – the largest in our 100 year history.

This project is now nearly complete. We began filling the locks on the Atlantic side with freshwater on June 11 and will start the flooding of the Pacific side a few weeks later. By the end of 2015, the locks will be ready for tests and training and fully online on April 2016.

The Expansion will double the capacity of the waterway, allowing the Canal to handle the larger freighters crucial to efficient global trade. Once complete, tonnage capacity through the Canal is expected to double, at which point, the waterway will be able to handle 97 per cent of the world's vessels in the container segment of our business.

And while the container segment will remain a fundamental component of our business, we now have high expectations for a new kind of segment

– that of liquefied natural gas (LNG).

Until now, the Panama Canal has not played a significant role in the trade of LNG because the vessels used to transport this commodity have been too wide for the existing locks. However, the Canal Expansion Program will be a game changer. When the new set of locks opens in 2016, they will be able to accommodate LNG vessels with a beam of up to 49 m (160'), an overall length of up to 366m (1,200') and a draft of up to 15 m (50'). And with experience over time, we will look into the possibility of permitting the transit of some vessels that exceed slightly the current advertised NeoPanamax maximum dimensions, a group that will include the Q-flex LNG category.

This is particularly exciting for us because LNG segment represents an entirely new – and largely untapped business. The Panama Canal will be a game changer for the overall trade of LNG at a global level.

But back in 2006, when the Canal Expansion Program was first announced, we did not foresee the growth in demand of LNG trade through the route. In fact, the perspective of LNG vessel transits through our waters was unimaginable. At that time, the United States was a major gas importer, so while we saw potential flows from Peru to Europe and possibly from Trinidad and Tobago to Chile, we did not foresee today's demand as well as potential trends.

THE PANAMA CANAL CONNECTS 144 MARITIME ROUTES THAT REACH 1700 PORTS IN 160 COUNTRIES

Now, the United States stands to become a major LNG exporter in 2016. The change is thanks to the horizontal drilling and "fracking" technology that have provided access to shale gas. It is also largely in part due to the potential price advantage of this American fuel source over its competitors and the development of export terminals in the US Gulf region, five with full approval by the Federal Energy Regulatory Commission (FERC) and the Department of Energy (DOE) to export domestically produced natural gas.

By 2020, we expect 25 million metric tonnes of LNG to move through the Canal each year, depending on market conditions. Most of these shipments will originate in the Gulf of Mexico with destinations primarily across Asia – in Japan, South Korea, Taiwan and China.

This new route – from the Gulf of Mexico to Asia through the Panama Canal – will take vessels approximately 22 voyage days to complete. That saves about 11.4 days on each leg and 22.8 days roundtrip compared to the Suez Canal trade route, resulting in significant savings on transport prices for those making these deliveries, giving the Panama Canal a real competitive advantage.

We also foresee growth in the deployment of NeoPanamax vessels carrying LNG from the Caribbean to Chile. Right now LNG produced in Trinidad and Tobago is shipped through the Strait of Magellan to Quintero in Chile where it is gasified and distributed for energy-producing purposes. But again, Panama presents a shorter, more efficient route. Our Canal will save 6.3 days in transit time compared to the route through the Strait of Magellan.

We are also keeping a close eye on a potential LNG route that would join Peru and Spain. Such a route would save approximately eight voyage days, compared to the current trip through the Strait of Magellan. This of course isn't a guarantee, as it will depend on pricing of the Peruvian gas since production in the ports in the Gulf of Mexico may be a more competitive option for gas destined to Europe, but could be another potential area for growth under the right conditions.

The central location of Panama within the Americas and the 144 routes, 1,700 ports, in 160 countries served by the Canal, make it the logical location to set up an LNG bunkering hub for vessels powered by natural gas sometime in the future, generating opportunities for business that haven't existed in Panama prior to this energy revolution. We are now examining possible new projects and areas for expansion around the growing LNG business that could complement the Canal's present business activities.

For over 100 years, reliability, continuous modernisation and innovation have driven our business, and will continue to do so in the years ahead.

Filling of new locks begins

The Panama Canal has taken another important step forward towards the completion of the Expansion Program as it begins to fill the lower chamber of its new Atlantic locks. The news signals the start of a deliberate and methodical phase of operational tests and quality control that will, eventually, prepare the Canal to accommodate larger maritime vessels and new segments.

During an initial phase of filling, which will take approximately five days, the Canal will gradually raise the water level within the lower chambers of the new locks, pumping in approximately 50 thousand cubic metres of water per hour from Gatun Lake. This will allow for the testing of the first gates.

The same process will then fill the rest of the Atlantic sections of locks, reaching a water level of 27 metres above sea level. Tests and inspections are expected to take approximately four months. Among their features, each lock complex includes rolling gates and nine water-saving basins with a filling and emptying side system.

"With the addition of these water-savings basins," said Quijano, "we will recycle nearly 60 per cent of the water used in every lockage, using the world's most advanced systems and enhancing the Canal's reliability. With this new phase, expansion nears closer and closer to completion." As of the end of May, the overall Expansion Program of the Panama Canal stood at 89.8 per cent complete.

Inauguration of convention by Honourable Chief Minister of Maharashtra, Devendra Fadnavis

GST is the mantra

All the deliberations at the convention centred around post GST scenarios

Omer Ahmed

The 22nd Biennial Convention of the Federation of Freight Forwarders' Associations in India (FFFAI) brought together the who's who in the import-export community including government authorities.

Freight forwarders are not just part of the economic growth they are the leaders and pillars of the economy, said **Devendra Fadnavis, Chief Minister of Maharashtra** during the inaugural session of the three day event. Pointing at the huge growth prospects for the economy after the passage of GST he said, India is set to become a single market.

The event offered a perfect platform to discuss industry dynamics, share best practices and discuss and resolve industry related issues. The theme this year was "Inspired India – Surging Ahead on Agile, Adept, Accelerated Logisitcs." Elaborating on the theme **Debashis Dutta, Chairman, FFFAI** said, the only way to move ahead is to look towards the future, adapt and accelerate.

People have started recognising the importance of logisticians. Ten years ago customs house agents' role was hardly known. They were considered simply as small time transporters. In my opinion the most important person is the farmer who produces the crops and the next one is logistician who distributes it, said Debashis.

Following the opening remarks by Debashis Dutta, Chairman, FFFAI, **Ashish Pednekar, Convener** of the event discussed the investment drive in India. He said the global community, particularly China was very enthusiastic for investing in India. Delivering the welcome address Ashish elaborated on the initiatives in Maharashtra towards improving the ease of doing business in India and making it hassle free.

"It's enough of inspector raj," asserted Ashish, assuring that in the coming days Maharashtra would be most business-friendly state. He talked of cutting red tape, building IT platform, increasing accountability and right to service in proper time at reasonable cost. Talking of logistics sector he said state-of-the-art facility was being planned at Bhiwandi. He further added, GST would open the door for making Nagpur a logistics hub for distribution of goods across the country. E-commerce companies want to set up goods distribution centre in Nagpur. He also detailed on the land acquisition in Aurangabad for the Industrial Corridor that will open up many opportunities for economic growth.

His discussion revolved around the port connectivity project announced recently, creating SPV involving Ministry of Railways, Maharashtra Maritime Board and Port concessionaire. These would reduce turnaround time and make cargo carrying hassle free. He urged the organisers to share the insights gathered during the deliberations with the government. At the panel discussion, experts emphasised that even as logistics players were looking forward to the execution of GST at the earliest, they feel some gaps need to be filled before it was rolled out nationwide. Pointing at the benefits of GST, **Rajiv Kapoor, Commissioner, Service Tax** said, "Seamless flow of credit is the biggest factor. Once GST is implemented, credit flow will be benefited. The players will also have to build more and large warehouses which will add to the capacity and create more businesses." Our industry Association is the first to start this kind of discussion on GST, said Rajeev Kapoor.

Hinting at the need for a concerted effort to make 'Make in India' a success, **Shantanu Bhadkamkar, chairman of International Federation of Customs Brokers Association (IFCBA)**, said: "Make in India is at centre-stage amongst all policies defined by the government... All stakeholders should come together on one platform to make the initiative a fool-proof one."

Guruprasad Mohapatra, Joint Secretary of the commerce ministry, highlighted the growing trade with CIS countries. He said, "Commonwealth of Independent States (CIS) countries are important trade partners of India. The bilateral trade between India and CIS region has increased from $8,346.15 million in 2010-11 to $11,054.02 million in 2014-15. The event had come back to Mumbai after 14 years. As it concluded, the findings of deliberations will be presented to the government. We have to work based on the ideas presented during the convention and the results of it will be put forward during the next convention, said Debashis. mg

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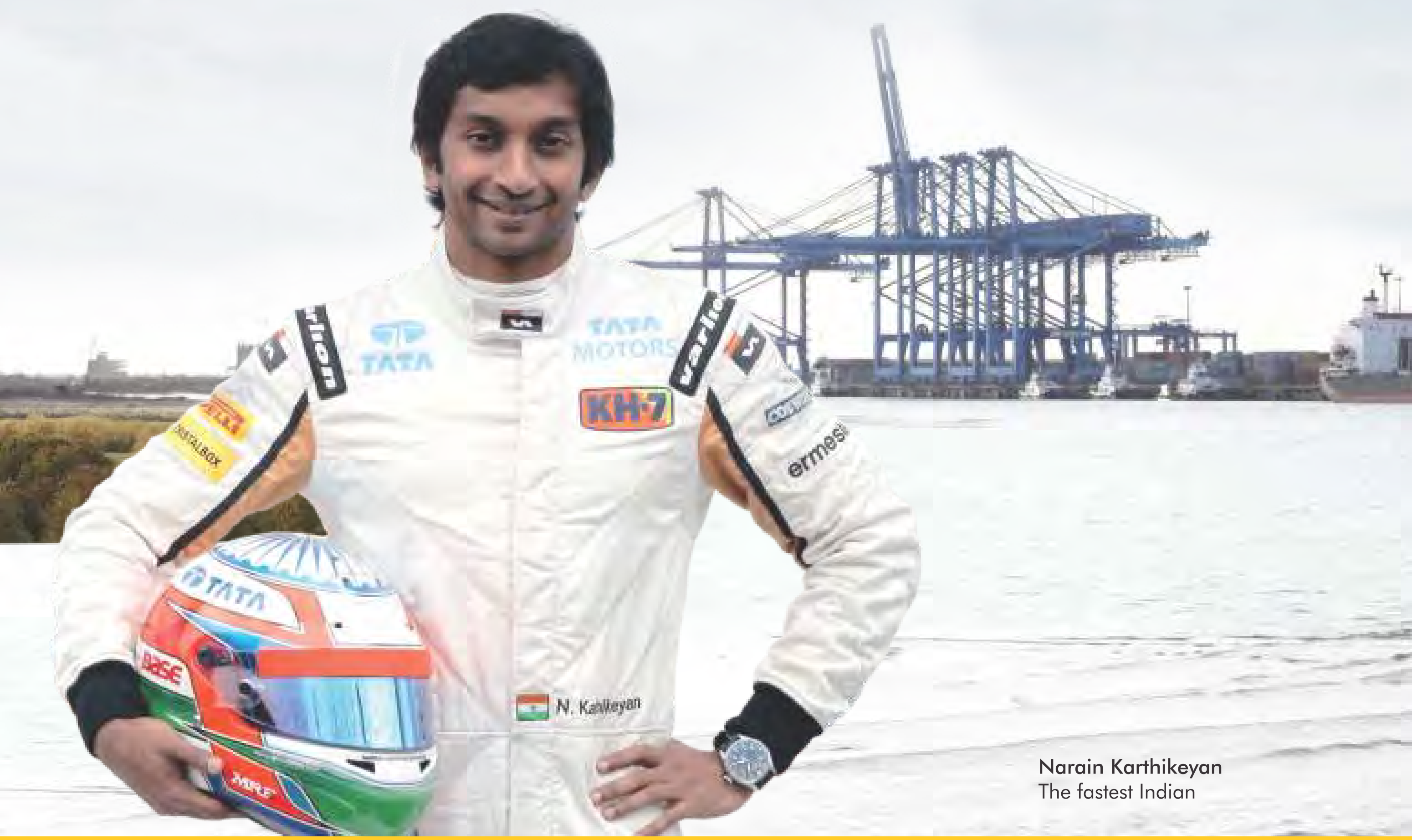

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