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PINNING HOPES ON DFCs
ANIL KUMAR GUPTA
CMD, CONCOR

EAST COAST

THE NEW ENGINE OF GROWTH

Modi's Act East policy is going in the right direction, but the work done in 2015 was just the tip of the iceberg. In 2016, Modi needs to transform words into reality for winning ASEAN's trust

Time for cautious approach

Years ago, when the first biennial Vibrant Gujarat Summit was held at Ahmedabad in 2003, it was a conference to reckon with. Prime Minister Narendra Modi who was then the Chief Minister of the state had invited the who's who of the corporate world from India and overseas. It was said by a few who attended the summit that the stage threatened to collapse under the weight of the global heavy weights who turned up for the event. Once that event tasted success and attracted a formidable number of companies to invest in Gujarat, other chief ministers soon began hosting such investor summits at their states too.

These summits are typically convened to showcase the state's industrial development, invite investors to set up their centres and provide a platform for networking between different trade parties and bodies. Often, chief ministers and their bureaucrats promise investors quick clearances for their investment proposals in return for investment and growth in employment. In the last six months, three states – Tamil Nadu, Andhra Pradesh and West Bengal have held their global investors' summits calling forth business houses to set foot or expand their existing facilities different regions. Odisha too has pegged an investment target of ₹173,000 crore to help create three lakh jobs in the market.

With every state attempting to lure investments, there seems to be a promise of manufacturing picking up in India. However, a close and a cautious look at these promised investments indicate that not all MoUs have translated in to business. Many investors scout for land in multiple states, assess the demand potential for their products and finally invest after much deliberation in one of the many states they signed MoUs with. Ports too that have been actively participating in these summits expand their infrastructure facilities hoping to cater to this supposed increase in cargo. However, in the absence of not many investments materialising, there is excess capacity along both coasts. To improve connectivity to the ports and ease flow of inter-state cargo, the Centre has also roped in Japanese International Cooperative Agency to fund and implement the Vizag-Chennai and Bengaluru Chennai industrial express corridors. This leaves us with enough capacity and connectivity making cargo the only one missing in the trio. This calls for careful deliberation from shipping lines, CFS and ICD players to make a more believable guesstimate of the quantum of cargo before setting up their facilities to be able to optimize their return and margins.

This leaves us with enough capacity and connectivity making cargo the only one missing in the trio.

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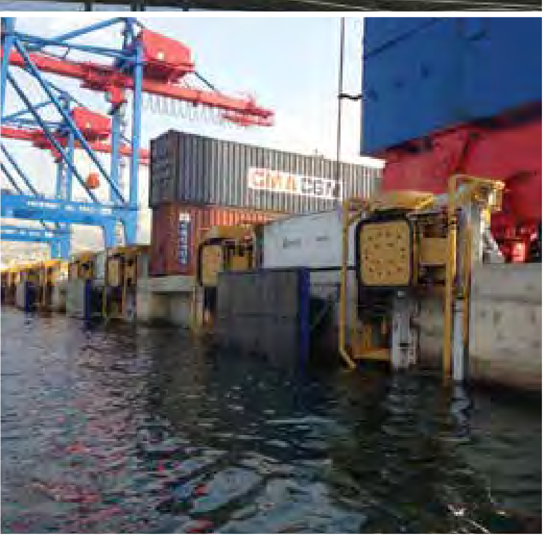

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3. CLEARING **4. WAREHOUSING**
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Speedways, providing complete logistics solution to our customers with a one window service station by enabling all services when it comes to executing the supply chain 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.

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"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.

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CHAIRMAN SPEAKS

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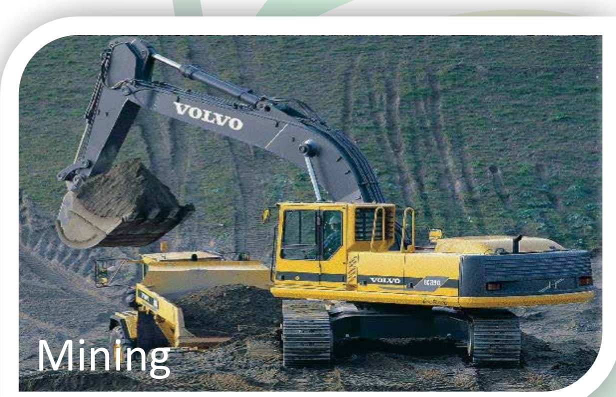
- Mining
- Door to Door Logistics


Port Stevedoring


Mining

Barging

OUR ACHIEVEMENTS

The Group has been pioneer in bringing mechanized coal handling facility (BOT Berths) at Vishakhapatnam and Haldia Ports in the year 2000 and 2001 respectively.

Ripley Group is also the first company in Haldia Port to implement the Central Govt's eco-friendly initiative to implement use of the Green Fuel.

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Shipping container apartment on rent in Phoenix

While making shipping containers into houses is nothing new, an apartment building built out of the steel boxes is still relatively uncommon, though you can find them in both Huntsville, Texas and D.C. Now, Phoenix has its own as well, thanks to building firm StarkJames. The apartments are made out of 5-tonne containers from the Port of Long Beach. The one-bedroom units are brought up to code and provided with insulation, wiring, plumbing, windows, and drywall. "Containers aren't expensive or difficult to work with in and of themselves," says architect Wesley James. "But it gets expensive and complicated bringing them up to code. It's not yet an accepted building material." The building will open to tenants shortly, and rents start at around $1,000 for the 740-square-foot apartments.

More ports opened to apple imports

The Directorate General of Foreign Trade (DGFT) has amended its earlier order on port-wise restriction of the fruit. Apple imports are now allowed through seaports and airports in Kolkata, Chennai, Mumbai and Kochi; and the airport in Delhi. The import of apples is also allowed through India's land borders. India ranks third in global apple production.

Kandla gets Chairman after 2 years

After two years, Kandla Port gets a full-time Chairman. In-charge chairman Ravi Parmar took over as the chairman of the Port Trust. Parmar has been holding the additional charge of Kandla Port Trust since December 2013.

East West Metro to be ready in another 30 months

The Railway Minister, Suresh Prabhu, has announced that the East West Metro – connecting the satellite township of Salt Lake to the twin city of Howrah – will be completed in another 30 months. Even the dedicated freight corridor will be completed in another three years and will allow faster movement of goods and cargo. Direct linkages to ports will be another benefit.

Madhu S Nair takes charge as CMD of Cochin Shipyard

Madhu S Nair has taken over the charge as Chairman and Managing Director at Cochin Shipyard. He started his career with the shipyard in 1988 as executive trainee and has been instrumental in initiating construction of LNG carriers, dredgers and chemical tankers at the shipyard. He has also played a key role in gearing up the facility for construction of passenger vessel/ RoPAX vessels, coastal vessels.

Export duty removed on iron ore pellets

Government has removed the export duty on iron ore pellets to make it more competitive amid subdued demand and weakening prices. The government in 2014 had levied a 5 per cent export duty on iron ore pellets, which are value-added products of leftover material or low grade iron ore and are used in steel-making.

DLI to set up logistics park near Bengaluru

Distribution Logistics Infrastructure (DLI) is setting up an integrated logistics park near Bengaluru and a free trade warehousing zone in Chennai at a cost of ₹750 crore. The move will help the firm to strengthen its presence in the south. The logistics park at Anekal involves an investment of ₹300 crore. It is spread over 120 acres. It is expected to be commissioned in six months and will connect Chennai and Kochi Ports. The logistics park will have warehouses in custom-bonded area and domestic area of 7,500 sq m and automobile logistics park on five acres. It will also have liquid cargo storage and distribution facilities. Railway sidings will get ready by July.

Adani to raise funds via long-term bonds

APSEZ plans to raise ₹4,500 crore through long-term debentures. The aim is to reduce short-term debt and finance projects, including those at Mundra in Gujarat. Rating agency ICRA has assigned a long-term 'AA+' rating on the enhanced non-convertible debentures programme of the company from ₹2,384 crore to ₹6,884 crore. The outlook on the rating is 'stable'. In the first half of 2015-16, at a consolidated level, the company handled 76.1 million tonnes of cargo and the operating income was ₹3,591 crore, with net profit of ₹1,283 crore.

Sravan Shipping invests in port projects

Visakhapatnam-based Sravan Shipping is planning to invest about ₹390 crore in several port projects in the next two years. The group has signed MoUs with the Andhra Pradesh government for these projects. The group is planning to develop a free trade warehousing zone and a SEZ near the Visakhapatnam Steel Plant.

CFSs are being planned in Visakhapatnam, Kakinada and Krishnapatnam. An integrated logistics park with seamless connectivity and world-class facilities under one roof will be constructed near NTPC Simhadri Super Thermal Power Station at Parawada.

Paradip Port starts servicing baby cape size vessels

Paradip Port after completion of capital dredging of few berths up to 14.5 metres is now geared up to berth baby cape size vessels. Berthing of such vessels will be primarily done at CQ-1/CQ-2 berth.

It will also berth baby cape size vessels of LOA 260 metres, beam of 43 metres and with a draft of 12.5 metres at South Quay berth. Berthing of these vessels will be throughout the year during the favourable weather and suitable climatic condition.

China approves another merger

China has approved another shipping merger that will see Sinotrans & CSC Holdings Co. (Sinotrans & CSC) become a wholly-owed subsidiary of China Merchants Group Ltd. "The reorganisation aims to achieve economies of scale and synergies, in particular in the areas of logistics, energy and bulk shipping, property development, ports and marine and off-shore engineering between the two groups, to speed up the development of an internationally competitive leading enterprise," said logistics provider Sinotrans Ltd.

Cheap gas from Qatar

From January 1, Qatar has slashed the price of gas it supplies to India by almost half by removing a floor and cap in the pricing formula, but has introduced a small fixed component to protect its interest. The revised formula has reduced the cost of LNG from Qatar to $6.5-6.6 per million British thermal unit (mmBtu) from the last billed $12.60 per mmBtu.

KIOCL ships pellets to Iran

Under the make in India campaign, KIOCL Ltd has shipped 66,500 tonnes of iron ore pellets to Iran through the vessel *M V Aries* from the New Mangalore Port. The company is targeting to export 0.5 million tonnes of pellets during the year. KIOCL Ltd is bringing the high-grade iron ore from Brazil, converting it into pellets at its plant in New Mangalore and the pellet consignment is exported to Iran. Iran has a market of around 10 million tonnes for pellets. KIOCL is strategically located in New Mangalore on the west coast of India and can serve Iran with least logistic cost.

Minister encourages use of waterways in Goa

Stressing the need to increase the use of inland waterways for transportation, Union minister of shipping, road transport and highways, Nitin Gadkari declared that six rivers in Goa including Mandovi, Zuari, Sal, Mapusa, Chapora and Cumbharjua will be brought under the inland waterways category. Gadkari also proposed to the chief minister Laxmikant Parsekar for signing a cooperation agreement to allow sand extracted during the dredging of these rivers to be utilised for the ongoing construction work of national highways.

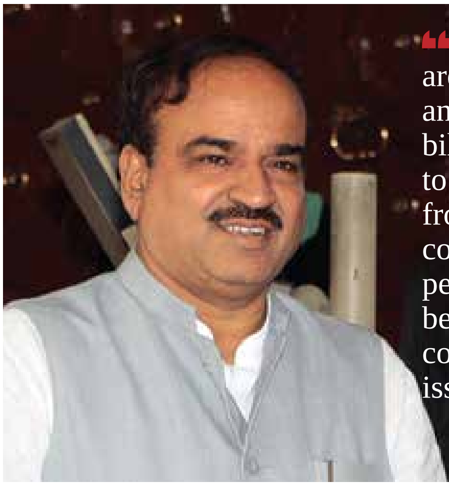
Capt. B B Sinha takes charge as CMD at SCI

Capt B B Sinha, Director (P&A) of The Shipping Corporation of India has assumed the additional charge of the post of Chairman & Managing Director of SCI w.e.f. January 1, 2016 as per the office order received from the Ministry of Shipping till March 31, 2016 or until, further order whichever earlier. Sinha replaces A K Gupta as he superannuated on December 31, 2015.

AP introduces retail trade policy

The TDP government has announced the Andhra Pradesh Retail Trade Policy 2015-2020 that aims to make the state one of the most preferred destinations for retail trade in the country. Under the new policy, the government has set a target of attracting new investments worth ₹5,000 crore in the retail sector by 2020.

This apart, the policy also has prime objectives like making the state a hub for retail logistics by promoting setting up of warehouses and distribution centres, acceleration of investment flow to underdeveloped regions of state, identification and addressing existing infrastructure gaps affecting retail trade industry in the state, encouragement of skill development.

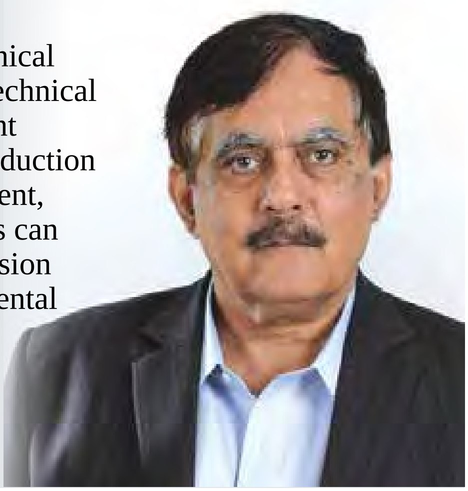


"Our total exports are worth $19 billion and imports are $27 billion, there is a need to reverse this trend; from a net importing country in chemicals and petrochemicals, can India become an exporting country, that is the core issue.

– Ananth Kumar
Minister for Chemicals & Fertilizers

"The mitigation measures available to reduce the emission levels are technical and operational; while technical measures have significant potential for emission reduction requiring initial investment, the operational measures can have an immediate emission reduction, but in incremental measures.

– Arun Sharma
CMD, IRClass



"The intra-Asia market is very dynamic and we have to always remain agile and be ready to tweak our services according to the needs of the market. Consolidation, in general, will be healthy for the industry and it's also to the benefit of customers as the industry is too fragmented."

– Tim Wickmann
Chief Executive, MCC Transport

"Global growth is slowing down. Trade is currently significantly weaker than it normally would be under the growth forecasts we see. We see less growth particularly in developing nations, but perhaps also in Europe, than other people expect. For 2016, we're a little bit more pessimistic than most forecasters.

– Nils Anderson
CEO, Maersk Group

"Container shipping is fundamentally an attractive growth industry with long-term annual growth of between 3 to 5 per cent - a pretty safe bet. There are not many other industries that grow faster than GDP.

– Rolf Habben Jansen
CEO, Hapag-Lloyd

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SHIPPING

Reliance to set up shipbuilding facility in Vizag

The Reliance Group will set up a world-class naval shipbuilding facility for strategic platforms at Rambilli with an investment of ₹5,000 crore. The group, which has hinted at a total investment of up to ₹10,000 crore in this segment, entered into a MoU with Andhra Pradesh Government.

The new facility will complement Reliance' existing facility at Pipavav in Gujarat, with a clear focus on building strategic assets for the Indian Navy. It will help translate 'Make in India' into 'Make in Andhra Pradesh' and push the state to be among the top makers of defence products.

Land provided for new navigational lock at Farakka

The Union Cabinet has approved the transfer of 14.86 hectares of land from Farakka Barrage Project for construction of a new navigational lock parallel to the existing one at Farakka. IWAI will pay ₹2.35 crore for the land. Construction of the navigational lock is a subproject of Jal Marg Vikas Project. It will ensure smooth and seamless movement of vessels on NW-1. The works shall be planned/ executed in such a manner that the existing arrangements about sharing of Ganga water at Farakka, as per Ganga Water Treaty-1996 between India and Bangladesh, are not affected.

Idle containership fleet up five-fold in 2015

The idle containership fleet rose five-fold in 2015 in the face of a difficult market according to analyst Alphaliner. On December 28, 2015 the idle boxship fleet stood at 331 vessels with a total capacity of 1.36 million teu, five times that of the start of 2015 as the demand supply balance "worsened drastically."

In the last two weeks of 2015 all sizes below 7,500 teu saw an increase in the number of idle vessels, the vast majority belonging to non-operating owners. In the larger sizes above 7,500 teu a number of 13,000 and 14,000 teu vessels idled over the Chinese Golden Week were phased back into service.

"Carriers will nevertheless continue to implement blanked sailings for the post-Lunar New Year period in February, which will lead to similar numbers of large ships becoming idle in the next two months. A significant reduction of the idle fleet is thus not expected until April," Alphaliner commented.

Gadkari aims to increase share of water transport

Shipping Minister Nitin Gadkari has announced that he aims at increasing the share of water transport from the current 3.5 per cent to 15 per cent by the end of five-year term of BJP government. Water transport has the potential to increase GDP by 2 per cent and generate five million new jobs. He added, tenders for the three ports at Dahanu, Colachel and Sagar Island which will have 18-metre draft are likely to come up by March. The project will involve an investment of ₹18,000 to 20,000 crore and work on break water will start from April-May this year.

Chennai Port increases rail shipment of containers

Chennai Port Trust plans to raise shipping of containers through railways by 25 per cent. Currently, about 7 per cent of shipment of containers is handled by the railways. The Port Trust Deputy Chairman, Cyril V George, recently flagged off the first batch of containers to Marigold CFS in Bengaluru through trains operated by Distribution Logistics Infrastructure (DLI). There is a potential to ship 2.50 lakh containers a year, he said. Trains will be operated from Jawahar Dock on the port. As part of handling containers, Chennai Port will set up a "full-fledged common railway yard." DLI will increase the present operation of two trains a week to four trains in the near future. Each train can carry about 70 teu against the capacity of 90 teu from Chennai to Bengaluru.

Freight rates crash terribly

Poor exports have pulled down shipping freights to an all-time low. The rates for shipping a consignment from Mumbai to any destination in the Middle-East has come down to almost zero, as against $200 to $250 per teu. Now, liners are ready to take the goods if a client simply pays the terminal handling charges or even if that is not paid in some cases. In this case, cost of transporting a consignment from Nagpur to Mumbai Port is more than the cost of taking it further to Dubai. For Europe, the freights have come down to $100 to $250 per teu against the regular rates of $700. Freight for Africa has fallen to $600 from $2,100 a teu, while it is $50 for Far East.

Foreign ships to fly Indian flag

To participate in coastal shipping certain foreign shipowners are registering ships under the Indian flag. Singapore-based Pacific International Lines Pte Ltd is the first to convert one of its container ships registered in Singapore to the Indian flag to run a service linking Mundra port with the container transshipment terminal at Vallarpadam.

Dubai-based Simatech Shipping LLC has started the process of registering two of its container ships under the Indian flag and putting them on a service linking Mundra with Cochin, Colombo and Mangalore.

Container ships to resume calling at Iran Ports

Some of the world's largest container shipping lines are planning to stop in Iran for the first time in years after the lifting of sanctions, marking a key step in the country's return to international markets.

Mediterranean Shipping Company recently discharged 300 containers filled with food and agricultural commodities at the port in the southern Iranian city of Bandar Abbas. It was the first time one of the Swiss company's vessels had called at an Iranian port since 2012. MSC plans to include Bandar Abbas in its 16-stop New Falcon service, which runs from China, through Singapore and Sri Lanka to Iran, visits the UAE and India, and returns to China every 21 days.CMA CGM has also begun services to Iran.

South Korea sets up shipping fund worth $1.2 billion

The South Korean government has announced a $1.2- billion ship investment fund to support the nation's struggling shipping industry. The fund will be used to help shipowners buy and sell vessels with less financial risk and to guarantee acquisition of new vessels ordered in the country shipyards. Korea Trade Insurance Corporation and Korea Maritime Guarantee Insurance will offer insurance services for the deals. The Korea Development Bank will also participate in the fund.

Local media reports that the Korean government will also require local shipbuilding companies to restructure and downsize in order to optimise their operations during the challenging market times. Mergers and acquisitions are expected.

Rules for Indian Coast Guard ships

The "Rules and Regulations for Construction and Classification of Indian Coast Guard Ships," developed by the Indian Register of Shipping (IRS) were formally released by the Director General Indian Coast Guard, Vice Admiral HCS Bisht AVSM in December last year in New Delhi. The new rules are largely derived from the IRS Rules for High Speed Craft and Light Craft which are more appropriate for application to patrol vessels. In addition, applicable features of the rules for non-combatant naval ships have also been retained. Comments from shipyards have also been incorporated, prior to approval by the IRS Technical Committee. Thus, while the rules have been made simpler and user friendly, they continue to retain the important special requirements as relevant to Coast Guard ships.

PORTS

Kamarajar Port to use e-tender to allot land

For the first time, Kamarajar Port Ltd will use the option of e-tender/e-auction to allot nearly 300 acres of land to the trade for creation of port-based facilities.

The port took over 648 acres of land from the Centre's Salt Department for ₹480 crore. "Of this, we have earmarked around 300 acres to be given to the trade for purposes like open storage, liquid tank facility and warehouses," MA Bhaskarachar, Chairman-cum-Managing Director, KPL, said recently.

KPL recently held a workshop to ascertain the requirement of land, plot sizes and use for allotment on a lease basis for port-related utilisation. Terminal operators, port users, exporters and importers, shipping agents and stevedores were among those who attended the workshop.

CMA CGM acquires NOL

CMA CGM has acquired Neptune Orient Lines (NOL) with a cash offer of S$1.30 ($0.93) per NOL share, valuing the deal at $2.4 billion. The strategic acquisition will result in a combined turnover of $22 billion and a fleet size of 563 vessels, giving it a global market share of approximately 11.5 per cent.

Rodolphe Saade, vice chairman of CMA CGM said, "By bringing together the know-how of both teams, the enlarged group will be even better positioned to provide premium services to its customers across all markets. "At a time when the shipping industry is facing strong headwinds, scale is more critical then ever to capitalise on synergies and capture growth opportunities wherever they arise.

Kochi Port receives first vessel at Zuari terminal

Underlining Kochi Port's emerging status as a cement hub, the first vessel with a consignment of 7,612 tonnes of cement arrived at the Zuari Cement bagging terminal.

Two other full-fledged cement terminals operational at the port belong to Ambuja and Ultra Tech Cements. Malabar Cements is in negotiation with the Cochin Port Trust for obtaining six acres for a cement bagging and clinker import facilities. Penna Cements has begun construction work on its cement bagging facility. The three terminals now in operation are capable of scaling up their throughput to 5 lakh tonnes of cement each year.

Second liquid chemical berth at Mumbai Port

Mumbai Port Trust commissioned its second liquid chemical berth at Pir Pau. This is a modern state-of-the-art facility with four mooring dolphins, equipped with Quick Release Mooring Hooks, two breasting dolphins having cell fenders with frontal pad for smooth berthing of chemical tankers and a service platform with a provision of seven Marine Loading Arms connected with 650 metres long trestle having roadway and pipelines. The berth is designed to handle 55,000-dwt vessels carrying liquid bulk chemicals and POL products, which can be upgraded to 65,000-dwt in future. The total project cost is ₹127 crore. The safety standards provided at this facility conform to the Oil Industry Safety Directorate norms.

North-South corridor to reduce delivery time drastically

The implementation of the North-South railway corridor project will reduce the cargo delivery period via various important routes two to three fold, said Javid Gurbanov, head of Azerbaijan Railways CJSC. The corridor will allow turning Azerbaijan into a major transport hub, using its geographical position, increasing the turnover. "The turnover of goods between India and the EU is 25.5 million tonnes of cargo a year, and delivery can take up to 60 days. With the launch of the corridor through Azerbaijan, the delivery period will be reduced to 14-20 days, that is, two fold to three fold", Gurbanov said. The railway will connect the Persian Gulf to the Baltic Sea.

Rate hike proposed at Kochi ICTT

DP World has proposed a rate hike at the Kochi International Container Transshipment Terminal (ICTT) this year. The company has sent a proposal to the TAMP for a 7 per cent hike in terminal handling charges, with effect from January 1. The proposed tariff will have a validity period of three years, up to March 2019.

According to shipping circles, the proposed move comes at the most inappropriate time when a slowdown in the sector have already started impacting the trade, which is looking for more cargo support from the hinterland, and more mainline vessel calls to the ICTT. Kochi is already among the costliest ports in the region and any hike in rates will lead to reduction in cargo.

AP to finalise Bhavanapadu Port developer soon

The state government is expected to finalise the developer and complete land acquisition for the Bhavanapadu Port in the next couple of months. Financial bids for the project are expected to be opened by the end of February. This will be the first port in Srikakulam district. The state government had invited the expression of interest for the project in February last year; around 15 shipping companies had expressed interest in the project. Out of them, 12 had qualified for the next stage of the bidding process. However, industry sources said unless major industries come up in the area, sourcing cargo for the Bhavanapadu Port will be a difficult proposition.

Krishnapatnam Port might get Natural Stones units' park

V G Natural Stones Industries Park, a Bengaluru-based company, has signed a pact with the Andhra Pradesh Government for setting up a park for natural stones industries in the vicinity of Krishnapatnam Port in Nellore district.

The park will be promoted by V G Natural Stones Industries Park in a SEZ within 100 km of the port on 1,000 acres. The park will have broadly granite, marble and other natural stone processing units, machinery manufacturers, ancillary units and logistics companies. It is expected to attract over ₹5,000 crore in investment. Machinery manufacturers from China, Italy, Germany and other European countries are evincing interest in the project.

Task force to ease traffic at Chennai Port

In a bid to ease congestion, Chennai Port and city traffic police would be setting up a 24-hour task force to regulate traffic on the stretches linking Chennai Port. All the vehicles will be screened at Ernavur before letting them go to the port. The port is also planning to do away with the manual processing methodology and has installed RFID-based container tracking system. Focus is also on improving rail share from 7 to 25 per cent by encouraging private container train operators. Chennai Port's rail network has a potential of catering to 2.5 lakh tonnes of container cargo.

Kerry Logistics to operate inland ports in Myanmar

Kerry Logistics' subsidiary KLN Singapore signed the contract with the Ministry of Rail Transportation in Myanmar to operate inland ports in Yangon and Mandalay. KLN will help construct the two dry ports along with Resources Group Logistics (RGL). Both companies have been granted concessions to build and operate the dry ports. The project is scheduled to be finished by December 2017.

New private berth at Vizag Port

A new multipurpose general cargo berth constructed by Alba Asia Pvt Ltd at Visakhapatnam Port has commenced commercial operations. This West Quay 6 berth with a capacity of 6 million tonnes has been built at a cost of ₹225 crore to handle steel, granite blocks, petroleum coke, calcinated petroleum coke, LAM coke and other cargo. It is equipped with two 60-m luffing cranes.

Recently, the first vessel at the berth discharged cargo of 10,000 m large diameter steel pipes – from the Essar group for a Telangana-based company. This is the first time such pipes with a diameter close to 2 m have been handled at the Visakhapatnam port.

Krishnapatnam Port signs MoU with AP, Petrogas for LNG project

Krishnapatnam Port has inked a pact with Petrogas Pvt Ltd and the Andhra Pradesh government to set up an LNG regassification terminal. Petrogas will commit a direct investment of ₹3,000 crore at Krishnapatnam, in the fields of LNG regassification terminal and allied industries. The LNG terminal will use a state-of-the-art floating storage and regassification unit (FSRU) with a minimum capacity of 5 million tonnes per annum, which shall be doubled to 10 mtpa in another three years. The commercial operations for the project will commence within three years and is expected to create more than 500 jobs.

Kochi Port targets cargo from south-west TN

Cochin Port Trust has started taking steps to enhance its cargo profile from south-west Tamil Nadu – from trade centres such as Pollachi, Coimbatore and Tirupur. P Tamilvanan, former chairman of New Managalore Port Trust, is advising the port management on marketing initiatives. The management has decided to spend 1 per cent of the port's revenue on marketing activities in the region.

Tamilvanan has already made some initiatives, including talks with Concor to operate special trains between Pollachi and Kochi to cater to the 22,000 teu per annum business. Despite the tonnage issues on roads, the EXIM trade in Pollachi has evinced interest in the new facilities at the Vallarpadam terminal.

Kelkar panel calls for scrapping TAMP

The Kelkar panel, formed to review and revive public-private partnerships in infrastructure, called for scrapping of the Tariff Authority for Major Ports. The shipping ministry will seek the cabinet's approval to amend a key law to wind up the tariff regulator for 11 of the 12 state-owned ports. Such a move, the Kelkar Panel report said, will allow these ports to usher in a market-driven pricing regime and put them on par with private ports that are free to set rates. The unpredictable rate regime has dampened investor interest in these ports.The existing method of fixing tariffs by Tamp is contrary to international best practice and leads to various anomalies. This has also led to excessive tariff differentiation between berths in the same port.

Privatise major ports, says Jaitley

State-run ports need to be overhauled and moved towards privatisation, said Finance Minister, Arun Jaitley. The country's National Investment and Infrastructure Fund is already in place, and many sovereign and pension funds have shown interest in investing in the sector, he said. India is aiming for a growth rate of 8 per cent in 2015 and 2016, and logistics development is a key factor in achieving the goal. Jaitley sees the privatisation of India's major, public ports as a way of achieving this. Privatisation would also remove a centralised pricing scheme that currently prevents major ports from charging market prices to compete with private ports.

System to monitor unclaimed cargo

A new system to track and monitor unclaimed and un-cleared cargo at ports or customs freight stations has been launched. The new system would provide a secure, digital interface with Customs and speedy disposal of unclaimed or un-cleared cargo at the port or customs freight stations.

Online interface with Customs for quick clearance, lower cost and reduction in time for customs clearance, digital interactive governance, faster disposal of cargo by decongesting ports and freight stations, realising Customs duty through prompt disposal and saving precious forex by quicker release of imported containers, are some of the benefits of the new system.

Mundra Port turned into transshipment hub

Adani is turning his Mundra Port into a regional transshipment hub by partnering with Terminal Investment Ltd S A. APSEZ is expanding the capacity of terminal it runs with Terminal Investment at Mundra to load 3.1 million teu a year from the earlier 1.5 million teu. Post-expansion, the terminal will have 15 cranes, capable of handling 18,000-teu capacity container vessels. The expansion will create a container transshipment hub for the West Asia, South Asia, Pakistan and Africa.

New rules for dredging at major ports

The government has directed all the 12 major ports to finalise capital and maintenance dredging contracts on the basis of open competitive bidding, according to the new guidelines framed by the shipping ministry. The guidelines also give details of the pre-dredging and post-dredging surveys to be carried out by these ports to avert disputes and arbitration. The shipping ministry has also advised the ports to opt for long-term maintenance dredging contract of as long as five years instead of the current practice of going for annual contracts. The ministry has also suggested the method to be adopted keeping in view the annual siltation pattern at these ports.

Krishnapatnam Port to get land for smart city in six months

Krishnapatnam Port expects in the next six months to finish its land acquisition for the ₹11,000 crore smart city cum industrial area planned with the government. The company has already acquired 5,000 acres and will acquire 1,000 acres more. The Andhra Pradesh government will provide an additional 8,000 acres. The Japan Industrial Co-operation Agency will help in raising funds. The project is expected to bring in major development in the Vizag-Chennai industrial corridor. The whole smart city was initially supposed to comprise 12,000 acres but the government later expanded the plan to make it a 14,000-acre project.

CITIC Group Corp bags deep sea port project in Myanmar

China-based CITIC Group Corporation has won a contract related to a SEZ in western Myanmar and another for developing a deep sea port on the Bay of Bengal. The industrial area at the Kyaukpyu Special Economic Zone in western Myanmar is of particular interest to China because overland links between Myanmar and southern China can reduce reliance on the potential chokepoint of the Strait of Malacca. By eliminating the need to travel via the Strait of Malacca, Kyaukpyu Port would save about 5,000 km in sailing distance for shipments traveling to China from India and points beyond.

LOGISTICS

Concor gets 90 acres for logistics park

Concor has been waiting for land to set up its proposed ₹450-crore multimodal logistics park at Kakinada Port, has got the AP government's nod to acquire 89.35 acres belonging to Kakinada Port. The state government gave the land on lease for a period of 60 years to Concor.

Concor would put up infrastructure like rail sidings for handling railway rakes, create customs bonded warehouses, domestic warehouses, fully paved container stack yards, container and cargo handling equipment and a customer facilitation centre at the facility, according to a order issued by the AP government.

The basic objective of the MMLP is to enhance the presence of rail transport in the overall transport chain and attain increased freight traffic volumes and movement by rail through reduction in the logistics costs for the users.

Explosives in containers at Tughlakabad ICD

The ICD Tughlakabad is home to three containers about 20 feet in length and consisting of heavy melting scrap which are suspected to be explosive materials since 2009. According to a High Court order, the Army Headquarters was directed to examine the three containers and dispose of the materials if found to be hazardous or explosive on a priority basis.

MSC Agency (India) Pvt Ltd imported six containers between 2006-2009 from Houston, USA, and Dakar, Senegal. Upon investigation, the importers and the addresses were found to be fictitious and the cargo was determined to be chromium – a hazardous waste and HMS suspected to be war materials that could be explosive. The disposal of the three containers carrying chromium was handed over to the Pollution Control Board of Delhi for disposal, whereas the remaining three that contain the suspected explosives are under investigation.

Railways may fall short of freight targets

The Railways is unlikely to meet its traffic target for the current fiscal year. It expects to close the year with 1,108 million tonnes of cargo. While this is more than the 1,098 million tonnes cargo moved in 2014-15, it is lower than the budgeted target of 1,190 million tonnes. The Railways carried 816.52 million tonnes for the nine-month period till December this fiscal, a year-on-year rise of 8 million tonnes.

There has been a drop in cargo from the cement, container traffic and foodgrain segment. The cement sector is going through a rough patch. With pressure on the export-import imbalance, the container segment is getting hit and ocean freight rates are down. In the foodgrain segment, local procurement by states to lower their costs has led to a drop in cargo.

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 JSW **Infrastructure** under this feature.

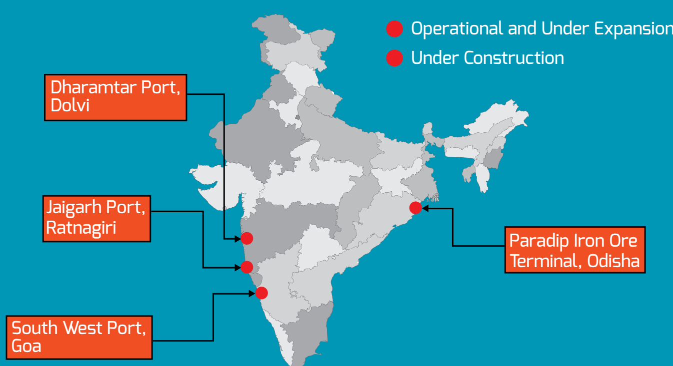
Driving growth through port development

JSW Infrastructure Ltd (JSWIL), part of JSW Group, is into development and operations of world-class seaports, terminals, road-rail, pipeline and IWT connectivity, port-based industrial clusters and SEZs. What sets JSWIL apart is the capital intensity and ability to benchmark its services to international standards.

At present, JSWIL has three operating ports/ terminals with combined operating capacity of 33 MTPA.

A greenfield multi-cargo deep water port (20 m) at Jaigarh near Ratnagiri in Maharashtra with a present capacity of 15 MTPA through its wholly-owned subsidiary company, JSW Jaigarh Port Ltd. is now planning to expand its capacity to 65 MTPA by creating facilities for handling containers, Ro-Ro vessels, LNG, POL and offshore facilities. Jaigarh Port's Vision 2020 aims at direct berthing of next generation vessels, i.e. the Vale Max, Q-Max, VLCCs and large Container Vessels (EEE Series).

Another subsidiary of JSWIL, the South West Port Limited (SWPL), has developed two berths in the Mormugao Port Trust in Goa on BOOT basis with a total handling capacity of 10 million tonnes and has



successfully handled more than 65 million tonnes of cargo since its inception in 2004.

JSW Dharamtar Port Pvt Limited (JSWDPPL), a SPV under the aegis of JSWIL, at Dolvi (Maharashtra) is a riverine facility which handles bulk cargo. Current capacity of 8 MTPA is being expanded to 45 MTPA in phases by 2020.

JSWIL has been recently awarded a terminal in Paradip Port Trust in Odisha under BOT basis through its Special Purpose Vehicle (SPV) "JSW Paradip Terminal Pvt Limited"

(JSWPTPL). The terminal would be mechanized to handle iron ore with a capacity of 9 MTPA in Phase I and 18 MTPA in Phase II.

JSWIL aims to enhance its port capacities from present 33 MTPA to 200 MTPA by 2020. To achieve this target, the company is looking towards acquisitions especially on the East Coast.

Facilities, operational efficiency indicators & projects under implementation

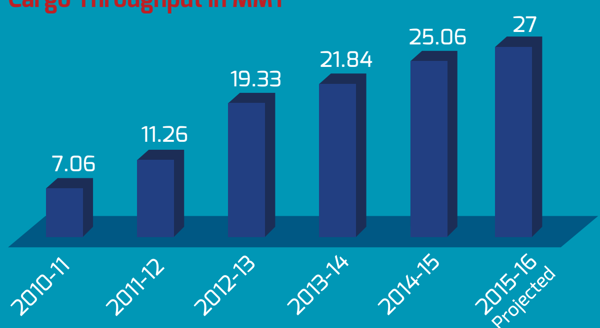
JSW Jaigarh Port

- Berth 1 for coal handling using 2x2000 TPH Ship grab unloaders including covered back up conveying systems
- Berth 2 for other bulk, break-bulk cargoes using 2 mobile harbour cranes 2x1200 TPH
- 3 stacker reclaimers at the handling yard
- Covered coal storage 105mx450m to store around 3,00,000 MT of coal
- Adequate covered warehouses which can store more than 1,20,000 MT of fertilizers and agro commodities at any given point of time.
- Additional 2 berths are being added in FY15-16- Berth No 3A (306m) is in commission stage which can accommodate up to capesize vessels and berth no 6A (343m) recently commissioned which will initially berth mini bulk carriers 3x8000 DWT simultaneously at a time for transshipment and can also accommodate Handymax vessels.
- 2 ship unloaders would be installed, having terminal throughput capacity of 85000 TPD for handling bulk ore
- Back up conveying, storage and despatch system

South West Port Ltd

- Berth no 5A & 6A of 450m
- 3 mobile harbour cranes installed
- Back up conveyor systems and handling system at the yard
- Wagon loading systems and in-motion wagon loading systems for rail despatch
- 2 ship unloaders would be installed, having terminal throughput capacity of 72000 TPD for handling iron ore and 58000 TPD for handling coal

Cargo Throughput in MMT



JSW Dharamtar Port Pvt Ltd

- Riverine terminal, 5 berths in line with a quay length of 431 m
- Close proximity to Mumbai and Nhava Sheva harbours
- Additional berth of 619 m length to handle 8000 DWT mini bulk carriers is being constructed
- 3 barge unloaders of 2500 TPH (iron ore)
- Conveying and storage systems

Key Highlights

- South West Port Ltd handled highest cargo rakes – 10 no's in a day and cargo – 1.05 million tonnes in October 2015
- JSW Jaigarh Port started handling large cape-size vessels (200,000 DWT) from April 2015 and is getting ready for a giant leap to handle 65 million tonnes by 2020 and would be having 10 berths in total.
- The port is aiming for direct berthing of largest dry bulk carrier (Vale Max), LNG carrier (Q-Max), container vessels (EEE series - 18000 teu) and VLCC (340000 DWT)
- Jaigarh Port Ltd signed a concession agreement with Ministry of Railways in June 2015 for developing 33.7 km of new railway line, connecting Jaigarh Port to Digni station on Konkan rail network.
- JSW Dharamtar Port dredged the channel in the Amba river to handle 8000 MT barges.
- JSW Paradip Terminal entered into an agreement with Paradip Port Trust to develop a new iron ore berth at the port. The 30-year concession agreement was inked in May last year and JSW would develop, operate, generate and maintain the modern mechanised terminal of 18 MTPA capacity.

JMD Speaks

JSW Group plans to invest ₹10,000 crore to expand its ports even as it plans to increase capacity more than six times to 200 MTPA by 2020. "If we have to grow from 33 MMT to 200 MMT, we will have to grow at 25 per cent CAGR every year. For that, brownfield expansions, some acquisitions, addressing connectivity to attract third-party cargo, growing the scale to accommodate larger ships; these are our plans," says BVJK Sharma, Chief Executive, JSW Infrastructure. mg

ADB to fund corridor between Vizag and Chennai

The Asian Development Bank will extend a $625-million loan to the proposed $840-million Visakhapatnam-Chennai industrial corridor. The corridor, meant to boost manufacturing activity and help economic growth of the hinterland, will have four nodes: Visakhapatnam, Kakinada, Gannavaram-Kankipadu, and Yerpedu-Srikalahasti. The building blocks of the corridor would be node-centred development and trade and transport.

Chief Minister Chandrababu Naidu said his strategy would be to develop Andhra Pradesh as a port and export manufacturing-led hub. His aim is to take Andhra Pradesh among the top three states by 2022, the number one by 2029 and the preferred destination by 2050. For this, the state would have to consistently aim for and achieve 14-15 per cent economic growth every year, he said.

Shanghai world's busiest container port in 2015

Shanghai Port has retained the number one spot as the world's busiest container port after recording a 2015 throughput of 36.54 million teu, representing a 3.5 per cent improvement from the 2014 throughput of 35.29 million teu.

While the port of Singapore, Shanghai's closest rival, has yet to publish its 2015 throughput, the Southeast Asian port posted volumes of 28.41 million teu in the first 11 months of last year, making it impossible to beat Shanghai as it would need a December throughput of 8.14 million teu.

In December 2015, Shanghai moved 3.07 million teu, an increase of 5.9 per cent compared to 2.9 million teu handled in the same period of the previous year.

Work starts on Western Dedicated Freight Corridor

TATA Projects Ltd has commenced work on the ₹4,328-crore project to build the 320-kilometer stretch of the Western Dedicated Freight Corridor connecting Delhi and Mumbai. Segregating freight traffic from passenger traffic shall pave the way for high speed movement of freight, and is one of the most important infrastructure projects taken up by Indian Railways. The consortium plans to complete the work in scheduled time of 48 months using latest technology of Automated Track Laying Machines. The machine lays the sleepers, special rails imported from Japan, and clamps all together in an automated manner simultaneously. The DFC project will eventually link the four hubs of Delhi, Mumbai, Chennai and Kolkata at the corners of India's Golden Quadrilateral.

Amazon enters Mumbai

Amazon India has taken over 30,000 sqft on lease in Mumbai at OneBKC – the city's commercial hub. This is its first entry into Mumbai and the facility will house its seller services and bring it closer to one of the largest markets in country. The deal is said to be for five years with average rentals around ₹280 per sqft per month. Amazon is also looking to expand its footprint in warehousing around western India. It already operates out of 1 millon sqft facilities in Bengaluru and Hyderabad that house its development and logistics centres.

HDFC's new fund plans logistics foray

A new private equity fund of HDFC will target raising $500 million from offshore investors for domestic property projects, including in warehousing and logistics. Asset manager HDFC Property Fund for the first time plans to invest in logistics and warehousing with the new fund, becoming the latest investor seeking to cash in on India's e-commerce boom. With more consumers shopping online, India's $110 billion logistics and warehousing sector is stretched. Fuelled by online retailers, supply of modern warehouses in India is set to more than double by 2020 to 200 million square feet, property consultancy JLL estimates. Investors from Asia, including those in Singapore, Japan and China, and the Middle East have shown interest to invest in the fund.

Realtors focus on warehousing

Realtors are beginning to focus on warehousing, pinning their hopes on the implementation of GST, a boom in the e-commerce industry and a spurt in manufacturing on account of the 'Make in India' campaign. Warehousing has been an unorganized and fragmented sector in India. But now demand for high-quality – Grade A and Grade B in industry parlance – warehouses has risen considerably. Property consultancy CBRE says the market for modern industrial and warehousing spaces is expanding and is estimated to touch about 125 million sq ft in the next five years.

Forbes & Co will sell CFS, logistics business

Shapoorji Pallonji Group firm Forbes & Company said it will sell two CFS and logistics business to Transworld Group Singapore, on slump sale as a going concern for an enterprise value of not less than ₹93.5 crore. The two CFS located at Veshvi and Mundra will go to TG Terminals Pvt Ltd and logistics business will go to Transworld Global Logistics Solutions (India) Pvt Ltd.

Logistics Park at Krishnapatnam Port

Gateway Distriparks Limited has commenced construction of its Logistics Park at Krishnapatnam Port. Targeting the trade in the Andhra Pradesh, Telengana and Karnataka region, the logistics park will offer comprehensive supply chain solutions through a CFS, general warehousing and reefer/ cold storage services along with transportation facilities. The first phase of general warehousing and reefer/ cold storage will be ready by September 2016, and the CFS will be operational by end of December 2016. Spread on 48 acre area the park involves a capex of ₹150 crore, with ₹80 crore utilised towards cost of land and construction of the first phase, and the balance ₹70 crore for the second phase.

River Information System ensures vessel safety

Aiming to avoid accidents of vessels on inland waterway networks, shipping ministry is launching a river information system (RIS) on the line of air traffic control (ATC). The system will also provide information on fairway (waterway), metrology and river safety. To begin with the first such system developed by the Inland Waterways Authority of India will be operational on the 500 km stretch of the Ganga between Haldia and Farakka. Vessels also fitted with equipment including radars, electronic chart system and echo sounders will be tracked through the automatic identification (AIS) base stations installed at seven sites along the stretch. The navigation and communication equipment have been installed in 30 ships of IWAI and similar gadgets will also be put in cargo barges of private and cruise operators.

Indian coal barons' global investments may flounder

About $10 billion worth of investments made by Indian coal barons, including Anil Ambani, Gautam Adani, L. Madhusudhan Rao, GVK Reddy and G. M. Rao, in buying mines overseas may go down the drain due to declining global prices of the commodity and a surge in domestic output.

Most of these billion-dollar coal mine acquisitions were made between 2008 and 2012 to fuel their power plants in India at a time when the price of coal was at its peak. Since the international prices of coal have declined by almost half to $45 a tonne, many of these coal mines have become economically unviable, forcing the coal barons to monetise their coal assets. India's coal imports may be negligible by 2023 as Coal India, the world's largest coal producer, is set to double its coal production to one billion tonnes by 2020.

Indian Oil to upgrade Paradip refinery

Indian Oil Corporation aims to invest ₹40 billion in upgrading its newest refinery in the eastern part of the country after the central government decided to bring forward by four years the introduction of road vehicle fuels which are compliant with Euro VI emission standards to April 2020. The refinery is expected to run at up to 60 per cent capacity in the current fiscal year to March 31 as some units have yet to come online. The crude processing capacity could rise to 80 per cent once other new units are commissioned. Paradip refinery will mainly cater for markets in eastern and southern India, currently fed by fuel sourced from other local refiners and imports.

Coal mining to reopen for private players

India is getting ready to open up commercial coal mining to private companies for the first time in four decades, with the aim of shifting the world's third-biggest coal importer towards energy self-sufficiency. The government has identified mines it plans to auction, and is now finalising other terms such as eligibility criteria for companies to take part and whether and how to set up revenue sharing. The move is likely to attract coal block bids from Indian conglomerates such as the Adani Group and GVK, but the government may find it harder to lure big multinational miners such as Rio Tinto, BHP Billiton, Anglo American and Peabody Energy.

IOC partners with Fortigo

Indian Oil Corporation (IOC) has entered into strategic partnership with the Bengaluru-based logistics start-up Fortigo for expanding its reach to fleet operators by using the latter's platform. According to the tie-up, IOC has taken up a lead in tying up with technology platforms, including rural e-commerce platform StoreKing and Amazon, to enable Indian Oil's XTRAPOWER customers to redeem their loyalty points. Fortigo aims to provide technology-based solutions to truck owners for managing their inventories and planning their operations and journeys effectively to save time and reduce transportation costs.

Modi ropes in AIIB to support infra sector

Prime Minister Narendra Modi has asked the newly set up Asian Infrastructure Investment Bank (AIIB), which has a $100-billion chest, to step up lending in the country's infrastructure sector. Modi expressed confidence that AIIB along with the BRICS New Development Bank would play an instrumental role in development of infrastructure in the Asia region. He highlighted the need for focus on roads, rail and ports for enhancing regional connectivity.

Left to Right left: Amit Kamat, Hon. Secretary, FFFAI, **Shankar Shinde,** Vice Chairman, FFFAI, **Yaduvendra Mathur,** CMD, EXIM Bank, **Ashish Pednekar,** Chairman, Elect, FFFAI & President, BCHAA, **Rita Teaotia,** Commerce Secretary, Ministry of Commerce & Industry, Govt. of India, **Ravi Krishan Takkar,** CMD UCO Bank, **G Srinivasan,** CMD,The New India Insurance Co. Ltd. **Dr.Guruprasad Mohapatra,** Jt. Secretary, Ministry of Commerce & Industry, Govt. of India, **Dr. Yaroslav Tarasyuk**, Trade Commissioner, The Trade Representative of the Russian Federation in the Republic of India

Favourable CIS–India trade route

The conventional routes used for trade among the CIS countries are longer and difficult, resulting in higher cost and time for moving goods. The INSTC improves on these drawbacks and offers a cheaper and faster alternative

Lack of efficient logistics has been a major impediment for the growth of trade among India and the CIS countries. To address this issue, the International North South Transport Corridor (INSTC) has been developed. To encourage the trade community to use this trade route, in June last year the first international stakeholders conference was held in Mumbai, following which an expert group committee met in Delhi to focus on the issues that are restraining the movement of cargo on the INSTC route.

To promote INSTC, FFFAI recently conducted a successful dry run study wherein containers were sent to Azerbaijan and Russia. Thus, in the INSTC, the infrastructure has been developed, Customs procedures are in place and it's time movement of trade picks up on this route.

Reflecting upon the huge trade potential between India and CIS countries, Dr.Guruprasad Mohapatra, Joint Secretary, Ministry of Commerce and Industry, emphasised on the role of INSTC as an enabler in boosting trade. INSTC will enable economic integration between Eurasia and Central Asia. However, a major impediment to this is the difficult logistics route in terms of longer and costlier trade routes.

The conventional route for moving cargo from India to CIS countries is through sea to China and by rail from China to the central Asian countries. Goods are moved from India through European route to Russia and then to Central Asian countries. Moving goods through these routes is cumbersome, time consuming and costly. Hence, India, Russia and Iran signed the International North South Transport Corridor Agreement (INSTC) in September 2000 at Saint Petersburg, which has recently been expanded to include 11 new members. On this route goods can move from Indian ports and across the Arabian Sea to Bandar Abbas Port in south of Iran and through rail thereafter. Goods can also be transported across the Caspian Sea from Northern Iran to Astrakhan.

INSTC reduces transport time by 40 per cent than the conventional route and there is further potential for reduction in travel time once all the impediments are removed and good volume of cargo is assured. Operational impediments relate to: need for adequate wagons in Iran, tariff, railways, common documentation for INSTC cargo, banking, insurance, visa and IT. To solve this, a time-bound action plan has been evolved for various stakeholders to resolve these issues. With reduced travel time along the INSTC route, items like fruits and vegetables can move even in non-refrigerated containers.

INSTC is going to be the silk route of 20th century by being a game changer in diversifying the trade links and investment dynamics of the region. The bilateral trade between India and CIS regions has increased from $8,346 million in 2010-11 to $11,054 million in 2014-15. Ravi Krishan Takkar, CMD, UCO Bank put forward the initiatives taken to facilitate Indo-Iran trade and the gaps that need to be bridged for ease of doing business between India and CIS countries. "As a banker we were involved in trade with Iran, especially after the sanctions were imposed. The governments of India and Iran, Reserve Bank of India, Central Bank of Iran took this initiative of establishing a Rupee payment mechanism. It was operationalised in February 2012 to facilitate trade between India and Iran." Unfortunately the Indian banks don't have presence in these countries. Although India imports only oil at present from Iran, there is a lot of scope for expanding trade. In the past three and a half years, the total exports from India to Iran has been ₹74,000 crore. This includes food items, pharma, iron and steel and chemicals.

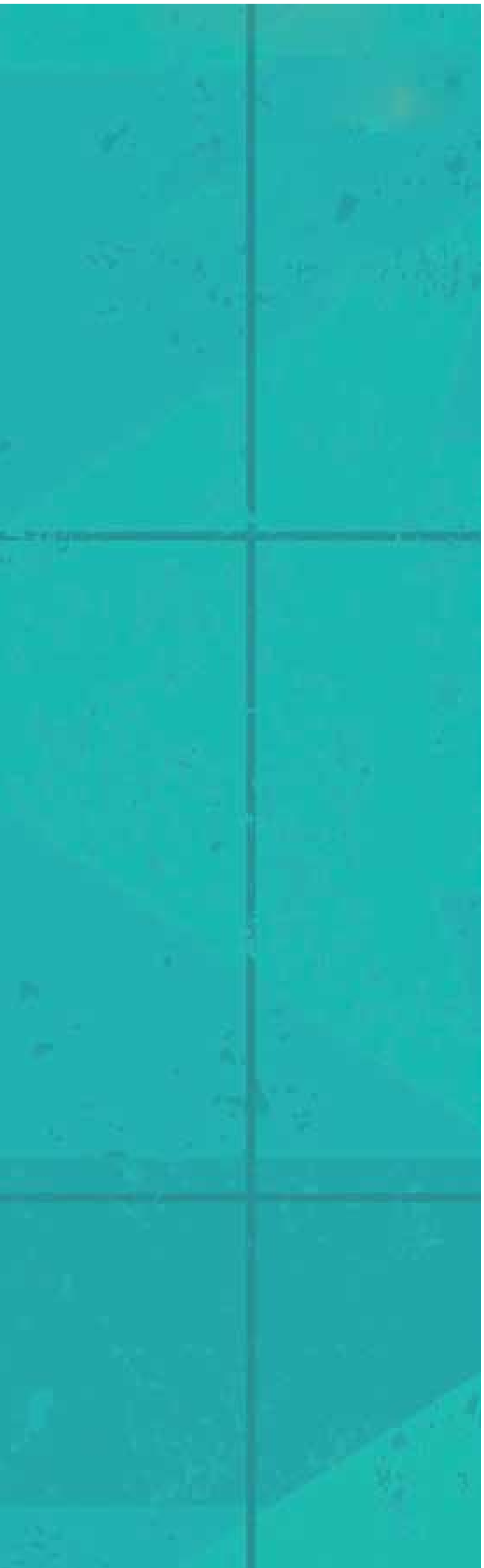
Russia, Iran and India had signed the INSTC agreement 15 years ago, but the agreement could not build any traction around it. The strength of this route is that in many CIS countries road and rail infrastructure exists and the shipping industry is robust. Russia, Iran and CIS already have a service agreement for movement of railways. The challenge that remains is the cost of crossing the border. There have to be multiple transshipments along the route which will add to the number of transactions and reduces the cost. However, despite the concerns, the focus should be on exploiting the business opportunities that emerging markets offer along the INSTC. mg

EAST COAST

THE NEW ENGINE OF GROWTH

Modi's Act East policy is going in the right direction, but the work done in 2015 was just the tip of the iceberg. In 2016, Modi needs to transform words into reality for winning ASEAN's trust

by Ritu Gupta



Look, act and support East. Yes, this is the prime minister Modi's dream for India's relations with the 10-nation ASEAN grouping. The Act East policy which was originally conceived as an economic initiative, has today gained political, strategic and cultural dimensions including establishment of institutional mechanisms for dialogue and cooperation for economic growth. India's Act East policy, enunciated with great vigour and foresight by Modi since the inception of his government, acquired a new force in 2015 and manifested itself in the deepening of economic and strategic partnership with the ASEAN countries and the extended East Asia region. In 2015, India's diplomatic efforts focused on leveraging synergies with the economically vibrant ASEAN region and linking up these countries with India's development agenda, pivoted around interlinked programmes of Make in India, Digital India, Smart Cities, Start-up India, M-Governance and Skill India. The year 2015 also saw a marked upgrade of India's security cooperation with the region, with the two sides mapping out concrete steps to intensify cooperation in combating terrorism, piracy and traditional and non-traditional security threats. These key drivers of Act East policy were reflected in PM Modi's participation in the India-ASEAN and EAS summits and in his bilateral visits to Malaysia, Singapore and South Korea. Singapore President's visit to India, Vice-President Hamid Ansari's trip to Laos, Cambodia and Indonesia, Myanmar's foreign minister's visit to India and visits of external affairs minister Sushma Swaraj to Indonesia and Thailand telescoped multiple strands of intensified and reinvigorated engagement between India and the East Asia region across the spectrum in 2015.

One of the biggest achievement of the year was the India-ASEAN summit that culminated in the adoption of an ASEAN-India plan of action for the period 2016 to 2020, entitled "Partnership for Peace, Progress and Shared Prosperity." Underscoring the centrality of ASEAN in India's diplomatic outreach to the region, Modi also pledged a Line of Credit of $1 billion to promote projects that support physical and digital connectivity to transform the corridors of connectivity into corridors of economic growth and prosperity. A Project Development Fund to develop manufacturing hubs in CLMV (Cambodia, Laos PDR, Myanmar and Vietnam) countries, an Innovation Platform to facilitate commercialisation of low cost technologies, and the enhancement of the ASEAN-India Science and Technology Development Fund from the current $1 million to $5 million were some of the key announcements in 2015.

On the trade side, the India-ASEAN Investment Centre, which is set to become functional very soon, will enable the two sides to scale up bilateral trade to $100 billion. India has also called for spurring progress in negotiations for a balanced and ambitious Regional Comprehensive Economic Partnership Agreement that covers goods and services as well as investments. Indeed there is an urgent need to enhance the bilateral trade, as presently, India-ASEAN trade is around $76 billion, which is just 3 per cent of total ASEAN trade. "There is immense untapped potential. Both sides had planned to increase their bilateral trade to $100 billion by 2015, but trade transactions fell critically short of the target. However, India's trade prospects with ASEAN and its economic integration with region received a major fillip with successful ratification of the free trade agreement by January 2015 and India-ASEAN Trade in Services and Investment came into effect from July 1, 2015," says Katsuo Matsumoto, deputy director general (India, Bhutan, Bangladesh and Nepal), South Asia Department, Japan International Cooperation Agency (JICA). With China's economy slowly slipping into doldrums, Modi must seize this opportunity to infuse dynamism in attracting investments for the much needed infrastructure project and manufacturing hubs in ASEAN, adds Matsumoto. Presently, the FDI inflows from ASEAN into India stand at more than $32 billion while outflows from India to ASEAN countries are estimated to be $37 billion.

Under the Act East policy, Modi has also taken the trouble to end India's maritime blindness and build an Indian Ocean community. Responding to the Chinese maritime Silk Route initiative, he has been trying to forge stronger trade and investment links with three Indian Ocean island nations – Mauritius, Seychelles and Sri Lanka. India has also leased an island each in Mauritius and Seychelles to develop maritime assets, carry out surveillance operations and present itself as a strong counter to bourgeoning Chinese influence in the region. The government has also propounded the Project Mausam, which would establish maritime connectivity with India's eastern neighbours. The connectivity between Kolkata and Sittwe ports in India and Myanmar, respectively, forms an important part of this project.

Other form of connectivity in South and East Asia also became a frequently discussed issue in various diplomatic, bureaucratic and academic corners in 2015. The Act East policy essentially reckons that opening the trading corridors with the eastern and south-eastern neighbours will usher in an era of development of its north-eastern states. Further, connectivity is also meant to unlock the tremendous untapped trading potential of India with its immediate South Asian neighbouring economies. For enhancing connectivity, India signed the multilateral landmark Motor Vehicles Agreement (MVA) for the Regulation of Passenger, Personnel and Cargo Vehicular Traffic along with Nepal, Bhutan and Bangladesh on June 15, 2015. This will pave the way for a seamless movement of people and goods across the borders of Bangladesh, Bhutan, India and Nepal (BBIN), leading to regional integration and development. Modi's visits to Bhutan, Nepal and Bangladesh helped bring India's neighbours on board. This agreement allows the four countries to work on bilateral or trilateral agreements and pave the way for transit of personal and commercial vehicles. SAARC is one of the least integrated regional blocs in the world with just 5 per cent of its overall trade being inter-regional. This agreement could turn things around. Multimodal transport connectivity has been the buzzword for the SAARC region since the 2004 Lahore Summit. Subsequent summits have endorsed the need for such connectivity by road, rail and air. A study by the Asian Development Bank (ADB) proposed 10 regional road networks as South Asian Corridors (SAC), out of which seven have been identified in the BBIN region. The idea is to link the South Asian Corridors with the Asian Highway network. Among other things, under this the land-locked trading centres of Nepal and Bhutan can get access to ports in India and Bangladesh; Tripura can get access to Bangladesh's Ashugunj port; and Chittagong and Mongla Ports can be accessed to move foodgrain from Kolkata to the North-East. Experts aver that the ocean of opportunity once ASEAN/SAARC connectivity gets established is unlimited; however

In deep waters
India-ASEAN maritime connectivity needs a lot of work

ASEAN countries and India have long coastline, dotted with many ports. However, a structural gap in terms of maritime and shipping infrastructure is quite visible between India and ASEAN. India's rising trade with ASEAN calls for a stronger maritime connectivity. Though India's containerised trade with ASEAN countries has been growing, but at a slow rate. This needs to change, as India's maritime connectivity with Southeast and East Asia, which is at present in very initial stage of development, can become a great facilitator of pan-Asian integration. Presently, the liner shipping between major ports of India and ASEAN follows 'hub and spoke' model. Singapore and Port Klang are the two hub ports in ASEAN. Besides direct calls, these two ports also have feeder services with ports in India and South Asia. However, transportation costs and time is substantially higher when India ships its cargo through feeder routes to reach ports in Cambodia, Indonesia, Malaysia, Myanmar, Thailand and Vietnam, with which India's trade has been growing fast. Other challenges to ASEAN-India maritime connectivity include shortage of port capacity, high port handling charges, lack of skilled human resources, and absence of an institutional mechanism. To create a functional single market in Asia, it is necessary to overcome the missing links in transportation, the lack of interoperability, and infrastructure gaps reducing the efficiency and weakening the global competitiveness of the Asian industry. For this, according to experts, India can do the following:

- Allow coastal shipping (Short Sea Shipping) in Bay of Bengal, which would perhaps help ASEAN LDCs to increase their market access in India and vice versa. The coastal trade agreement signed by Bangladesh and Myanmar in 2012 may be extended to India and Thailand to start with.
- ASEAN and India may consider signing of Mutual Recognition Agreement (MRA) in shipping and logistics services once the ASEAN-India Services Trade Agreement is ratified.
- India may join ASEAN's RoRo sector and also cruise segment for bringing the two coasts closer to each other. This will also boost the tourism between the two regions.
- India also needs to identify and develop the maritime route between India's east coast and CLMV (Cambodia, Laos PDR, Myanmar and Vietnam) countries. ASEAN and India may also decide the possibility of developing RoRo terminal in CLMV coast along MIEC and also in Indian coast in joint venture.
- ASEAN is contemplating Single Shipping Market. India may explore joining the shipping market and may finalise a strategy for joining the ASEAN Single Shipping Market and develop the relevant framework for its implementation.
- India may explore signing ASEAN-India Maritime Transport Agreement (AIMTA) with ASEAN subject to adequate safeguard to shipping services.
- India also needs to build new shipping routes as the existing route through Malacca Strait is heavily congested and also relatively unsafe. As an alternative, economic corridor based multimodal connectivity such as Mekong-India Economic Corridor may be promoted, which will connect Indian coast with unexplored Southeast Asian coast and beyond, at a shorter time and lesser cost.

there is an urgent need for India to speed up projects like the Kaladan multi-modal Transit Transport Project, the India-Myanmar-Thailand Trilateral Highway Project, and the Rhi-Tiddim Road Project. Deadlines for completion of the Kaladan multi-modal transport project in Myanmar and the trilateral highway project (linking India, Myanmar and Thailand) are 2016 and 2018 respectively. "New Delhi has to do everything possible to avoid further slippages. The two initiatives should also be put into effect as soon as possible," says Rajat Nag, distinguished Fellow, National Council of Applied Economic Research (NCAER).

Moreover, experts also aver that since the Northeast region serves as a bridgehead to the country's eastern neighbourhood, there has to be a comprehensive connectivity strategy for it. Such a strategy would have three interlinked components. The first would be to improve connectivity between the Northeast and the rest of India; the second would be to enhance connectivity within the Northeast itself and the third would be to improve existing and establish new cross-border transport and communication links with neighbouring countries. These three components need to be pursued in tandem if the full benefits of act East policy are to be realised. It is important for India to invest in infrastructural development projects in the North-East region

“Underscoring the centrality of ASEAN in India's diplomatic outreach to the region, Modi pledged a Line of Credit of $1 billion to promote projects that support physical and digital connectivity.”

and beyond its borders. Regional infrastructural developments, such as the proposed Bangladesh-China-India-Myanmar corridor, area also important in the context. Complementing such development will be the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC), which can open up ample trade and economic opportunities between India's neighbours like Nepal, Bhutan and Bangladesh and also with the countries of The Association of Southeast Asian Nations like Myanmar and Thailand. It will also help India to keep a check on the influence of China in the region. Driven by increasing investments of China in Bangladesh, particularly in the development of Chittagong port, the Union Government has also planned to step up its investment with plans to build a transit trade port in Paira in Bangladesh. This new agreement may not pave way, but will certainly smoothen relations towards such investment.

Indeed the Modi government has done a lot for improving relations with ASEAN, but a lot still needs to be done. The real problem is not declarations of intent but following them through from Delhi, says Alka Acharya, director of the Institute of Chinese Studies, New Delhi. “At present mixed signal is being conveyed to the region on India's seriousness and commitment to its look East policy," says Acharya. For Modi, correcting these perceptions and sending a clear signal that India means business should figure highest on his agenda, she adds.

Indeed, Asia is holding its breath, as there is no denying to the fact that when China has come up with ambitious proposals like the Maritime Silk Road, there has been little new or bold on offer from Modi on connectivity. Moreover, while the expansion of India's development assistance is a step forward, Delhi has a long way to go in making the conception and delivery of aid more effective. Inter-ministerial coordination in Delhi remains difficult. India's greater commitment to security cooperation was an important rhetorical step forward, though it is by no means clear if the ministry of defence is really prepared for a significant intensification of the country's military partnerships in Asia. "Even under Modi, Delhi's default impulses remain insular rather than collaborative. That the PM did not sign off on trilateral security cooperation with Australia and Japan underlines South Block's hesitation on trilateral and plurilateral partnerships, which are so critical for securing India's interests in Asia," says Acharya. Despite Modi's instincts and intentions, Delhi has much to do before its Act East policy gains credibility in Asia. The process starts from the creation of a more business-friendly environment to faster implementation of trans-border projects; from visa liberalisation to expanding defence cooperation. The East has its arms open and is ready to embrace Modi, but the PM's hands remain tied by Delhi's political and bureaucratic inertia. Only the future can tell if he will be able to completely set India free for both ASEAN's and its mutual development.

Aspiring to be the largest trade gateway to India

Ranked second after Gujarat in World Bank's "Ease of Doing Business Report," the state aims at overtaking Gujarat in cargo handling within the next four years, aiming to get to the numero uno position by 2029. To achieve this, it is banking on its coastline, the second largest in the country and is in the process of developing 10 new ports and related industries

In just little over a year after the bifurcation, the newly formed Andhra Pradesh seems to have made great strides in attracting investment, thanks to the proactive steps taken by the state government.

The state has found second place in the World Bank report on Ease of Doing Business in the country after Gujarat. The report has lauded the efforts made by the state in attracting investments such as 'Single Desk Policy' to provide all clearances/ approvals within 21 working days to set up an industry.

According to the state Chief Minister N Chandrababu Naidu, the state is now aiming to reach the top slot. Considering that it is just about a year after its inception, the state government has signed 46 MoUs with companies from India as well as from countries like Japan, the UAE and Canada attracting investments worth ₹35,745 crore, pipping Gujarat seems to be an achievable target.

The report assesses implementation status of 98-point reform measures that include setting up a business, allotment of land and obtaining construction permit, complying with environment procedures, complying with labour regulations and obtaining infrastructure related utilities. Andhra Pradesh also enjoys many natural advantages that make it ideal investment location for export oriented industries and manufacturing.

The state has the second largest coastline in the country. In fact, the Andhra Pradesh government is planning to develop its 960 km long coastline to make the state the largest trade gateway to India for the South East Asian countries and the vast hinterlands around it.

State Chief Minister N Chandrababu Naidu, has set an ambitious target of overtaking Gujarat in cargo handling within next four years and the state government is busy chalking out an action plan to become the top state in cargo traffic in India.

Andhra Pradesh has 14 notified non-major ports and a major port in Visakhapatnam. The cargo traffic handled by Andhra Pradesh' ports stood at 142 MMT in FY14-15. This year, the Chief Minister expects AP to overtake Maharashtra in cargo traffic. Maharashtra's ports currently handle 150.5 MMT (FY14-15) of cargo, next to Gujarat.

Plans for new ports

In line with its effort to boost maritime trade, the state government has initiated steps to develop 10 new ports in Andhra Pradesh. The new ports set to take shape are – Bhavanapadu, Narsapur, Ramayapatnam, Machilipatnam, Kakinada SEZ Port (captive), Meghavaram (captive), Nakkapalli (captive), Nizampatnam, Vodarevu and Dugarajapatnam Port.

Land has been identified for the Bhavanapadu Port in Srikakulam district, while the process of identifying land is on for the Narsapuram, Ramayapatnam and Machilipatnam ports.

The state has requested the Centre to develop the Dugarajapatnam Port in Nellore district (major port) as per the Andhra Pradesh Reorganisation Act. It has also requested the developers of the Kakinada SEZ Port (captive), Meghavaram Port (captive) and Nakkapalli Port (captive) to take up the development work.

Given that Andhra Pradesh has the advantage of being on the East Coast facing progressive South Eastern nations, focusing on development of port-based infrastructure and industries will boost the state's image as the logistics hub. The Chief Minister has also suggested connecting all ports to National Highways where these will be four-lane roads.

Maritime Board

Taking a cue from Gujarat on the west coast in equipping its port sector to increase its revenue, Andhra Pradesh has decided to constitute the long pending AP Maritime Board.

The state maritime board is expected to play an important role in attracting over ₹30,000 crore investments in the maritime segment and allied industries.

Even without a maritime board, Andhra Pradesh has divided its coastline into five different zones and is concentrating on them. Due to its concerted efforts, Krishnapatnam and Gangavaram Ports in the state are flourishing with heavy cargo movements throughout the year. And the inception of the maritime board will surely help boost the state's trade and investments.

Infra projects

The state government has plans to set up gas pipelines and power transmission lines to supply fuel to the already existing industrial towns, new industrial hubs and special economic zones (SEZs) in the region.

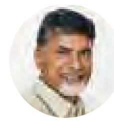
Naidu wants to develop his state economically by developing the port cities into industrial hubs and trade centres. The government wanted to export the state's marine products, agricultural products, and minerals to other countries and develop the state economically.

The state government wants to link all its coastline port centres including Visakhapatnam, Kalingapatnam, Machilipatnam, Kakinada, Dugarajapatnam, Ramayapatnam and develop them into full-fledged ports.

Since infrastructure projects dictate the future of the industrial landscape, the state government is giving top priority to them. With its existing seaports and hinterland connectivity, Visakhapatnam-Kakinada and Chittoor-Nellore industrial belts are well developed compared to West Godavari, Krishna, Guntur and Prakasam districts.

This 'last mile connectivity' is expected to play a pivotal role in the state's industrial growth in the coming years. This can be inferred from the fact that the mango producers of Chittoor district are fetching impressive returns on their investments due to the efficient value chain, of which the Krishnapatnam and Chennai Ports are key links.

The government is hoping to bank on the proposed Viskahapatnam-Chennai Industrial Corridor (VCIC), Chennai-Bengaluru Industrial Corridor and other key projects to push forward its plan to set up as many minor ports as possible to boost the logistics industry in the state.



N Chandrababu Naidu
Chief Minister, Andhra Pradesh

> **"Our prime minister says Look East. India has to Look East only through Andhra Pradesh. Once we begin the economic activities, I am confident we will achieve 14-15 per cent growth."**

The Chennai-Vizag industrial corridor could be utilised well for development of AP coast, where all its port cities could be linked to the corridor. The corridor is expected to help AP modernise its ports, airports, roads and even the railway networks on its coastline.

The state government is focusing on the industrial development of Andhra Pradesh. The chief minister wants to make AP among the top three states in the country by 2022 and achieve the numero uno position by 2029.

Typically, an industrial corridor, developed by the government in private partnership, will act as an intermediary to develop infrastructure projects, which in turn attract industries and of course investments.

The corridor passes through a combination of well-developed locations such as Visakhapatnam, Vijayawada, moderately developed areas like Kakinada, Rajahmundry and Machilipatnam and under developed industrial areas like Gudur, Nuziveedu and Ongole. These have varying natural resources, human skills but are with or without quality physical and social infrastructure that could propel industrial growth.

Riding on the Centre's effort to make electronic hardware in India, Naidu is also encouraging Asian companies to invest in AP. The 2014 Union budget had identified Kakinada, a coastal town in AP, to be developed as a hub for hardware manufacturing. In May last year, infrastructure firm GMR Infrastructure Ltd, which operates a 10,500-acre, multi-product SEZ in Kakinada tied up with China's Guizhou International Investment Corporation to jointly develop a 2,000-acre industrial park with an investment of $500 million.

Premium infrastructure and high-speed connectivity will offer immense opportunities for businesses and sectors that are likely to get a boost including steel, cement, food processing, IT, automobile, readymade garments, petroleum, chemicals and petrochemicals complex.

The present industrial sector contribution to the state's GSDP is 21 per cent and the state aims to enhance it to 25 per cent within five years through the new Industry Mission.

The state has successfully tackled its power issues. Now there are no power cuts. It has now shifted its focus towards supplying high quality power by reducing the wastage from the present 12.5 per cent to the international standard of 6 per cent.

The state has also set the target of obtaining one million acres of land across the state to keep ready for investors. For water supply, the government is planning intra-linking of Godavari and Krishna rivers. With these plans in place, the state is looking at creating 10 lakh jobs in the industrial sector by 2020.

Challenges

Andhra Pradesh currently shares Hyderabad as a common capital with Telangana. The proposed new capital in Amaravati lacks adequate infrastructure and the government has to gather the investment and expertise to build the new capital.

While the region is likely to get benefited in this process of building a new capital, the government is facing some resistance for pooling land for the proposed capital.

Another issue is raising investments for building the new capital, educational institutions, and hospitals among others, when the state is already in crunch of funds and awaiting the Central Government's nod to accord special status.

Gearing up to revive industrial sector

Expediting process for obtaining project permissions, development of 1.5 lakh acres land bank and 150 ready-to-occupy industrial parks are some of the key measures taken by the state government to drive industrial growth

After a lull in investment due to global economic slowdown and unrest over bifurcation, Telangana is set to witness a revival in industrial growth. The Telangana government has come out with a new industrial policy framework that is expected to help the state bring down dependency on the services sector for economic growth.

Traditionally, the industrial sector has been lagging behind services sector in Telangana. Services sector contributes over 60 per cent of the state's economy followed by industry and agriculture. In 2014-15 service-oriented economy witnessed a growth of 10 per cent while the industrial sector clocked just about 4.1 per cent growth. During the past 10 years, the industrial sector witnessed an average growth rate of 7.8 per cent.

The last few years were particularly tough for the industrial sector in the state due to political uncertainty and global economic crisis. As a result, the sector registered an all-time low of 0.13 per cent growth in FY14.

To reverse this trend and to spur industrial growth, the Telangana government last year unveiled an investor-friendly industrial policy, which was lauded by the industrial community.

Policy framework

The industrial policy framework promises to offer minimum inspection and maximum facilitation. The framework lists out norms for giving permissions to mega (investments of ₹200 crore and above), large (₹10 crore-₹200 crore) as well as small and medium project proposals.

As part of this effort, the government has created a bank of 1.5 lakh acres of land which can be used for industrial purposes and transferred it to the Telangana State Industrial Infrastructure Corporation (TSIIC).

This land is ready to be occupied for industrial purposes. This transferring of land to TSIIC will help save crucial time for industries and is an investment-friendly initiative. In addition, TSIIC also has 150 ready-to-occupy industrial parks. Some of the industrial parks will also permit multi-sectoral activities and general manufacturing units.

According to Telangana Chief Minister K Chandrasekhar Rao, his office would set up a 'chasing cell' to monitor the progress of various proposal. Rao said, as per the new policy Telangana State Industrial Project Approval and Self-certification System (TS-iPASS), the government would take penal action against government officials if there was any undue delay in processing applications. Under the new policy, mega projects would get permissions in 15 days.

Focus on natural strengths

The government has also identified 14 core areas for a focused approach which include life sciences, pharma, information technology, aerospace, automobiles, textiles, minerals and transportation and logistics, among others.

In order to enhance its exports potential, Telangana is looking at focusing on its natural strengths. Telangana has large amounts of land available as well as clusters which cater to the production of auto components and spare parts as well as textiles. It also has rich natural resources.

The state accounts for 20 per cent of the country's coal deposits. The region is also rich in limestone deposits that cater to cement factories. Telangana has other mineral resources like granite, bauxite and mica.

With over $7 billion IT exports in 2014, the state also accounts for a significant portion of the country's overall software exports.

Enabling investment

Signs of improvement in investment are already visible in the state. According to a report by the Ministry of Statistics and Programme Implementation, the number of factories in Telangana increased to 13,656 in 2012-13 as against 9,005 in 2011-12. These factories employ 7,01,110 people.

The state attracted investment to the tune of ₹22,520.63 crore in the past 15 years, resulting in 40,894 MSMEs being set up in Telangana. These units provide employment to 5,65,496 people. During the same period, 2,091 large industrial units were established, which generated over 6,67,499 jobs. Together, these projects brought in an investment of ₹45,393.33 crore.

According to a government official, in 2014-15 about 1,496 new investors applied for clearances for their projects under the Single Window System, of which 1,173 were granted permission by the government.

The new industrial framework is expected to enable the state's export strategies further. Exports cannot be looked at in isolation as it depends on various other factors and policies such as industrial policy, monetary policy, infrastructure development, human resources development and various other policies. The policy will address these matters in a comprehensive manner.

Investors feel the state government's response to new project proposals are extremely encouraging. "The state government is offering

K Chandrasekhar Rao
Chief Minister, Telangana

"Telangana Industrial policy will totally be graft free, hassle free, no going around offices and this is where the investor would be happy to partner with the state. Speed of execution is the key to the policy."

both operational and policy support. Besides, it is also committed to provide a conducive environment for industrial growth,'' says an industry expert.

Infrastructure

The state has one of the best industrial ecosystems in the country. Though Telangana is a new state, its capital Hyderabad is well-established with large-scale industrial landscape, including government-owned electronics manufacturing and defence industries in addition to a plethora of private industrial undertakings.

The city with its Outer Ring Road, connecting radial roads and the upcoming Metro Rail will help kick-start industrial growth. In addition, the state has many skill generating training institutes and engineering colleges.

The city is expected to grow further on account of outstanding infrastructure, cost competitiveness, skills availability, which in turn would spur industrial development.

During the decade 2004-05 to 2014-15, the state registered an average growth rate 7.8 per cent at constant prices (2004-05). Hyderabad, Rangareddy and Medak districts together contribute 45 per cent of the state economy. These areas have been clocking an annual growth rate of 10 per cent in the last decade. The remaining seven districts account for about 55 per cent.

Hyderabad is the hub for drug industry with the city accounting for 20 per cent of pharma exports from India.

Hyderabad and Rangareddy also house 37 of the 72 notified special economic zones (SEZs) in the state. In fact, Hyderabad and Rangareddy districts account for 44 per cent of the registered manufacturing and 39 per cent of the construction activity of the region.

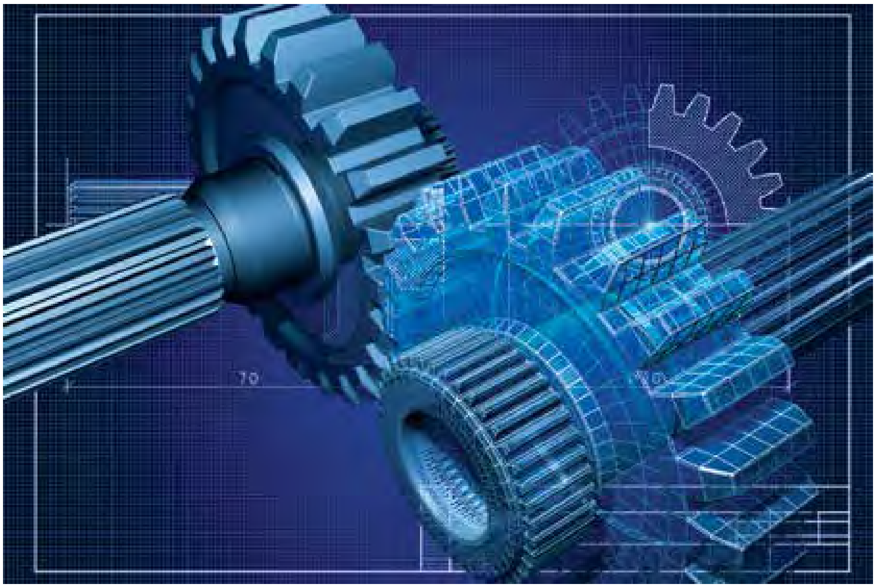
The central government has approved the engineering, procurement and construction of Yadgiri-Warangal section of National Highway – 163 in Telangana on EPC basis. The 99-km road will cost about ₹1,905.23 crore. The project is expected to expedite the improvement of infrastructure in Telangana and also in reducing the time and cost of travel, particularly in case of heavy traffic plying on the Yadgiri-Warangal sector.

Challenges

One of the major challenges for the state is about tackling the fierce competition it faces from Andhra Pradesh in attracting investment. With AP's new capital coming up in Amaravati, there are chances that it may find place in the expansion map of existing industries. "Besides, Telangana is a land locked state, which has to depend on ports in Andhra Pradesh for exports. While industries like pharma and IT continue to thrive in Telangana, big manufacturing facilities, which want to take advantage of proximity to ports, may move to Andhra Pradesh," says an industry expert.

Then there are unresolved issues between the two states such as water and power sharing. There will be a lot of interdependence between the two new states and this requires constant dialogues and settlement of issues like water sharing and power supply. If a manufacturing facility in Telangana has a captive power plant in Andhra Pradesh, it will now come under inter-state sale of power. This can lead to cumbersome procedure hassles for an investor.

Another concern is combating Naxalism. Six districts of Telangana – Nizamabad, Medak, Khammam, Karimnagar, Warangal and Nalgonda – are part of the infamous 'red corridor'. The new government will have a tough time convincing investors to set up industries in these areas.



Boosting industrial production

Ranked among the top 10 automobile hubs in the world, Chennai is gearing to become the world's largest car manufacturing hub with the state government recently raking in investment commitments worth ₹2,42,160 crore

After a few setbacks that put question marks on the state's manufacturing competitiveness, Tamil Nadu is looking at reviving the industrial growth. Tamil Nadu is one of the 10 states chosen by the Centre to kick-start its `Make in India' campaign and the state government is leaving no stones unturned in its efforts to woo the investors.

In the last few years, the state had witnessed the closure of Nokia unit followed by Foxconn suspending its operations. Coupled with tough competition from neighbouring Andhra Pradesh, the Tamil Nadu government is now offering very attractive package to investors. Even numbers support the state government's claim that Tamil Nadu has managed to keep abreast of the competition.

Traditionally, Tamil Nadu has been a strong manufacturing centre in India with a strong ecosystem of auto and auto component production facilities in and around Chennai. Estimates suggest that in 2014, the state stood first in terms of housing the highest the number of factories in various segments including automobiles and components, castings and forgings, pumps and motors, garments and textiles, leather, and chemicals and plastics.

In FY2014, Tamil Nadu registered a manufacturing growth of 3.53 per cent as against India's 0.71 per cent. According to Tamil Nadu Industries Minister P Thangamani, in 2013-14, the state's gross domestic production was at 7.94 per cent, way ahead of the national growth rate of 4.94 per cent. It is the second most industrialised state after Maharashtra. The minister has assured investors that the state government will develop infrastructure to meet the need of the industries.

Based on data from the Centre for Monitoring Indian Economy (CMIE), state Chief Minister J Jayalalithaa said the total incremental investment proposed in Tamil Nadu during April 2011 to June 2015 was ₹2,61,709.92 crore. From May 2011 to September, the state government had facilitated 86 investments, with a cumulative investment of ₹43,101.81 crore through MoUs and single window clearance system.

At 3.55 million units of annual automobile production, Tamil Nadu accounts for 21 per cent of India's automobile exports and 20 per cent of installed capacity of vehicle components. The state is targeting to produce six million vehicles by 2020.

According to industry body ASSOCHAM, Tamil Nadu is the leading state in manufacturing with a share of over 15 per cent in the total of 1.29 crore jobs generated in the registered manufacturing sector across India.

New auto projects

The state has also managed to sign some big ticket projects last year. Auto major Mahindra and Mahindra has proposed to invest ₹4,000 crore for setting up a large manufacturing plant. The Tamil Nadu government has promised to allocate 255 acres of land in Cheyyar in Kancheepuram district for the proposed facility. In the first phase, the company will set up the test track facility and in the second phase an automotive plant.

Germany-based Bosch has also set up its sixth manufacturing unit in the country at State Industries Promotion Corporation of Tamil Nadu (SIPCOT) Gangaikondan. Built with an investment of around ₹500 million and spread across 6,500 sqm the new facility will facilitate the company's gasoline systems business to further localise manufacturing and increase cost-competitiveness.

The facility will produce power train sensors, fuel delivery modules and air management components for automotive and two-wheeler systems. "It is important for our Gasoline Systems business division to have a strong manufacturing foot-print in an important and growing market like

India. The extended local production capabilities in this new state-of-the art location will help Gasoline Systems to further grow its market share with a competitive product portfolio.

The ₹50-crore facility, spread across 6,500 square metres will help the company's gasoline systems business to further localise manufacturing and increase cost-competitiveness. The manufacturing unit will produce power train sensors, fuel delivery modules and air management components for automotive and two-wheeler systems. According to a company official, the new plant is an important part of Bosch's strategy to enter the competitive two-wheeler market in the country with electronic fuel Injection systems.

Renault-Nissan is another company that is in talks with the Tamil Nadu government for expanding its presence in the state at an investment of over ₹4,000 crore. Renault-Nissan, operates its largest production facility in the world in Oragadam near Chennai. The plant started operations in March 2010 following a ₹4,500-crore initial investment. The company pumped in another ₹1,600 crore to create power train manufacturing facility and tooling. This month, the plant reached a production milestone by rolling out the one millionth vehicle.

Uber has also signed a MoU with the government of Tamil Nadu to create over 30,000 entrepreneurial opportunities for independent driver-partners, foster technological innovation to build smart cities and promoting socio-economic development of the state.

Global investor meet

To boost its industrial production, the state government organised a global investor meet in September last year. Tamil Nadu raked in investment commitments worth ₹2,42,160 crore, double the target the state government had set for itself. The state has signed 98 agreements.

According to state Chief Minister J Jayalalithaa the investment figure exceeds the cumulative investments attracted through all pacts signed by Tamil Nadu over two decades from 1991 to 2011. The government has offered attractive packages to encourage investors to invest in

M Veluswamy
Chairman of Confederation of Indian Industry (Tirupur district council) Tamil Nadu

> **"To achieve the targeted growth, it is imperative for the industry to expand geographically so as to facilitate setting up of more units and training centres to produce large number of skilled workers and increase production of value-added segments"**

southern districts. "Of the total investments, ₹1,04,286 crore is in manufacturing, of which 50 per cent will be in these districts," she said.

The power sector attracted ₹1,07,136-crore investments, while the information and technology sector got ₹10,950 crore, the handloom sector ₹1,955 crore, agriculture ₹800 crore and the fisheries ₹500 crore. The chief minister said solar power attracted ₹35,356 crore worth investments. Medium and small enterprises signed pacts worth ₹16,533 crore.

The CM said the state was already one of the top 10 automobile hubs in the world. Currently, Chennai has the capacity to produce about 1.4 million cars a year, which works out to three cars every minute. With new agreements, Chennai will become the world's largest car manufacturing hub.

Wonderla Holidays Limited announced an investment of ₹300 crore in the next five years to build an amusement park at a land parcel of 55 acres on OMR-GST region in Chennai.

New Transshipment hub

The state government has signed an agreement to set up an LNG terminal at Tuticorin. This project, along with the LNG terminal proposed at Ennore, is expected to secure long-term energy security of the state and further enhance the competitiveness of the manufacturing sector

Tamil Nadu is set to house a new transshipment hub. The Centre is planning a new transshipment hub in the state to reduce the country's dependence on Colombo and Singapore ports for handling cargo traffic. The hub is also expected to come up near Tuticorin around the international trading route at an investment of over ₹5,000 crore.

Currently, Colombo and Singapore ports handle most of the container movement as Indian ports cannot handle larger vessels.

The new hub will also benefit Indian traders as their cost would come down as the smaller feeder vessels will bring container cargo, which then will be loaded onto larger ships. The new container handling facility will not only reduce the logistics cost but also cost for movement of coal, petroleum etc.

Challenges

Tamil Nadu is facing stiff competition from Gujarat and neighbouring Andhra Pradesh and analysts feel this could come in the way of the state achieving its targeted industrial growth.

Another problem is the power shortage. The grim power situation in the state makes it difficult for growth to spread to hinterland. Currently, about 60 per cent of the state's industrial production happens within 150 km of Chennai. In order to push the growth beyond capital Tamil Nadu will have to invest considerably in social infrastructure and power projects. Besides, land prices in Tamil Nadu are sky high as it is one of the most urbanised states in the country.

Then there are political reasons where power is concentrated with the chief minister. This was evident during Jayalalithaa's arrest and her subsequent step down as the state chief minister in 2014. The political instability due to the arrest had industrialists worried. Many complained that files were not moving and the process of getting approvals became tedious. Overall, the state government has a tough task ahead if it wants to secure its leading position as a manufacturing hub. mg

All geared up for a makeover!

Ranked as the third most preferred investment destination in India by Assocham, Odisha has posted impressive growth in exports at a time when overall exports from India are seeing a slump. With a focus on improving maritime infrastructure and inland waterways, the mineral-rich state is set to see more industrial activity

Though never marked itself on the national map for economic development and industrialisation despite having a large base of natural resources and a huge coastline, Odisha is now all set to gear up for a make-over with many large-scale industrial projects.

While the state has recorded 9 per cent growth in gross state domestic product, which is higher than the country's average, the overall industrial and manufacturing environment of the state has shown tremendous improvement in the recent past.

Current industrial Scenario

According to Assocham, Odisha is the third most preferred investment destination in India after Maharashtra (9.7 per cent) and Gujarat (9.5 per cent). Odisha has attracted investments worth about ₹12 lakh crore out of the total investments worth over ₹158 lakh crore attracted by various sectors from both public and private sources in top 21 states across India, registering a share of over 7 per cent.

Vishal Kumar Dev, CMD, Industrial Development Corporation of Odisha Limited (IDCOL), says, "There is a lot of renewed interest among entrepreneurs as well as small players given the immense growth and development potential that the state has."

"So far, only large-scale industries in ferrochrome, Ferro alloys, steel and aluminum were encouraged in the state, whereas the focus now has shifted more on downstream companies and to MSME sector. In addition to the primary metal making sector, the state is looking at other high-priority sectors including agro and agro based industries, food processing industries and textile industries. Among the first-runners, Shahi Exports and Madura Garments have shown interest in setting up apparel manufacturing units in the state. The Assocham study titled *'Realising economic potential of Odisha: A comparative investment analysis'* further said that focus on key sectors like healthcare, education, tourism, IT, mining and minerals, infrastructure, MSME, food processing, handloom, petrochemicals and bio-pharma would transform Odisha's economy.

Odisha has significant potential to emerge as the most lucrative state provided it undertakes further initiatives to facilitate ease of doing business. In contrast to the economic slowdown in India and globally, the state has registered positive growth both in manufacturing and services sectors.

The state government has been taking several proactive measures in curtailing the bottlenecks and several policy hurdles. In September last year, it has announced a new industrial policy, Industrial Policy Resolution (IPR) 2015, that aims at ushering new investments in the manufacturing, food processing, exports, MSME and software sector and make Odisha an investment destination for both domestic and international players.

Among its industrial zones, Kalinganagar is thriving as a major industrial hub on the east coast and being developed as a National Investment Manufacturing Zone (NIMZ) under the National

Manufacturing Policy. It has more than eight steel majors including Tata Steel, NINL, Jindal, VISA and MESCO having set up their manufacturing facilities, with additional projects in the pipeline.

Connectivity & Transportation

The state is not well placed in terms of infrastructure and connectivity; the current rail, road and air connectivity is not upto the mark compared to other states. Road is the most preferred mode of transportation as not all towns and cities of the state are well-connected by rail.

In terms of last-mile connectivity and transportation, only the large industrial zones in the state are well-connected to national and state highways, for instance, Jharsuguda and Kalinga Nagar industrial zones and Paradip Port.

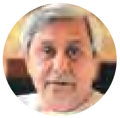
The current road infrastructure remains a concern for the industry. "The only issue the state faces is local transportation. The local transporters in the state have formed associations and charge hefty fees on transportation, which creates havoc for the industry. However, the state government has taken up an initiative to curb the issue in near future," he added.

According to Ramesh Mahapatra, President of Utkal Chamber of Commerce & Industry (UCCI), the apex chamber of mega, large & MSME industries in Odisha, "High logistics cost still remains a concern. Though the diesel price has reduced in recent times, the transporters have not reduced their prices. They have formed a cartel and are not ready to reduce the logistics costs."

In waterways, work is in progress to develop national waterways at key places. At present, dredging work is going on in river Brahmani to connect Kalinganagar with Dhamra Port. Plans are there to connect Paradip and Dhamra Port with major industrial zones through waterways. The Kalinganagar-Dhamra Port stretch would involve movement of vessels along with cargo. A temporary terminal is being constructed at Erada in Jajpur district with vessel berthing, loading and unloading facilities.

Export & Import trade

Apart from coal, import volume is not substantial in the state. It may see imports of oil once the Paradip refinery project of Indian Oil Corporation (IOC) is commissioned by next year. The IOCL refinery is expected to produce 5.97 million tonnes of diesel, 3.4 million tonnes of petrol, 1.45 million tonnes of kerosene/ATF (Aviation Turbine Fuel), 5,36,000 tonnes of LPG, 1,24,000 tonnes of Naphtha and 3,35,000 tonnes of Sulphur.



Naveen Patnaik
Chief Minister, Odisha

> "Our Vision-2019 for industrial development is to achieve 60 per cent growth with year-on-year growth of 15 per cent. We have envisaged ₹1.73 lakh crore of new investment creating 3.50 lakh new jobs. To achieve this goal, the state government has taken a number of new initiatives."

In contrast to imports, the state is seeing a 15-20 per cent growth year-on-year in exports, at a time when the overall country's export is seeing a slump. It has recorded ₹18,000 crore in exports during last financial year. More than 30 per cent of exports consist of metallurgic products, while other exporting goods include software, engineering products, sea foods, etc.

In 2013-14, Odisha exported ₹6,308 crore of metallurgical goods, ₹866 crore of engineering, chemical and allied products, ₹1,943 crore of marine products, ₹2,306 crore of software, ₹0.64 crore of handloom items and 0.26 crore of handicraft products. Textile and pharmaceutical also contributed ₹10 crore and ₹0.92 crore, respectively in exports.

According to Directorate of Export Promotion and Marketing (DEPM) data, exports of goods from Odisha zoomed 44.22 per cent in 2013-14 to ₹17,661 crore, compared to ₹12,246 crore in the previous financial year, mainly on accounts of increased mineral exports which surged 97.62 per cent to ₹6,227 crore in FY13-14 compared to previous year's ₹3,151 crore.

Odisha, having a rich base in minerals, accounts for about 93 per cent of chromite and nickel, 52 per cent of bauxite, 44 per cent of manganese, 33 per cent of iron ore and 24 per cent of the coal deposits of the country.

Maritime Infrastructure

The state with a 485-km coastline along the Bay of Bengal on its east from Balasore to Ganjam and three seaports – Paradip, Dhamra and Gopalpur port, is also set to go through capacity addition and development.

The operations at Gopalpur Port were stalled after the cyclone Phailin and it was recently re-commissioned.

The cargo handing operation at this port would continue from the single berth that is complete. In 2016, two more berths would be added. The second berth is expected to be ready by March 2016, while the third one is scheduled to be operational in December 2016. By December next year, the Gopalpur Port is expected to have cargo ship handling capacity of around 80,000 DWT. The target is to have 19 berths in the future. Apart from the existing eight godowns with a capacity to accommodate 20,000 tonnes of cargo, additional godowns with capacity to store 12,000 tonnes of cargo have been added up. A fertilizer bagging plant on the port premises is also complete.

According to Odisha Commerce and Transport Minister, Ramesh Chandra Majhi, the state is planning to increase the number of ports to 13 in the near future.

Two ports are on the anvil, one at Subarnrekha and another in Paradip.

Currently, the government is considering setting up ports at Bahabalpur in Balasore district, Chudamani in Bhadrak district and at Astarang in Puri district and Pallika.

Though Paradip Port has good infrastructure for bulk cargo, most of the containerized cargo of the state goes to Vizag and Haldia Port, which are situated at 441 km and 447 km away from the state capital.

Green shoots of growth amidst challenges

With an industrial policy focusing on small and medium entreprises the state government is busy attracting investors, while strengthening physical infrastructure

There was a time when people used to associate West Bengal with protest and large-scale violence against industrial projects. Singur and Nandigram agitations a few years ago further cemented this perception as the state lost prestigious projects like Tata Nano.

But it seems like West Bengal has come a long way since those dark days. Gone are the days of protest and violence, the state has now pipped Gujarat in creation of new jobs in the manufacturing segment. According to the National Sample Survey data in 2014, West Bengal accounted for 24 lakh jobs in the manufacturing sector during 2004-2011 This is over 40 per cent of the total 58.7 lakh jobs created in India, pushing Gujarat to a distant second position with 14.9 lakh jobs.

West Bengal's achievement assumes significance with the BJP government's `Make in India' campaign and the emphasis on manufacturing to spearhead the country's growth.

The West Bengal state government attributes the job creation to its industrial policy where the focus is on small and medium enterprises. The state has helped setting up 2,531 new small and medium enterprises, says a government official.

Re-emergence

West Bengal, considered to be the country's gateway to South East Asia, is slowly finding its place on India's industrial map. Union Minister for Finance Arun Jaitely feels the state has many strengths.

"The state is well equipped with water and is conditionally strong in agriculture. It's strategically located, it has one of the most important cities of India and perhaps the most important city of eastern India. It has produced some of the best minds,'' he says. While he admits West Bengal had housed historically some of the largest industries of India, it is a challenge for the state to re-emerge as an industrial hub.

The state government is also making efforts to change its image and make it an attractive investment destination. Last year, about 500 delegations from India and abroad attended the Bengal Global Business Summit.

According to Amit Mitra, Finance Minister of West Bengal, the state has managed to convert ₹86,425 crore worth of commitments into actual investments in sectors such as infrastructure, food processing, and energy among others, during the past four years. He claims that the present government has increased public investments in all key areas of economic development.

He pointed out that the state's planned expenditure has grown by 311 per cent from ₹14,165 crore to ₹44,700 crore and there has been a six-fold increase in social infrastructure. "Physical infrastructure such as roads and flyovers have seen 330 per cent growth in expenditure. Investments in creating capital assets grew 601 per cent and is a record," he had said.

Recently, the state has also witnessed four of its cities – Haldia, Durgapur, Bibhanagar and New Town – win the first round of Smart City challenge of the central government. These cities are expecting massive IT infrastructure development in these cities.

The state government is also planning to develop six theme-based green cities. While one city will focus only on health and education services, another will be purely into financial services. An industrial township has also been planned to promote manufacturing sector.

In 2015, the West Bengal government cleared over 97 acres of land under five industrial parks for 14 units. This is expected to bring in an investment of ₹1,004.25 crore with direct employment opportunities to 1,539 people in the state.

As part of this, CPF (India) Pvt Ltd and Prasad Seeds Pvt Ltd would set up their units under Vidyasagar Industrial Park at Kharagpur with an investment of ₹550 crore and ₹15 crore respectively. Emami Cement Ltd would set up its ₹418 crore unit at the Panagarh Industrial Park in Burdwan district, while Essar Oil Ltd under the

Infrastructure update

- Eseel Infraprojects will be developing road projects admeasuring 300 kilometres connecting various cities across West Bengal. The project will cost ₹4000 crore. The company is targeting projects like toll roads with an investment of ₹3,000 crore, sanitation and water treatment orders worth ₹2,000 crore, over 500 TPD (tonnes per day) municipal solid waste project to convert waste to energy with an investment of ₹2,000 crore and metro/monorails contract worth ₹3,000 crore.
- ITC is in the process of investing ₹4500 crore in food processing plant and an integrated logistics park.
- The Central government is planning a major port in west Bengal with other two in Maharashtra and Tamil Nadu, at a total cost of ₹20,000 crore

same Park, also got its required land cleared for laying its proposed pipeline.

Besides, seven units would come up under the Gems and Jewellery Park at Ankurhati and two units at Paridhan – the Garment Park, while another unit would come up at the Zari Hub at Sankrail in Howrah district.

Port Infrastructure

West Bengal is set to house a new major port on Sagar Island, Last year, Cabinet Committee on Economic Affairs (CCEA) approved plans for setting up a new major port at Sagar Island to accommodate large vessels. The new port is estimated to cost ₹11,900 crore and will be the first port to be built by the Union government in 14 years.

Accordingly, the Union government-owned Kolkata Port Trust signed an agreement with the West Bengal government to set up the port on Sagar Island through a joint venture (JV) between the two. The new port will be developed through a special purpose vehicle (SPV) set up under the Companies Act, with 74 per cent equity participation by the Kolkata Port Trust and 26 per cent by the West Bengal government.

This will enable Sagar Island to operate as a landlord port, a port development model where the land and waterfront infrastructure is owned by the government-controlled firm, which are given on lease to private firms who put up and maintain their own superstructure and install their own equipment to handle cargo.

The first phase of the new port, expected to start operations by 2019, will have the capacity to handle 54 million tonnes (mt) of cargo from nine berths. In the second phase, the capacity will be increased to 127.8 mt by adding 11 more berths to handle coal, iron ore, iron and steel products, fertilizer, container, petroleum, oil and lubricants.

Mamata Banerjee
Chief Minister, West Bengal

> **"Bengal's Plan Expenditure has increased by 311 per cent, Physical infrastructure has increased by 330 per cent. We have given tax-free fuel for airlines and a new airport has come up in Andal. We have a land map, land bank and land use policy. There are 5000 acres of land available for industry."**

The Minister of state for Shipping P Radhakrishnan had told Parliament that the government would approach the Japan International Cooperation Agency for a soft loan of ₹4,715 crore for the new port. Of this funding, ₹1,223 crore would be used for dredging the approach channel and ₹3,492 crore for building a 27-km long rail road connectivity, including a bridge over the river Muriganga for evacuation of cargo.

According to Nitin Gadkari, Union Minister for Transport and Shipping, the 14.5-m draft port at Sagar will use latest technology and this will be gateway to north east and South East Asia. He added that ₹12,500 crore was lined up for modernising and broadening of 563-km NH 34 between Kolkata and Siliguri.

As part of its plan to make unviable public sector companies profitable, the Union cabinet is considering a plan to privatise Kolkata-based Hooghly Dock and Port Engineers Ltd (HDPEL), a shipyard almost 200 years old and among India's oldest. The Centre has already approved a similar plan for the near-defunct Central Inland Water Transport Corp. (CIWTC), another Kolkata-based company last year.

In October 2011, the government had given in-principle approval for rehabilitation cum restructuring of Hooghly Dock through a joint venture with a private company selected through open bidding process that was launched in 2013. It also approved writing off of government loans and interest payments amounting to ₹629 crore as of March 31, 2011.

The government is planning to halve Hooghly Dock's 380 employees through an improved staff-reduction package. It then plans to cut its stake to 26 per cent from 100 per cent by taking on a private partner.

Challenges

Privatisation plans of the Centre might meet with some resistance from the state government. The West Bengal government is not too keen to retrench workers. Besides, the state has a prickly relationship with the Central government.

The state also faces stiff competition from other states in exports. Tamil Nadu pipped West Bengal with highest share of about 35 per cent in total leather and leather products' exports from India in 2012-13. According to Assocham, about 42 per cent of the registered factories in leather and related products' category are concentrated in Tamil Nadu.

Leather industry has an overall market size worth about ₹25,000 crore and it provides direct and indirect employment to about 20 lakh people in the country. With an annual turnover worth over $10 billion, leather exports have touched about $6 bn in 2013-14. mg

Losing its shine!

The state accounts for 20 per cent of the national garment production and 8 per cent of the total national exports, while being the largest producer and exporter of silk products from India. Of late, it has been losing credentials about not being investor friendly and facing tough competition from neighbouring states.

In the upcoming "Global Investors Meet (GIM)-2016" or "Invest Karnataka 2016", which is scheduled to be held on February 3 in Bengaluru, the state is expected to attract investments worth ₹5 lakh crore across sectors such as automobile, agro, aerospace, textile and garment, biotech and heavy engineering industries.

The state has already received investment proposals worth ₹25,000 crore in various sectors. This apart, the state has identified priority sectors and offers a wide range of fiscal and policy incentives to attract more investments.

In 2014-15, the gross state domestic product of Karnataka was about $115.9 billion and it contributed around 5.68 per cent in country's GDP. Among its major exporting commodities, the state exported ₹9,820 crore of readymade garments in 2014-15 and accounts for 20 per cent of the national garment production and 8 per cent of exports, while it is the largest producer and exporter of silk and silk products from India. It contributes about 3.6 per cent share in total world exports of silk, while the major exporting agricultural commodities include coffee, agricultural and processed food products, spices, onion, gherkins, cashew and cashew kernels.

The state has seen a steady increase in Japanese investments with 314 Japanese companies, while number of companies has doubled in the last four years. The Japanese government plans to develop an exclusive Japanese township-cum-industrial zone in the state, aimed at attracting industrial units to the Chennai Bengaluru industrial corridor.

Siddaramaiah
Chief Minister, Karnataka

"During the last two years, we have approved more than 450 projects bringing in investments of around ₹1.21 lakh crore and generating 2.44 lakh employment opportunities, but much more needs to be done"

Current Industrial Scenario

The state has been losing its credentials on being investor friendly and facing tough competition from neighbouring states including Telangana, Andhra Pradesh and Gujarat.

According to a recent World Bank report "Ease of Doing Business," the state has been ranked ninth and is facing competition from other states in terms of attracting investments.

Two recent incidents have jolted the state to a big extent – one when Amazon moved its central warehouse from Bengaluru to Hyderabad blaming state government's lethargic attitude for its decision, and second, when Bosch, which has been in the state for over 60 years, announced to divert its expansion plans to other states due to delays in approvals.

Maritime infrastructure

The state, with a close to 320-km of coastline, has only one major port – New Mangalore Port Trust (NMPT) and 10 minor ports. NMPT handles more than 30 million tonnes of cargo a year. Development of more ports is urgently required to ship granite and edible oil, which is now being sent through ports in Goa.

Issues & Problems

Due to lack of road and rail connectivity between New Mangalore Port and the hinterland, around 60 per cent of goods and commodities get diverted to ports on the east coast. Cost of trucking is double than the ocean freight, and congestion charges levied by the port are very high at $150 per teu.

Lack of uninterrupted power, shortage of ICDs and inadequate road network are affecting the movement of goods. According to state industries minister RV Deshpande, the state is adding 2,000 MW of power generation capacity and will provide uninterrupted power to industries from June 2016. The state government has constituted a Dialogue and Monitoring Committee for smooth and speedy implementation of projects. mg

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Dredging Corporation of India Limited
(A Government of India Undertaking)
Head Office : "Dredge House" Port Area, Visakhapatnam - 530001
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"Make in Chhattisgarh"

Focused on improving the manufacturing sector in the state, the government has lined up more than 2 lakh crore of investment in next five years, establishing a land bank of over 10,000 hectares and is offering a subsidy to private players for setting industrial parks

Taking a leaf out of the Prime Minister's book, the Chhattisgarh government is focusing on manufacturing segment to enhance industrial production and employment opportunities.

Last year, the state government came out with its industrial policy for 2014-19, where the focus is on 'Make in Chhattisgarh,' on the similar lines of the Central government's 'Make in India' campaign. As part of this effort, the state government has decided to include bicycle manufacturing, pharmaceuticals, electronic products and textile industries on 'priority basis' in the new policy. The policy has also prescribed limit for mega projects will be reduced to accommodate these industries.

According to state Chief Minister Dr.Raman Singh, the industrial policy will earmark land for mega projects, special packages to promote small units and revival of the sick and closed industries. The policy envisages to establish a land bank of over 10,000 hectares for various industries. This, he said, would enable these industries to get the benefits of mega-projects at lesser investments.

There is also provision of providing subsidy of ₹5 crore to the private sector for establishing industrial park.

Infrastructure for industries

With almost 80 per cent of its population dependent on agriculture and small scale industry, it is not surprising that Chhattisgarh is committed to a strong industrial growth that is focused on some of the most raw and basic industrial sectors.

Acording to a government data, the state is expecting to realise more than ₹2 lakh crore of investment in next five years.

Realising the need to build infrastructure to attract investment, the state government is now planning to build its infrastructure via coal auction.

"We will be building 3,000 km of road infrastructure in next few years in Chhattisgarh," says a government official. The state government has made a provision of ₹5,183 crore in the 2015-16 budget for the development of roads.

Also, railways have an important role in industrial development of Chhattisgarh. A large quantum of goods such as coal, iron ore and other minerals within and outside the state are transported by railways. "In next four years, the state is planning to add 50 per cent more railways to its network," says the official.

Minerals to boost growth

Minerals, such as iron ore, coal, limestone, dolomite, quartzite and bauxite, are easily available in Chhattisgarh. With a 9.8 per cent share in 2014-15, Chhattisgarh is ranked fifth in terms of value of major mineral production in India. The state produced 115.19 million tonnes of coal in 2014-15 accounting for 22.6 per cent of the total coal production in the country.

So, mineral exports provide another major avenue for growth. The mineral industry accounts for about 80 per cent of total industrial units in Chhattisgarh.

Iron ore from the Bailadila mines in the state is considered to be among the best in the world in terms of quality. Chhattisgarh also accounted for 19.8 per cent of steel/sponge iron production in India.

The state has already signed a host of MoUs, cornering projects worth several thousands of crores in the field of coal mines, aluminium and other minerals including bauxite, railways, steel, cement and iron ore.

Nearly 75 per cent of exports emanate from Bhilai and remaining from Urla, Bhanpuri, Sirgitti etc. The major exportable products of the state are steel, handicraft, handloom, blended yarn, food or agri products, iron, aluminium, cement, minerals and engineering products. The state is dependent on its MSME sector and mineral resources for its economic growth.

Steel production

In fact, state chief minister Dr Singh feels in 2015-16 the state will be in a position to produce 32 per cent of the total steel production in the country. His confidence stems from the fact that leading steel makers have lined up major expansion plans in the state.

Jindal Steel and Power Limited (JSPL), the largest private investor in the state, is looking at increasing its production capacity at Raigarh to 6 million tonnes (MT) in the next three years and later expand it to 10 MT. Similarly, Bhilai Steel Plant (BSP), the flagship entity of the Steel Authority of India Limited (SAIL) is also planning to increase its productivity.

The National Mineral Development Corporation (NMDC) is venturing into steel production with its 3-MT steel plant being set up near Jagdalpur. The Tata and Essar groups are also in the line as both the companies have signed memoranda of understanding with the Chhattisgarh government to set up a 5.5-MT and 3.2-MT steel plants respectively in Bastar region. Besides, there are many small companies in the state that are setting up steel plants.

Agriculture & Food processing

The state has significant agricultural surplus that can provide cheap input to agro based industries. The state is facing wastage of tomatoes and investment towards tomato processing can create a win-win situation for the farmers and the investors alike. The forthcoming food parks are expected to boost the scenario of the food processing sector.

The state government has inked around seven MoUs last year in the food processing sector that is expected to attract investments of around ₹1,200 crore. Moreover, two mega food parks will be set up in the state.

The state government has received 162 food processing proposals and sanctioned 141 among them. Again the government till now has sanctioned ₹2796.90 lakhs worth of grants towards food processing proposals and the amount of grants received is ₹13,333.44 lakh.

The Chhattisgarh State Industrial Corporation (CSIDC) is planning to set up an integrated textile park in village Khupri in Tilda, Raipur. CSIDC has identified a land parcel of 32 hectares for this project. Project is being planned as per Scheme of Integrated Textile Park.

Challenges

However, the state faces some serious security issues. Analysts say as a fallout of diverting forest and agricultural land in the area for coal blocks, and the government's decision to adopt such proposals for fast-track clearance, have led to discontent among the local population. Many fear maoists may leverage local discontent for propaganda and recruitment.

The maoists already have a foothold in Raigarh district, which shares an eastern border with Odisha, and in Jashpur, the adjacent district to its north that shares a border with Odisha and Jharkhand.

This calls for some strict measures from the state government to ensure the smooth functioning of the projects. So, to some extent the success and failure of the 'Make in Chhattisgarh' campaign depends on allying the fears of local communities and helping them to be part of the state's growth story by providing employment opportunities in the new projects.

Infrastructure update

- The Naya Raipur Development Authority (NRDA) is in the process of constructing a Multi-modal Logistic Park in Chhattisgarh's new capital.
- An 'Integrated Freight Complex' spread on an area of 130.67 hectares and a cargo hub are also planned in Naya Raipur.
- Central Government has accorded 'final approval' to the proposed Electronic Manufacturing Cluster (EMC) to be spread on 70 acres in Tuta village of Naya Raipur.
- 11 companies have signed MoU to the tune of around ₹968 crore for setting up projects in the cluster.
- In the next three years, 10,000 village panchayats will get broadband facility
- A proposed Freight train with speed of maximum 100 kms per hour will also pass through Chhattisgarh in the East-West Corridor (Kolkata-Mumbai).

Raman Singh
Chief Minister, Chhattisgarh

"During the FY-2014-15, Chhattisgarh's economy is estimated to grow by 13.20 per cent. In the backdrop of continuing economic slowdown, the growth in gross state domestic product can be said to be impressive."

Boosting economic growth

In spite of having 40 per cent of the nation's mineral deposits, Jharkhand has been grappling with poor industrial growth due to declining investor confidence. However, with strong government in place that has unveiled plans to strengthen MSMEs the state appears to be treading on the path to revival

The Jharkhand government is making allout efforts to attract investment to the state. According to the World Bank's Ease of Doing Business Survey 2015, Jharkhand has come in at the third position after Gujarat and Andhra Pradesh. It is the structural, institutional, procedural changes and simplification of tax regime and labour laws done by the state that has earned accolades from the World Bank.

In fact, Jharkhand is the richest of all states when it comes to mineral wealth with a repository of 40 per cent of the nation's minerals. The state contributes over 40 per cent of coal production in India and has a proven iron ore reserve of 3.7 billion tonnes – more than one fifth of the iron ore output in India.

As a result, the state has been an instant draw with some of the biggest names in the domestic and global corporate turf. Arcelor Mittal, Tata Steel, Jindal Steel & Power, Jindal South West to the Ruias of Essar, have all set up their manufacturing units in Jharkhand to access its prized mines, thereby setting the momentum of industrialisation like never before.

However, Jharkhand has been grappling with poor industrial growth for some time now due to its inability to make maximum use of its mineral resources. Earlier in 2014, the Jharkhand state government had ordered the closure of 12 out of its 17 iron ore mines due to expired leases. This has come as a big blow to several local steel makers. Few of them have also been forced to import the raw materials due to short supplies in the state.

Its woes were further deepened by legal hassles and exports ban on iron ore during the recent time so much so that the state's contribution to India's GDP during the period 2004-05 to 2013-14 dropped from 2 per cent in 2004-05 to 1.9 per cent in 2013-14.

According to an ASSOCHAM report last year, investors' confidence in Jharkhand has been shaken over the years. "As of 2014-15 Jharkhand attracted total outstanding investments worth ₹6.4 lakh crore with manufacturing sector garnering lion's share of about 52 per cent followed by electricity at 37 per cent and mining with a share of 6 per cent. New investments attracted by Jharkhand each year have declined sharply from over ₹1 lakh crore in 2005-06 to ₹33,000 crore in 2014-15," the report said.

The study attributes delay in land acquisition, lack of clearances (both environment and non-environment), fund constraints, poor promoter interest, unfavourable market conditions, dearth of skilled labour, poor supply of fuel/feedstock/raw material, law and order problems as the key factors for this grim situation.

Enhancing business

However, the situation is set to change. The state witnessed for the first time since its formation in 2000, a government with an absolute majority in power in 2015.

In an effort to enhance business with adjoining states, the state government has decided to invest ₹300 crore in the current fiscal to build six roads in rural pockets to link Jharkhand with adjoining West Bengal and Odisha. This step was taken keeping in view the potential of Jamshedpur and copper and uranium townships of Musaboni and Jadugora under Ghatsila sub-division.

These roads for inter-state connectivity are expected to pave way for all round development including economic and industrial growth of Jharkhand. Besides, the government is also planning a bridge over Domuhani river at a cost of ₹60 crore to ease the rising burden of heavy vehicles in Jamshedpur.

The state government has also procured no-objection certificate (NOC) from the National Highway Authority of India (NHAI) to repair the 72-km long NH-33 between Mahulia and Baharagora linking West Bengal, says a government official.

The Jharkhand government is looking at strengthening the Micro, Small and Medium Enterprises (MSMEs) to boost economic growth and employment. MSME Development Institute in the state has distributed Jharkhand into 30 clusters for industrial development. There are four clusters in Ranchi of which two have been formed new while Bokaro has one, Bhendra in Nawadih.

Currently, Jharkhand hosts only 1.44 per cent industries of the total MSME in the country. There are 2.61 crores MSME in India while Jharkhand has only 3.76 lakh of it. In terms employment, about six crore people are employed in MSMEs in the country while in Jharkhand 18 lakh people are employed by the MSME sector.

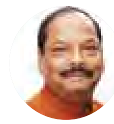
According to a government official, the state is planning to develop 10 lakh industries by 2022 which will generate minimum employment for 60 lakh youths.

Maximising mineral resources

The Jharkhand government has also approved the much-awaited Jharkhand Food Processing Policy-2015 and Jharkhand Industrial Park Policy-2015. The food processing policy promises incentives for setting up of new plants and revival of old ones, apart from modernisation and setting up of cold storage chains. Under this scheme, incentives up to a maximum of ₹3 crore will be provided for setting up fruit and vegetable processing plants and ₹7 crore for milk processing units.

The government has also rationalised its labour laws, tax system and has brought in institutional and structural changes to woo investors. These efforts were the reasons for the state finding a top place on the World Bank's east of doing business list.

According to the bank report, some states with lower per capita incomes recognise the need to attract investment to create jobs and generate incomes and, therefore, are more willing to undertake reforms to attract investments. Also, in general, states



Raghubar Das
Chief Minister, Jharkhand

> **"Industrial Parks Policy 2015 provides incentives for setting up of private industrial parks, which will bring best practices of industrial parks development and management in Jharkhand"**

that enjoy higher investment interest may tend to be more interested in implementing reforms.

In order to make use of its mineral wealth to bring in investment, the state is in the process of starting auctioning of its mines. It has also assured the Centre its full support for setting up an ultra mega steel plant. The plant is part of the Narendra Modi-led government's plan to set up the country's first state-owned greenfield steel projects. It is planning four steel plants in Chhattisgarh, Jharkhand, Odisha and Karnataka.The plant in Jharkhand will require 3,000 acres of land and an assured reserve of 200 million tonnes (MT) of iron ore.

Besides, Adani Group is looking to invest ₹50,000 crore for producing urea, methane, power and substitute natural gas (SNG) in Jharkhand. The group has a coal block at Jeetpur and that coal will be used to produce urea, methane, power and SNG from coal.

The plants would be set up in two phases and are likely to provide direct and indirect employment to 20,000 people. The capacity of phase-I is - urea-1.3 MMTPA, methanol-3.3 MMTPA, SNG-8 and 4000 MW power while phase-II is 1.3 MMTPA, according to the MoU. The phase-II would commence after three years of commencement of phase-I commercial production.

Challenges

Despite the efforts made by the state government, analysts point out that it will not be a smooth ride for investors. They say notwithstanding the top ranking in the World Bank survey, problem of land acquisition still continues. "The government also failed on its promise to provide safe drinking water, electrifying villages, round the clock power supply, food for all, and road connectivity. Another challenge is restoring law and order and curbing left-wing extremists," say analysts.

Tata Steel for instance, is planning to take legal action against the state government for refusing to issue challans or forwarding notes for despatch of ore from its Noamundi iron ore mine to the steel plant.

The state government did not allow execution of a supplementary lease deed for extension of the Noamundi iron ore mine even after Tata Steel made several representations on the issue. Tata Steel accuses the state government of not conforming to the stipulated terms and conditions of the MMDR Amendment Act 2015 for allowing extension of the mining lease of Noamundi.

Tata Steel's Noamundi mine produces 10 million tonnes of iron ore per year and supplies to the company 9.7 million tonnes at Jamshedpur to its steel plant. Operations at the mine were restarted in January last year, after a shutdown in September 2014, owing to issues over renewal of mining leases. Tata Steel was forced to import iron ore for the first time then, to make up for the shutdown of mines.

Infrastructure update

- The Central government has approved ₹4918 crore highway project for widening NH-2 stretch in Bihar and Jharkhand
- World Bank will provide $210 million assistance for urban infrastructure projects, to which the state government will contribute $90 million.
- To bring down logistics cost and promote use of inland waterways government is setting up multimodal terminal at Sahibganj in Jharkhand which will have rail and road connectivity.
- Plans are afoot to build a bulk cargo terminal on the Ganga at Sahibgunj in Jharkhand, close to Coal India Ltd's (CIL) Rajmahal coalfield

Focus on modernisation

The Kolkata Port has strategic connectivity to all parts of the country with an array of roadways, railways and inland waterways. The port witnessed 12 per cent rise in cargo traffic last year, while retaining its third position amongst major container handling ports. Efforts are in progress for modernisation to iron out issues relating to draft, infrastructure deficiencies and cargo evacuation

The only riverine and first major port of the country with longest navigational channel amongst Major Ports of India, the Kolkata Port is still attempting to make its mark among the major ports due to few major setbacks which are constantly impeding the growth of the port. These are siltation of the river, inadequate draft, infrastructure deficiencies, a long approach channel and cargo evacuation issues.

The port consists of two dock systems – Kolkata Dock System (KDS) with the oil wharves at Budge Budge and Haldia Dock Complex (HDC) at Haldia. Its hinterland comprises almost half of the Indian states (whole of the eastern and north-eastern regions) and the two neighboring countries Nepal and Bhutan. Also, the port handles goods coming from South-East Asian countries, Australia and New Zealand. It is the most important hub for export/import of jute to the world. Major exports from the port include jute products, tea, coal, steel, iron ore, copper, leather and leather products, textiles, manganese. Imports mainly consist of machinery, crude oil, paper, fertilizers and chemical products.

Haldia Port is being developed about 105 km downstream from Kolkata and 130 km upstream from sandheads, mainly to ease the congestion while accommodating larger vessels. This port is basically intended for bulk cargoes as it is surrounded by many major industries, with about 400 industrial units, and an estimated investment of over ₹112 billion.

The industrial city of Haldia has several factories including South Asian Petrochemicals Limited, Indian Oil Corporation Limited (IOCL) Exide, Shaw Wallace, Tata Chemicals, Petrochemical Complex (Haldia Petrochemical) and Hindustan Lever, in addition to various light industries.

The port has attracted factories of foreign companies, like Mitsubishi Chemical Company(MCC). Indian Oil Refinery, Haldia Petrochemical Project and Mitsubishi PTA plant are the industrial nucleus of Haldia. The Haldia Petrochemicals is the second largest project of such kind in India. An important rail link connects Haldia with Kharagpur. The hinterland of Haldia covers the same territories as that of Kolkata although to a much lesser extent.

Bharat Kolkata Container Terminal Pvt Ltd

This terminal is a wholly-owned unit of PSA International, offering integrated ship-to-shore container handling services including back-up operations at 3, 4, 5, 7 & 8 at Netaji Shubash Dock of KDS. BKCT commenced operations in November 2014 with a total of four mobile harbour cranes at Berths 4, 5 and 8. Ship-gear operations are handled at Berths 3 and 7. It is well connected with National Highway 2 which connects to Delhi, Bihar and North India. National Highway 6 gives accessibility to Mumbai and Chennai and National Highway 34 reaches Nepal, Bhutan, and the North-Eastern States.

Haldia International Container Terminal

Haldia International Container Terminal is operated by United Liner Agencies of India Pvt Ltd since 2015. This is closer to the Bay of Bengal compared to Kolkata's Netaji Subhas Dock. It boasts a strong industrial base with excellent rail/road connectivity to the industrial hubs and ICDs located in different parts of the country. This terminal envisages to improve the container handling productivity while reducing the logistics cost to the trade, shippers and industries.

Port Infrastructure

KDS has 34 berths, of which seven are used to handle liquid bulk cargo and the other 23 of them are used for general/break bulk cargo and the remaining four are container terminals.

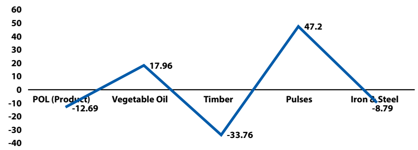
Haldia- HDC has three oil Jetties, six multipurpose berths, four mechanized terminals and two container terminals.

Connectivity

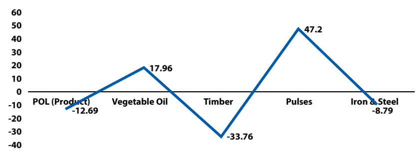
Kolkata Port has a strategic connectivity with all parts of the country with an array of roadways, railways and inland waterways. KDS is connected with NH-6, NH-2 and NH-34 through city roads. NH-41 connects Haldia with NH-6 and rest of the country. KDS is connected to Eastern Railway through Sealdah and Budge Budge Sections. HDC is connected to the South Eastern Railway via Panskura. Port is connected to National Waterway No.1 (Ganga), National Waterway No.2 (Brahmaputra) and Waterways through Sundarban.

Operational performance

Kolkata Port recorded a significant improvement in its performance in FY15 against last fiscal year. Cargo traffic at the port has witnessed a growth of around 12 per cent higher in FY 15 against FY14, i.e. 46.292 million tonnes of traffic in FY 15 against 41.386 million tonnes in FY14. The port handled 6,30,095 teu of container traffic in FY15, clocking a 12.11 per cent growth against last fiscal year, while retaining its third rank amongst major container handling Ports. The total volume handled during the period 1995-2015 registered CAGR of 4.12 per cent. KDS and HDC represented a CAGR of 4.93 per cent and 3.76 per cent respectively. Operating expenditure is on the rise when compared with change in operating income of the port during the last five years – 2010-11 to 2014-15, recording a CAGR of 6.80 per cent and 4.93 per cent each respectively. However, there is a slight dip in the operating surplus and steep down in net surplus by recording negative net profits in the same period. There has been a negative trend in containerized cargo exports volume (in tonnes), year-on-year combined value of both the docks in FY15 over FY14 is-7.12 per cent. On the contrary, imports registered a growth of 25.92 per cent. Vessel calls at the port over the past five years has not improved as it handled 260 less vessels in 2014-15 over 2010-11.



KDS-Comoditywise Growth in FY15 against FY14



HDC-Comoditywise Growth in FY15 against FY14

PORT EFFICIENCY				
	KDS		HDC	
	2014-2015	2013-2014	2014-2015	2013-2014
Average Pre-Berthing Detention (In hours)	11.5	11.92	34.56	53.46
Average Turn around Time (In days)	4.18	4.22	3.37	3.8
Average Ship-day Output (In tonnes)	3844	3302	6802	6130
Percentage of Idle Time	31.88%	35.41%	33.31%	35.09%

Major Cargo Triggers for Port Growth in FY15

The Kolkata Port registered whopping growth in the following principal commodities namely LPG, vegetable oil, other liquids, iron ore, manganese ore/slag, fertiliser, rock phosphate, sulphur, limestone, coking coal, petroleum coke, other coal / coke, dolomite, iron & steel, pulse, container (both tonnage and teus), etc.

Kolkata Dock Complex reported growth in vegetable oil, other liquids, manganese ore, fertiliser, rock phosphate, limestone, coking coal, petroleum coke, other coal/coke, pulse, container (both tonnage and teus), etc.

At HDC, traffic increased primarily for LPG, vegetable oil, other liquids, iron ore, manganese ore / slag, fertiliser, rock phosphate, sulphur, limestone, coking coal, other coal/ coke, petroleum coke, iron & steel, dolomite, general cargo.

New Initiatives

Modernisation of the port is on high priority to augment the growth by mechanising berths, container terminals, technological advancements, improvement in storage/yard logistics, construction of riverine terminals/oil jetties, captive jetties, Single Buoy Moorings with connecting pipeline facilities.

Ramping up capacity

Strategically positioned to tap into the vast hinterland located on the Chota Nagpur Plateau, which is a store house for minerals, the port is on an expansion spree to export and import diverse cargo

The Dhamra Port Company Limited (DPCL) is in close proximity to the mineral belt of Odisha, Jharkhand and West Bengal.

Port Infrastructure

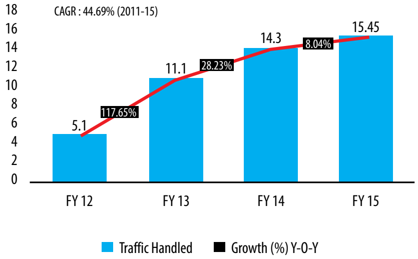
Currently, the port is equipped with two fully mechanised berths of 350 m each with a combined cargo handling capacity of 25 mtpa. The two berths are capable of handling 12 mtpa of imported dry bulk cargo (coking coal, steam and thermal coal, limestone) and 13 mtpa of dry bulk cargo (iron ore exports/coastal movement).

The port currently has capacity to store about one million MT of coal and limestone and over 1.20 million MT of iron ore. The cargo handling plant has been designed to achieve discharge rates of over 50,000 MT/day for coal and load rates of over 40,000 MT/day for iron ore.

Connectivity

The port is well connected via both roads and railways and has acquired a 125 m wide corridor from Dhamra to Bhadrak which can accommodate two rail tracks and a four-lane road. Under Phase-I, DPCL has constructed the 62-km rail connectivity from Dhamra to Bhadrak/Ranital Link Cabin on the main Howrah-Chennai line. From Bhadrak, East Coast Railway Network connects Dhamra to industrial regions of southern Odisha and Chattisgarh while South Eastern Railway Network provides connectivity to the mineral rich belt of Jharkhand, West Bengal & Northern Odisha.

Total Traffic Handled in 2011-2015 (Million Tonnes)



As part of Phase-II, DPCL will construct a four-lane freight road along the corridor to service its upcoming container and general cargo terminal. Doubling of the rail track is also proposed during Phase-II.

Operational Performance

DPCL has recorded eight per cent growth in cargo in 2014-15. Total cargo handled by the port stood at 15.45 million tonne (mt) by the end of 2014-15 compared to 14.31 mt logged in the year ago fiscal. The port's export cargo shrank 65 per cent in FY 15 compared to 4.08 mt registered in 2013-14.

During April-June of the current fiscal, the port has handled total cargo of 3.22 mt which includes 2.88 mt import cargo and the balance 0.34 mt being export traffic. The port's overall cargo growth at eight per cent in FY 15 was comparatively lower than 29.3 per cent which it had achieved in FY 14.

Initiatives

The proposed master plan of the port provides for a total of 15 berths to handle more than 100 MTPA of all types of cargo. A total of six dry bulk berths have been planned including the two existing berths. These berths will mainly handle coal, limestone, iron ore and other dry bulk cargo. Further, a total of six berths (two container berths and four multipurpose berths) for handling break bulk/general cargo have been planned in the southern part of the port. POL and LNG berths are being planned on the northern side. DPCL had lined up ₹10,000 crore expansion plan to ramp up its capacity fourfold to 100 mt per annum (mtpa) up from 25 mtpa presently. After the second phase of expansion, the port will be able to handle container cargo, liquid cargo, LNG and crude oil.

Advantage Dhamra

Dhamra Port's strategic location allows it tap into a large hinterland, the most prominent of which is the Chota Nagpur plateau – the store house of mica, bauxite, copper, limestone, iron ore and coal. The Damodar valley is rich in coal. Massive coal deposits are found in the central basin spreading over 2,883 square km. Coal deposits are also spread over central parts of Odisha and northern Chhattisgarh.

Ore rich districts of Keojhar and Mayurbhanj in Odisha and East & West Singhbhum in Jharkhand account for 45 per cent of iron ore exports in India and are well within the hinterland of Dhamra Port. mg

Among the best in efficiency and throughput

Occupying the third position after JNPT and Ennore in terms of average output per ship berthday, the port has notched the second position for the past two consecutive years in terms of cargo throughput

Being one of the major bulk cargo handling ports in india, Paradip Port Trust serves the eastern and central parts of the country with annual cargo handling capacity of 108.50 million tonnes. The port consists of 14 berths in its inner harbour to handle mainly bulk cargo iron-ore and coal along with some other dry cargo apart from other clean cargos. The port's enhanced draft of 14.5 meters at 6 berths can accommodate fully laden panama vessels. The port is capable of handling bulk carriers of over 60,000 dwt. Construction of an exclusive oil jetty to handle about six to eight million tonnes of petroleum products and crude tankers of 85,000 dwt were completed recently. The port has experienced an unrivalled growth in the traffic handled in the last decade. Paradip Port has planned challenging expansion programme to enhance its capacity up to 270.50 MTPA by 2023 to meet the ever increasing demand.

Connectivity

The port is connected with double line broad gauge railway system of the east coast railway. It is also served by national highway No 5A and State highway No 12.

Container Traffic

The port handles limited container traffic in its 1,000-teu capacity container yard with two railway sidings and 15 reefer plug points to serve Nalco, reefer exporters, TISCO and others

In 2014-15, port imported 1471 empty teu and 468 laden teu, exported 40 empty teu & 2291 laden teu with 51,745 metric tonnes.

Operational Performance

Paradip Port has registered a cargo throughput of 71.01 million metric tonnes in FY15 and retained its 2nd position in handling cargo traffic among the other major ports consecutively for two years. The port handled 42.50 million tonnes of traffic till October 31 in FY 15 when compared to 40.27 million tonnes during the corresponding period last year. This is an increase of 5.54 per cent over the traffic handled during corresponding period of previous year. A growth of 8.64 per cent is being registered by port in handling 6.44 million tonnes of cargo during October 2015 as compared to 5.92 million tonnes during the corresponding month of the previous year.

In the current fiscal up to October 2015, thermal coal traffic has reported a growth of 5.50 per cent. Similarly, coking coal traffic increased 7.71 per cent and other cargo traffic grew by 18.59 per cent compared to the same period of previous year. The port handled 2.06 million tonnes of thermal coal at mechanized coal handling plant during October 2015, exceeding the previous record of 2.02 million tonnes handled during May 2015.

Efficiency Indicators

During April to November 2015, port has recorded an average turnaround time of 2.06 days, average pre berthing time of 1.01 hours. Average output per ship berthday is 19,613 tonnes which is one of the best amongst the major ports after JNPT and Ennore.

New Initiatives

The port has implemented several measures to augment its growth by signing a concession agreement with JSW Steel through its new subsidiary JSW Paradip Terminal Private Limited to develop new iron ore berth for handling of iron ore exports up to 10 million tonnes per annum at Paradip Port on Built Operate and Transfer (BOT) basis. The Paradip port handles around 90 per cent of the overall traffic through rail and pipeline mode amongst the major ports, which helps to ease the congestion at road traffic. As per the demand of EXIM trade, the port has initiated a proposal to mechanize the three existing berths to spur the existing capacity in order to handle fully laden Panamax vessels efficiently. mg

Getting back to normalcy

In the aftermath of devastation caused by natural calamities since 2013, the port resumed operations last year as it welcomed a vessel from Sri Lanka. Armed with good port infrastructure and connectivity, the port is focusing on the mineral-rich hinterland of Odisha, Jharkhand and Chhattisgarh

Gopalpur, a natural port in Odisha, is one of the ideally located deep sea ports on the East Coast of India. The port is promoted by Odisha Stevedores Limited (OSL) and New Delhi-based SIL (Sara International Limited) on BOOST (Build, Own, Operate, Share and Transfer) since 2008 and is known as one of the most environment-friendly ports in region. The port is on a 4-km stretch where there is absolutely no vegetation. The Gopalpur Port after being hit severely by successive natural calamities has recently resumed operations in December 2015 with a cargo vessel from Sri Lanka calling the port after 2013.

Port Infrastructure

The port has 10 covered godowns and more than 200,000 sqft of paved open space. The depth and length of the port's berth has been increased to 12.5 metres and 225 metres from 10 metres and 150 metres, respectively. The length of the break-water was increased to 1,730 metres. The port can accommodate 50,000-tonne capacity vessels. Earlier, it was able to harbour 15,000-tonne vessels. GPL proposed to enhance the port's cargo handling capacity from 3.5 million tonne per annum (mtpa) to 5 mtpa and to receive large vessels with 1.25 dwt (dead weight tonnage) capacity in next two years.

The port also boasts of state-of-the-art material handling equipment at berths including grab unloaders, loaders, mobile harbour cranes and conveyors, aiming to achieve handling rates of 40,000 TPD for coal and 60,000 TPD for iron ore.

Connectivity

Gopalpur is well connected with railways having its own railway siding and is only 6 km inside from the main Howrah-Vishakhapatnam-Chennai broad gauge railway line. This railway siding is broad enough to handle a total cargo of more than 35 million tonnes. Even the road connectivity from the port site is adequate to move cargo swiftly. The national Highway 5 (Kolkata-Chennai) runs along for 6 km by the port. State Highway 7 and 17 are also connected with NH 5 and provide good road network in the region. There are two access roads connecting Gopalpur Port area to NH 5. The government has already announced the National Highway from Gopalpur in Odisha to Raipur in Chhattisgarh. This connectivity would facilitate transport of forest produce and other agricultural products to the port of Gopalpur by sea and to larger markets on the coastal areas.

The port facilities are being controlled through management practice that matches international standards. An enterprise wide ERP will enable smooth communication flow and real-time monitoring of the facilities and vessels.

The commencement of its services has just begun after a hiatus of two years. Therefore, it will take another year to know how the port performs.

Advantage Gopalpur

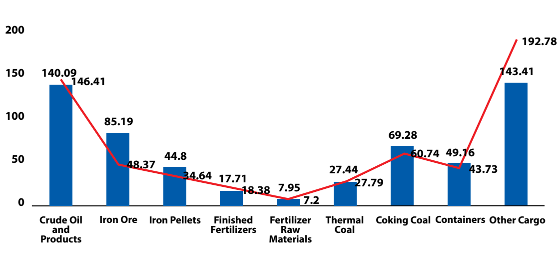
Gopalpur Port serves the mineral-rich hinterland of Odisha, Jharkhand and Chhattisgarh. The port facilities have been developed to provide the lowest cost and most efficient option for users in this area. The port's master plan envisages 15-20 berths with three separate harbors to enable segregation of cargo as needed. The later stages of development would see a 3,500 m breakwater for protection of all the harbors. The port will also be able to reclaim land south of the breakwater and use it for bulk storage. The port is sure to raise the heat on the East Coast of India where the survival of the fittest will soon become a reality. mg

En route to lost eminence

The port witnessed a decline in traffic in the past few years due to government policies, trade restrictions. It is now deepening its draft, modernising cargo handling capacities and expanding berths to serve beyond its hinterland

Visakhapatnam port is the largest major port with the capacity of 96.76 million tonnes and second largest by traffic handled in the east coast. The port has initiated several new progressive plans to foster the growth to reclaim the lost eminence in the last few years where it had experienced a downturn in total traffic handled due to change in government policies, trade restrictions and loss of major clients to its competitors. At present, the port is on course to revive its momentum by improvising its draft, modernization of cargo handling capacities and other significant developments in its inner and outer harbour.

Commodity wise traffic handled in 2014-15 against 2013-14 (lakh tonnes)



Port Infrastructure

The port consists of two harbours for EXIM trade namely outer harbour and inner harbour. The outer harbour has 6 berths and the inner harbor has 18 berths. Under these two harbors, the port has four berths to handle POL, one for iron ore, one for fertilizers, one container terminal and 15 berths to handle general/break bulk cargo. The outer harbor can accommodate vessels up to 200,000 dwt and draft up to 18.1 m. The inner harbour is in the final stage in completing the dredging to accommodate fully laden Panamax vessels with draft upto 14.5 m.

Vizag Seaport Pvt Ltd, the largest multi commodity and first bulk cargo terminal consists of two berths to handle EXIM of Coking Coal, Iron Ore, Gypsum, Manganese Ore, Coke, Steam Coal. VSPL is strategically situated in closest proximity to south eastern parts ideally for bulk cargo imports & exports with 564 km from Industrial/ Ore belt of Chattisgarh and 411 kms from Industrial / Ore belt of Odisha.

Visakha Container Terminal has registered a considerable growth in the last five years until 2014-15 period as it suffered a negative growth of - 5.43 per cent in FY15. This terminal has also registered low capacity utilisation of around 35 per cent as there has been significant volumes captured by nearby private and major ports. VCTPL has awarded for berth expansion on DBFOT to enhance the capacity, reclamation of land and up gradation of cargo handling equipment which may help in increasing traffic in the upcoming years. Vedanta's General Cargo Berth is developed for mechanization of coal handling facilities. Due to this revamp, the terminal has been benefited in improvement of handling capacity by 4 times over its earlier capacity. The total capacity of the berths is 10.2 million tonnes and the growth in handling of the traffic in current fiscal is marginal due to cargo evacuation concerns.

Connectivity

The port is well connected through largest railway network with over 30 sidings while nearly 60 percent of the traffic is being handled by rail network. The port is connected to the national railway system on the Chennai-Howrah mainline of the east-coast railways. The port is connected to the road network through NH-5.

Efficiency Indicators

During 2015-2016, the port has reported 5.97 days of average turnaround time of vessels, 2.56 days of average pre-berthing time of vessels and average ship berth day Output is 11,266.59 tonnes.

Operational Performance

The port registered 2.09 per cent CAGR during 2001-02 to 2014-15 which is 2.5 times less than all major ports combined. In FY15, the port handled a total cargo throughput of 58 million tonnes with negative growth of -0.85 per cent against last fiscal. The port also registered capacity utilization of around 60 per cent in FY15.

Visakhapatnam Port handled 231.28 lakh tonnes of dry bulk cargo at multi-purpose berths of Inner Harbour where imports registered 9.8 per cent growth and exports slashed by 24 per cent. Out of the total handled traffic dry cargo constituted 62 per cent. mg

Opening up the east coast to LNG

The first private port to start operations on the East Coast of India is all set to house the first floating LNG terminal on the Coromandel Coast

Kakinada Port is the first private port to operate on the East Coast of India. It is one of the country's busiest ports serving more than 3,500 ship-calls annually and plays an important role in the efficient turnaround of vessels requiring replenishment, bunkering and ancillary services. Ideally located between Visakhapatnam and Chennai Ports, Kakinada boasts significant sea and land advantages.

Connectivity

Kakinada Port railway station is only 15 km from Samalkot Railway Junction on Chennai - Howrah main line. NH - 16 (old - NH - 5) is connected to the port by an exclusive 50km ADB Road and NH - 216 passes through Kakinada.

Port Infrastructure

The port was expanded to 2,500 meters of quay length for multi-product handling and to be stand-alone facility for off-shore supplies for deep sea exploration.

Operational performance

The Kakinada Port handled 17.961 MMT cargo in the last fiscal year of 2014-15, where in imports were 13.723 MMT and Exports 4.237 MMT.

Kakinada Container Terminal

The Kakinada Container Terminal (KCT) is a joint venture company of equal shareholdings among Kakinada Infrastructure Holdings Pvt Ltd (KIHPL), PSA Chennai Investments Pte Ltd (PSA Chennai) and Bothra Shipping Services Pvt Ltd (Bothra). The new container terminal which started operating in December 2015 is set to result in considerable savings in logistics to the EXIM trade of the region. KCT has an initial annual handling capacity of 200,000 TEUs of containers along with a 300 metre quay as well as mobile harbour cranes and reach stackers. Initially KCT was operating from berth six with the length of 300 meters and a draft of 13.5 meter, later expanding to berth seven with more facilities. Two Post Panamax Harbour Mobile Cranes and reach stackers are in place to handle machineries with ground slot yard capacity of 400 TEUs expandable to 1600 TEUs.

Initiatives

A ₹1,800-crore floating LNG terminal is set to come up at Kakinada Deep Water Port in record 18 month deadline after Andhra Pradesh government had signed two MoUs with APGDC, GDF SUEZ and Shell for development/ execution of the terminal. This would be the first LNG terminal on the East Coast of India when ready. AP Gas Development Corporation, a joint venture company between Andhra Pradesh government and GAIL, GDF SUEZ and Shell will have 48 per cent, 26 per cent and 26 per cent equity respectively, in the project. The second one relates to the TCA between GAIL, GDF SUEZ and Shell which covers both the sourcing of LNG and the marketing of the re-gasified LNG from the terminal. GAIL, GDF SUEZ and Shell will have 48 per cent, 26 per cent and 26 per cent equity, respectively, in the project. The Kakinada LNG terminal will use the Floating Storage and Regasification Unit (FSRU) with a peak capacity of 5 million tonnes a year (mtpa) and a provision to double the capacity. The Kakinada Port was found suitable for a project of this nature, owing to its availability of a natural break-water in the Hope Island, a barrier that protects against the impact of high seas.

Advantage Kakinada

Agricultural products, granite and minerals move through a vast network of modern railways and highways through NH-16 and NH-216 to Kakinada Port. Kakinada Port has always embraced modern practices, systems and technology to excel in port management and remain uniquely positioned as a multi product dynamic port handling liquid, bulk and break bulk cargoes. Kakinada Port is mainly used to export engineering goods, agricultural products, seafood, iron ore and other minerals to major trading partners in the Far East, Middle East, China and other parts of the World. The seaport also plays a major role in importing commodities such as POL and related products, machinery, electronic goods, coal, fertilizer, FRM, crude oil and edible oil. mg

Gateway on the east coast

Quick turnaround time and disposal of cargo facilitated by state-of-the-art infrastructure and unparalleled connectivity to the south-eastern hinterland in the country makes Krishnapatnam Port the gateway on the east coast

Krishnapatnam Port is an all-weather, deep water port on the east coast of India, located in the Nellore District of Andhra Pradesh. The port is owned and operated by the Krishnapatnam Port Company Limited (KPCL) owned by Hyderabad-based CVR Group. The port is fast emerging as an alternative gateway to India's southeastern hinterlands on the back of dedicated rail and highway connectivity to the port site and modern infrastructure.

Port Infrastructure

Krishnapatnam Port has the deepest draft in India at 18.5 m (about 61 feet) and 10 operational berths. The load bearing capacity of the berth is 12 mt per sqm, the highest for any berth in any port in India.

The port boasts of a huge transit storage area of 6,500 acres with dedicated storage yards for coal & clean cargos respectively. Port has 13 closed warehouses for storing sensitive cargos like fertilizers and agri commodities. KPCL presently has a 16-inch pipeline facility directly from berth to the refineries and is developing a second pipeline for discharge of edible oils.

Connectivity

The port has a dedicated 19-km railway line connecting it to the Chennai-Kolkata main line, another 91-km broad gauge line between the port and Obulavaripalle, Cuddapah district. This rail line reduces the distance between the port and south-eastern Karnataka and south-western Andhra Pradesh by 70 km, thereby saving substantial freight cost. A dedicated 26-km four-lane road connecting the port to National Highway No. 5 (Chennai-Kolkata Highway) boosts further connectivity.

Krishnapatnam Port Container Terminal

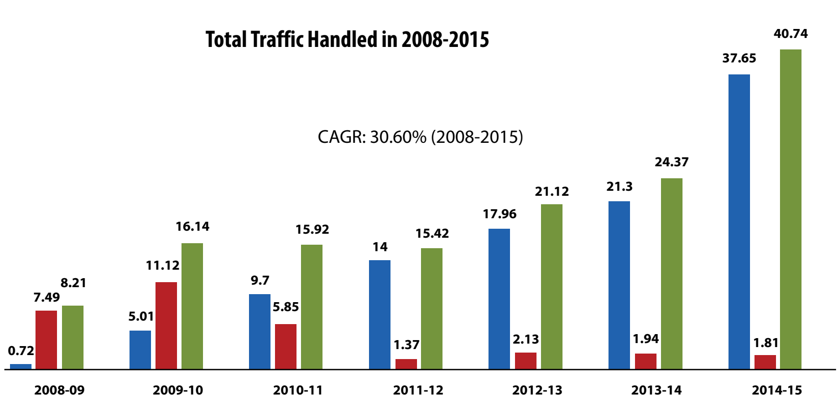
KPCT is an all-weather terminal with no tidal restrictions with a capacity of 1.2 million teu. The container terminal is equipped with five super-post- Panamax quay cranes. This facilitates KPCT to handle even the 'Triple E' class vessels which are the biggest container vessels sailing in the world today. KPCT currently comprises two berths, 4,600 ground slots and modern service equipment. The terminal will have a full build-out capacity of 6 million teu annually when the second phase is completed. The major imported products are paper, automobile parts and fruits, where as granite, cement and minerals are the most exported products from the terminal.

Operational performance indicators

Krishnapatnam Port in the FY 15 handled 37.65 mt of cargo imports and 1.81 mt of cargo exports. Even the terminal registered a growth of 57 per cent handling 91,572 teus in FY 2015. The import of edible oil saw an upswing with rising to 0.41 MMT in 2014-15.

Initiatives

KPCL has signed a MoU with Petrogas Pvt. Ltd. and the government of Andhra Pradesh to set up a LNG regassification terminal. Petrogas will invest ₹3,000 crore in Krishnapatnam. The LNG Terminal will use a FSRU with a capacity of five mtpa. The commercial operations for the project will commence within three years. mg



Gaining momentum

Established three years back, the port offers best-in-class facilities for reefer and clean cargo, particularly RO-RO

Kattupalli is deep water all weather port with an international container terminal located 35 kms from Chennai, Tamil Nadu and well connected to the hinterland. The Port commenced commercial operations in January 2013 and is located adjacent to Ennore Port, where APSEZ, India's largest port developer and operator has, through its subsidiary Adani Kattupalli Port Private Limited (AKPPL), entered into an in principle agreement for strategic acquisition of the Kattupalli Port in Tamil Nadu from L&T Shipbuilding Limited (LTSB) a subsidiary of Larsen & Toubro Limited.

Port Infrastructure

The port has two berths with a total quay length of about 710 meters. The berths are equipped with six quay cranes, 15 rubber-tire gantry cranes, 5,000 ground slots and designed to handle container, dry bulk & break-bulk cargo. The port has a cargo handling capacity of 1.5 million TEUs per annum.

Top shipping lines like NYK, MSK, Shreyas, SCI, HMM are calling to the port, making the gamble which Adani's took worthy as of now. Adani's investment at Kattupalli is seen as a dramatic step from the industry insiders. Kattupalli is taking baby steps to ascertain its position in the global maritime scenario, but the initiatives taken by them are world class. KICT has implemented container terminal management system, capable of handling and automating all the varied and complex activities of the container terminal and container freight station (CFS) that leverages on state-of-the-art information technology architecture. With all of these in place, KICT assures its customers of unparalleled, exceptional service round the year.

Kattupalli International Container Terminal (KICT)

KICT has permission from the environment ministry to handle clean cargo such as automobiles (cars, earth movers, trucks and buses), liquid non-hazardous cargo (edible oil, lube oil, etc.) and break bulk cargo (granite, gypsum, barytes, lime stone, steel and timber logs). To facilitate perishable and temperature controlled cargoes the port has 360 reefer plugs. The container terminal's proximity to Container Freight Stations (CFS) ensures faster truck turnaround. At the port, CFS spreading over 45,000 Sq.ft is within the port which in turn accelerates smooth transit of goods – saving time and money.

Operational performance indicators

Kattupalli Port handled 5,962 Teus in FY14 and 46,986 Teus in FY15, creating a record YOY growth of 688 per cent. Being in a nascent stage, port performance has to be monitored for a more couple of years before one can take correct stand on the actual performance. The port has registered 3.3 percent of capacity utilization in FY15.

Initiatives

Kattupalli Port offers best-in-class facilities for RO-RO to shipping lines and OEMs in terms of the infrastructure catering to their needs; buffer storage possible in berths is approximately 500 cars. The port has an exclusive yard fully paved and well illuminated 15 acres to start with, which will be expanded in the near future to ultimately accommodate over 10,000 cars. Auto spares, accessories, electronics are being the top imported products at the port. Grains, chillies, coir pith, sea foods, minerals are the top exported products from the port. The authorities at Kattupalli are planning to develop a dedicated RO-RO and break-bulk yard to ease operation further.

In June last year the port began export of trucks and cars with the maiden call of car carrier, *M.V. Gardenia Ace.* With this, port has become third in Chennai to handle Ro-Ro. "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 (CBUs), as it offers a clean environment, hassle-free entry, and unlimited storage, among others. We have reserved a huge yard for automobile parking. Here, the importer can get his consignment discharged within hours of arrival of shipment. We have kept entry and exit formalities to bare minimum," said port officials. mg

Aiming to be a Mega Port

Celebrating a growth rate of 175 per cent over the past five years, the port is relentlessly chasing the target of crossing the 100 million tonnes mark by 2025 to position itself as a mega port

Banking on its autonomy and healthy growth, Kamarajar Port Limited (KPL) is the only major port in the country that is run as a public company. The corporate port is boasting a whopping 175 per cent growth rate over the last five years, increasing its operational revenue to ₹598 crore as against ₹168 crore, five years ago while registering a CAGR of 28.87 per cent. With plans afoot in creating more berths and increasing capacity, the port authorities have big plans to make the port into a 'mega' port on the east coast.

Port Infrstructure

The port has two coal berths operated by TANGEDCO, a mechanized coal terminal operated by Chettinad (Chettinad International Coal Terminal- CICTPL), one Marine Liquid Terminal for POL and Chemicals, one General Cargo Berth and one Iron Ore berth developed by SICAL.

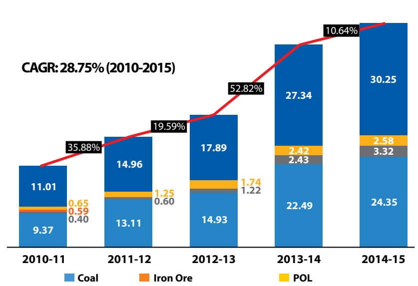
Major cargo commodity

Coal remains the most important cargo commodity for KPL. Out of 30.24 million tonnes of cargo handled in FY 15, around 24 million tonnes of coal cargo was handled across three berths. Another 3.4 million tonnes of POL and Bulk chemicals cargo was handled at the liquid Terminal and the remaining 2.6 million tonnes of vehicles were handled at the General Cargo Berth.

Diversifying the cargo handled

The port which was looked upon initially as a mono commodity coal port to serve the interest of TNEB, has over the period developed as a multi cargo port and today it has been creating facilities for handling liquid bulk, iron ore, automobiles and general cargo with a handling capacity of 34 MTPA. In recent times, in order to meet the growing traffic demands, Kamarajar Port has initiated action for creating additional terminal facilities, viz. construction of two more coal berths for TANGEDCO, Container Terminal, Multi cargo Terminal and LNG terminal for handling additional cargo of 42 MTPA, when the ongoing schemes get completed, it will commence the handling of containers, heavy project cargo and LNG. The port is poised for a greater growth in the years to come with handling capacity of 78MTPA.

Traffic Handled in (2010-2015)



The KPL is putting all its efforts on several port connectivity projects to cater to the ever increasing demand of traffic through rail and road to eradicate the cargo evacuation issues as Chennai is already facing the trouble.

The port is expected to reach a traffic of 60 million tonnes in the coming two years, so the authorities are quickly looking at the best options to improve the connectivity so that enhanced cargo handling at the port does not suffer with congestion.

As a first step, the port is urging Tamil Nadu government to initiate the process on the North Port Access Road, which connects the Port and National Highway leading to Kolkata is being stalled for the past six years. Due to land acquisition issues, the 10-km road connecting the Port and Outer Ring Road at Minjur is being stalled. If this shapes up it will help smooth handling of cargo. North Port Rail Connectivity project (₹350 crore) connecting the Port and Minjur railway station by Indian Port Rail Company reduces further congestion. This connectivity encompasses a single railway line of 11.2 km with capacity to evacuate 24 railway rakes a day.

Another project is in progress by RITES at a cost of ₹60 crores to facilitate the rail movement of containers.

Initiatives

In order to meet the EXIM demand, the port is planning to develop ten more berths, apart from the already available six berths, viz. Dry Bulk Terminals, Liquid terminals, Ro-Ro Terminal, Container Terminal and Multi cargo Terminal with additional handling capacity of 38 MTPA. When all the projects go on stream, the port capacity would be 124 mt. Thus by 2025, with crossing of 100 mt mark, the port will turn into a mega port. mg

Positioned as the hub port on the east coast

The third largest in terms of traffic throughput among major ports on the east coast, Chennai Port serves the hinterland of Tamil Nadu, Pondicherry, South Andhra Pradesh and parts of Karnataka. The port is gearing up for transshipment of containers to ease congestion and also to position as the hub port serving nearby ports on the East Coast.

Even though the Chennai Port plays a predominant role in the economic growth of Tamil Nadu and benefits from manufacturing trade in the southern basin, the port witnessed low growth in FY 15. Vital issues halting growth are congestion and connectivity as majority of the cargo moves through roadways. These factors essentially trigger the port to put relentless efforts in enhancing its connectivity and productivity in consonance with changing requirements of the trade.

Presently, the port is the third largest in terms of traffic throughput in the east coast major ports but second smallest in terms of land area, consists only 587 acres (441 acres in inner harbour and 146 acres in outer harbour). The port serves the geographical regions of Tamil Nadu, Pondicherry, South Andhra Pradesh and parts of Karnataka.

Port Infrastructure

The Chennai Port encompasses 24 alongside berths to handle the EXIM trade. It consists of three docks, namely Dr. Ambedkar Dock, Jawahar Dock, and Bharathi Dock along with container terminal. Dr. Ambedkar Dock has 12 berths, Jawahar Dock has six berths, Bharathi Dock has three berths (for oil and iron ore), the container terminal has three berths and the moorings has one berth. The port is equipped to handle all types of cargoes ranging from break-bulk, dry bulk, Containers, Cars to Liquid bulk.

Connectivity

Chennai Port is located inside the main city of Chennai, and hence road access is quite congested. However, it is well connected to the national and state highways and has rail connectivity to its hinterland. Currently, 14 per cent of cargo to and from the port is handled by rail, 59 per cent by road and 27 per cent by pipeline. The percentage of traffic handled by rail could be improved to decongest the roadways.

Operational Performance

The Chennai port has handled 52.54 million tonnes of traffic in the FY 15 with a meagre growth of 2.8 per cent of year on year variation. This growth is one of the least in the east coast major ports in FY15 after Visakhapatnam Port which registered negative growth in the same period. The port's cargo majorly dominated by container volumes as the port has two private container terminals operated by DP world and PSA Chennai respectively. They handled 1.55 million teu combined traffic in FY15 which reported a 5.69 per cent year on year growth. Another major cargo handled by Chennai Port by volume is POL. It suffered a slight dip of -1.1 per cent during 2014-15 period. The port also had a significant share in the total east coast major ports container, POL volumes as it handled 53.97 per cent and 23.04 per cent each respectively even though there has been a tough competition from the minor ports.

Average ship berth day output of the port has registered a growth of 3.08 per cent in FY15 compared to previous fiscal. Average turnaround time of vessels is 1.63 days with improvement of 1.8 per cent year on year.

Initiatives

To cope up with the ever changing shippers' needs, the port has come up with a proposal of transshipment of containers between Chennai and nearby ports like KPL and L&T Ports to ease the road congestion. Moreover, by this transshipment, Chennai port will become a hub port serving nearby ports in the East Coast. The concession proposed in the pilotage charges will be offset by the additional volume handled by way of transshipment. Initially, it is expected that an average 100 teu in and 100 teu out per day. mg

Expanding to handle growth in cargo

The port has developed excellent evacuation facilities with 3 railway sidings and National Highways within a Kilometer from the gate, catering to the hinterland located in Ariyalur, Trichy and Salem District

Karaikal Port is located near the town of Karaikal in the Union Territory of Pondicherry and was commissioned in April 2009. Since then the Port has handled a whole range of different cargoes for top industrial houses of the country.

Port Infrastructure

The port is envisaged to have a total of 9 berths capable of handling 47 MMTPA by 2018. It is envisioned to be developed in 3 phases with the final phase getting operational in 2017. Phase - I of development was completed in April 2009, comprises two Panamax size general cargo berths.

Currently port has five berths, three for general cargo and two for coal. Present handling capacity of the port is 28.0 MMTPA. The port has open storage area of 6,00,000 sq.m with storage capacity of 3 million tons of coal, iron ore, gypsum and general cargo and 12 closed warehouses (total area of 85,000 Sq. m) with storage capacity of 2.25 lac tons of fertiliser, food grains, sugar, cement and other clean cargo. The Port is poised to handle consistent volumes of liquid cargo through 4 oil tanks with a combined capacity of 18,900 CBM of which 3,800X2 for edible oil and 5,650X2 for CPO. It also has a dedicated storage yard for container with a capacity of 5000 TEU's.

The Port hosts various other infrastructure facilities such as covered warehousing, open storage and Mobile Harbour Cranes. Currently, 3 mobile harbor cranes with 35 cbm grabs are efficiently handling all types of dry cargo, in bulk and break bulk form, as well as containers and liquid cargo. Bulk cargoes as coal, fertilizer, sugar, gypsum, agricultural products and break bulk as bagged cements, bagged sugar, iron scrap, timber, granite, steel plates & pipes are handled at the port. Even edible oil, petroleum and oils & lubricants are taken care of at the Karaikal Port.

An area of around 600 acres is covered by the Port boundaries.

The port is capable of handling all types of cargo such as dry bulk, break bulk, liquid bulk and containerized cargo (since 2013) in different independent zones.

Connectivity

The Port has excellent evacuation facilities with 3 railway sidings and National Highways within a Kilometer. The port is connected to NH-67 at Nagapattinam which is at about 10 km, connecting it to central Tamil Nadu at Trichy. NH-45 which passes through Trichy connects Karaikal to northern hinterland right up till Chennai. Karaikal is also connected through the Southern Railway network. The nearest railhead is at Nagore(NCR) at a distance of about 3 km. The port has 3 railway tracks (Total 5.9 kms) ending in 6 individual sidings of about 700 mtrs each (3 for loading & 3 for receipt & dispatch). One of these loading siding is concreted & dedicated for fertilizer loading. The entire railway siding is connected to the Mainline between Karaikal & Nagore.

The port connects with the Power plants, Cement, Steel, Chemical, Aluminium, Textile and other major manufacturing industries in Ariyalur, Trichy and Salem District and upcoming industrial nodes around Mayiladuturai.

Operational performance indicators

The Port is now in the seventh year of operations. The Port has handled 4.89 MMT of cargo in Financial Year 2015 as against 6.23 MMT in Financial Year 2014. Revenue for the Financial Year 2015 is ₹225.97 crores against 262.54 crores last year. EBIDTA for the Financial Year 2015 is ₹95.55 crores against ₹113 crores for Financial Year 2014. During the Financial Year 2015, a total of 889 rakes have handled against 1184 rakes in last year.

Initiatives

The company has signed MOU with IFFCO, Indian Potash, MCF, and Coromandel for handling fertilizer imports, TNEB for handling coal, Mandhani Carriers for handling TNPL cargo with reference to the tender floated by TNPL and also for stock and sale business at Karaikal Port. Karaikal Port Private Limited has signed definitive Agreement with Porto Novo Maritime Ltd (an associate Co. of IL & FS) Cuddalore Power generation Company (1200 MW) for a period of 10 years for handling 2.5 MMTPA of Coal in FY 16 and 4.5 MTPA for the remaining 9 years. Karaikal Port added new cargo to the portfolio – Timber logs to bring additional business. mg

In pursuit of excellence

In spite of recording the highest growth rate among all the major ports on the east coast, Tuticorin Port is continuously ramping up the performance standards by embarking on modernisation

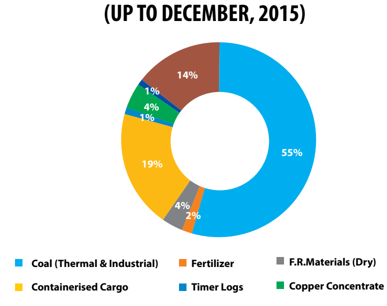
In addition to the impressive and consistent growth in operational and financial indicators, Tuticorin Port is a front-runner in initiating several modernisation activities to outperform againts its peers. This port surpassed the performance target in handling the traffic by 1.28 percent in FY 2015. If this perennial growth continues, achieving the maritime agenda projections 2010-20 by port may not be a tough row to hoe.

Port Infrastructure

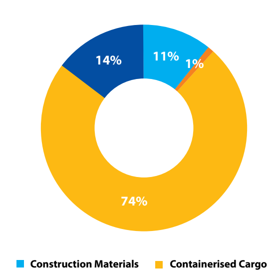
The port has two coal jetties, one oil jetty to handle POL cargo, one container terminal and nine berths, of which two are shallow-waterberths that handle general/break bulk cargo.

The port consists of two container terminals of which one is the PSA SICAL Container Terminal which is operated by Sical and PSA International. With a 450,000 teu capacity, this terminal recorded a capacity utilisation of 115.56 per cent as it handled 5,20,000 teu of traffic in FY15. The second container terminal is the Dakshin Bharat Gateway Terminal Private Ltd (DBGT), a SPV operating at berth 8 registering 1,94,727 teu in

IMPORT CARGO HANDLED DURING 2015-16 (UP TO DECEMBER, 2015)



EXPORT CARGO HANDLED DURING 2015-16 (UPTO DECEMBER, 2015)



FY15. Major Products exported from DBGT are Raw Cashew, Timber, Machinery, Waste Paper and major products imported are Garments, Paper, Cashew, Minerals and Garnet Sand.

Connectivity

The port has a two lane road connectivity through NH-45B, NH-7 and NH-7A. Four laning of the 47.2 kms stretch of NH-7A between Tuticorin andTirunelvelli and NH-45B are in progress.

Operational Performance

Over the course of last five years (2010-11 to 2014-15), the port witnessed a CAGR of six per cent. The port also registered a healthy growth of 13.17 per cent in FY 15 which is the highest in all east coast major ports growth. POL and Thermal Coal are major contributors for this growth as each cargo reported 26.51 per cent and 29.63 per cent growth respectively year on year. Imports of the port are higher accounting for 74 per cent of the overall traffic and exports accounts around 26 per cent. In the import category, containerized cargo, copper concentrates, industrial coal and phosphate rock are the major cargo type traded and major exports are construction materials, ilmenite sand and phosphoric Acid. Even though the port has recorded positive growth in all the above parameters, the port's capacity utilisation suffered a negative growth with -28.95 CAGR during the last five years period (2010-2015).

In FY15, the port recorded an average turnaround time of 2.54 days, average pre berthing time of 3.84 hours and average output per ship berthday is 10,147 tonnes. The port has enhanced its productivity efficiency in all three parameters especially recording 5.33 per cent growth in output per ship berth day.

Financial Performance

During 2005-15, the port registered a CAGR of 15.50 per cent in operating income and 15.72 per cent in operating expenditure. However, net surplus did not grow at the same pace as it dropped to 10.33 per cent in the same period.

Initiatives

The port has initiated optimisation of the inner harbour to construct and commission the north Cargo berth-III&IV. The port is also planning for mechanisation of cargo transfer from berth-IV and of the existing coal yard to facilitate speedy cargo evacuation. mg

Two suns in the East

Despite enjoying an increase in bilateral trade, India and China have many economic and political issues to iron out

Indian Prime Minister Narendra Modi and the Chinese President Xi Jinping are making sincere efforts to take India-China bilateral relations to a new high. However, the greatest impediment in India-China relations is the trust deficit. By engaging with each other swiftly, the two leaders have demonstrated that they are determined to address and reduce the deficit. Economic cooperation between India and China in the last decade has been a remarkable story. China has become India's largest trade partner and India is China's seventh largest export destination. The bilateral trade between both countries reached $71.63 billion in 2015, failing to meet an ambitious $100 billion target set by both of them, according to data released by the Chinese General Administration of Customs (GAC) in Beijing. Of this, Indian imports from China accounted for as much as $58.25 billion, showing a 7.4 per cent increase, while Indian exports to China fell by 18.2 per cent to $13.38 billion.

The India China trade relations are regulated by the India China JBC, which ensures a free exchange of products and services between the two nations. Major items of export from India to China remain iron and chrome ore, plastic and linoleum, marine products, cotton yarn and fabrics, organic and inorganic chemicals, dye intermediates, bulk drugs and pharmaceuticals, construction quality wire rods, tobacco and tea, while China's exports to India include items like raw silk and silk yarn, coking coal, some types of chemicals, pulses, mercury and antimony, freshwater pearls, pig iron, newsprint and several low-technology consumer items. It is important to explore new sectors for bilateral trade as India's large trade deficit with China has ballooned to a record $45 billion in 2015, revealing a lop-sided trade relationship impacting bilateral ties. The dip in trading figures are in part due to the slump in Chinese demand for ores as the country deals with a slowdown coupled with excess capacity in some also due to mining bans in Orissa and Goa that have led Chinese firms looking elsewhere for ore imports. To narrow the trading gap, the Modi government has pushed Beijing for greater market access for Indian Information Technology and pharmaceutical companies. The efforts have so far had measured results, Indian officials say. Indian companies have generally struggled to make inroads as far as China's large State-owned enterprises are concerned, barring some contracts with Chinese banks.

Xi Jinping
President, China

> **"China and India have remarkable complementary advantages and significant potential for cooperation in various fields"**

Another growing concern in the relationship between both the countries in the last decade or so is China's ever-expanding sphere of geopolitical influence in the Indian Ocean. Dubbed as "string of pearls, it involves the development of commercial ports in various countries as part of its new "Silk Route". The route, which China claims as an important trade corridor, extends from its naval base in Hainan Island (South China Sea) to Bagamayo in Tanzania, Africa, with several of the ports encircling mainland India. These include Hambantota (Sri Lanka), Gwadar (Pakistan), Chittagong (Bangladesh) and Marao Atoll (Maldives). Also, besides India, China is the only other country to have a fully functional embassy in Male. Officially, India does not see these developments as "competition" between itself and China. China denies that these ports are to be used as naval bases to threaten its neighbour. However, according to experts, the strings of pearl are dampening the relationship between the two countries. How the relationship plays out in the near future will depend on a number of internal, bilateral, regional and global factors. In the meantime, experts have called for India to manage relations with China "with prudence but firmness." mg

Francis Liang
Chairman, Taiwan External Trade Development Council

> **In India, TAITRA will establish product promotion centers in three major cities: Mumbai, Chennai and Kolkata. If the model pulls through, we will be able to apply it in other markets.**

Taiwan matters!

Strengthening both exim and political relations with Taiwan is India's foreign policy priority

After Narendra Modi took over as the prime minister, he has vigorously pursued India's Act-East Policy, which included improving ties with Taiwan. Relations between India and Taiwan go back to the period when the political and military leader Chiang Kai-shek visited India in 1942, even before India's independence, and met with the Father of the Nation, Mahatma Gandhi. Though Taiwan entered the Indian market later than the Japanese and Koreans, it has still managed to attain an unbelievably high rate of growth. Over the years, India has witnessed an increase in demand for home appliances and Information communication and technology (ICT) products and services from Taiwan. Furthermore, the Indian government is eager to expand the hardware market to match the nation's advances in software. This opens up many opportunities for strengthening the ties between the two countries as Taiwan's relative strength in hardware. This joint combination of software and hardware could take place in wireless networks, energy (LED, green power), medical electronics (distant healthcare, equipment), digital (electronic government, virtual classroom) and auto electronics.

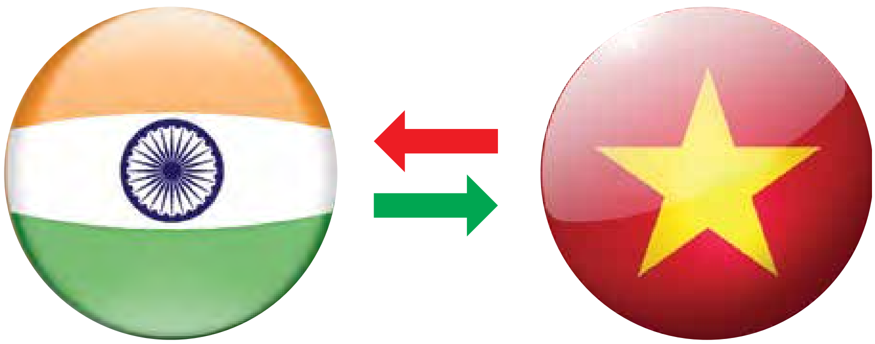
Already, India is the 13th largest export market for Taiwan. India ranks higher, or has surpassed the UK, Australia, Italy, Canada, France, Brazil and Russia, and offers much better trade growth than these other trade associates. The key industry sectors between India and Taiwan are many, with PC and peripherals being the important ones. With a 10.4 per cent market share, Taiwanese technology firm Acer has become Indian's third largest PC vendor, next to HP and Dell. Taiwanese 3G mobile equipment is also exported to the Indian market. Taiwanese LEDs or light-emitting diodes are also a key item of export to India from Taiwan, which is the major global manufacture base for HB (high-brightness) LED.

Most of the exim trade between India and Tiawan is seaborne and happens through the Mumbai, Chennai and Bhavnagar ports.

Major Indian exports to Taiwan include waste oil and naptha, cereals, cotton, organic chemicals, copper, aluminum and food residues. India is also keen to attract Taiwanese investment particularly in hi-tech and labour-intensive industries. More than 80 Taiwanese companies and entities currently have a presence in India. In 2015, Taiwan-India bilateral trade crossed the $6 billion mark. Over the next five years, investments are likely to grow at a rate of around 10-15 percent annually, crossing $1.7 billion in India. Taiwanese exports to India contributed $1.28 billion, while imports from India touched $828 million. It must be noted that investment from Taiwan into India is lower than even much smaller countries like Vietnam and Cambodia. This creates a big opportunity for India to attract substantial foreign investment. In light of the Indian PM's "Made in India" initiative, the Indian government should see to it that many more Taiwanese firms choose India as a manufacturing base. According to experts, there are many lessons for India to learn from the economic success of Taiwan. As India aspires to play a bigger role in Asia and on the global stage under Modi, giving an extra push to its ties with Taiwan, this is surely something that New Delhi should ponder over. mg

The shining star

Both India and Vietnam have a lot to achieve by improving economic and trade relations



India and Vietnam are poised to strengthen their relations to the best they have been in decades, thanks to recent political shifts and developments. The Indian government under Modi views Vietnam as an essential partner for its Act East Policy. Modi's government has shown that it views Vietnam as an essential partner moving forward into 2016. Along with these political shifts, India has increased the amount of active projects with Vietnam in recent years and has plans to expand these further. Current Indian investment into Vietnam totals almost $1 billion; both sides have also recently agreed on a new bilateral trade target of $15 billion by the year 2020. A large portion of this investment is also due to the two countries' recent cooperation on defence procurement.

Bilateral trade between India and Vietnam has seen continuous growth over the past few years. India is now among the top ten trading partners of Vietnam. According to government data, trade volume crossed $8 billion in FY 2013-14, achieving the target of $7 billion set for 2015 well in advance. Currently four product groups contribute to almost 80 per cent of Vietnam's exports to India. They are mineral products (45 per cent), chemical products (12 per cent), vegetable products (10 per cent), and machinery and mechanical appliances (10 per cent). The biggest

Nguyen Cam Tu
Deputy Minister of Industry and Trade, Vietnam

> **"Strengthening regional co-operation and co-operation between sub-regions has great significance for economic growth of not only CLMV member countries but also the whole region."**

products imported from India are meat and fishery products, corn, steel pharmaceuticals, cotton and machinery. Most of the exim trade happens from ports such as JNPT, Cochin and Chennai.

India is also engaged in the textile and power sectors in Vietnam. During the visit of the Vietnamese Prime Minister to Delhi, India offered a $300 million line of credit for trade diversification and strengthening of commercial ties. The line of credit will enable Vietnam to import more polyester fabrics and yarns from India. Currently nearly half of Vietnam's imports of raw yarn and fabrics come from China. India's offer of a line of credit is aimed at diversifying Vietnam's source of materials and thus reduce its dependence on China.

Vietnam has three investment projects in India with total investment of $23.6 million. Likewise, Indian companies are investing in energy, mineral exploration, agro-processing, sugar manufacturing, agro-chemicals, IT, and agricultural processes. During Vietnamese Prime Minister's visit, Vietnamese officials and businessmen encouraged Indian investment in areas of particular expertise such as infrastructure (railways), power generation and distribution, international bidding for projects in Vietnam, information technology, education, pharmaceutical research and production and agro-products.

Expansion of intra-industry trade in the textile sector could be a huge win-win for both countries. Vietnam could replace its imports of fabric and yarn from China, with imports from India while exporting its lower priced garments to the expanding Indian market. This would be a classic example of mutual benefits from intra-industry trade. However, in case of the agricultural sector, India still has high levels of protection relative to the levels of tariff imposed by Vietnam. India could consider lowering these tariffs to provide better market access to agro-exports from Vietnam which needs to diversify its export basket to India, to gain advantages of the expanding market. "The emerging sectors which Vietnam should be focusing on to competitively introduce products in the Indian market are agro-products, machinery, base metals, plastics, chemicals, textiles and clothing. Ramping up bilateral trade and increasing private investment flows between the two countries could contribute towards reinforcing a relationship that is already beginning to achieve a new dynamism," says Samrat Soo of the Federation of Indian Chambers of Commerce and Industry. India has to exhibit boldness, pragmatism and imagination to cement its ties with Vietnam and turn the relationship more fruitful, as former Vietnamese President Ho Chi Minh had remarked.

Act East Policy starts with Dhaka

India and Bangladesh can look forward to boosting their trade and connectivity with the inking of milestone accords on coastal shipping and the opening up of Chittagong and Mongla ports to bilateral commerce

India's Act East Policy starts with Dhaka" said PM Narendra Modi when Bangladeshi President Abdul Hamid visited New Delhi a month ago. Bangladesh is now India's largest trading partner in the sub-continent replacing Sri Lanka.

In the last couple of years India has witnessed an increase in agricultural exports and textile imports from that country. New Delhi has even allowed concessional tariff rates on textile products from Bangladesh.The total trade volumes will be touching in excess of $5 billion, according to reports.

Diplomatic interventions have ensured passing of the Land Boundary Agreement, and India and Bangladesh can look forward to boosting their trade and connectivity with the inking of milestone accords on coastal shipping and the opening up of Chittagong and Mongla ports in Bangladesh to bilateral commerce.

Nirmala Sitharaman
Union Minister for Commerce and Industry

> **"The Indian govt is keen to develop all types of connectivities with all neighbouring countries, including Bangladesh, to boost trade and economy."**

New initiatives and Port Connectivity

On June 6, 2015, during PM Modi's visit to Dhaka, India and Bangladesh inked the agreement on Coastal Shipping for two-way trade through ports; renewed the 1972 Protocol on Inland Waterways Transit and Trade (PIWTT) for using their waterways for commerce and signed a MoU for use of Chittagong and Mongla Ports for movement of goods to and from India.

The agreements will help to greatly reduce not only the time in shipping goods but also costs, besides making optimum use of the ports, inland waterways and roads.

The Chittagong and Mongla ports, along with Kolkata port and Haldia dock system, are located in the Ganga delta. According to the agreement, the two Bangladesh ports can be used by India to ship goods to its landlocked states in the northeast – to Agartala in Tripura, to Dawki in Meghalaya or to Sutarkandi in Assam – either through waterways, rail or road.

Earlier, shipping cargo between the two countries had to take the long route – reaching ports in either country through either Colombo, Singapore or Klang, in Malaysia. Now, not only will India get easier access to its northeast but Bangladesh will also get transit through India into Nepal and Bhutan.

Rail Road Connectivity

Bangladesh is now constructing a bridge with Indian help on the Feni river that will connect with Sabroom in south Tripura district, on the India-Bangladesh border. The bridge will provide direct connectivity between Chittagong port, which has been upgraded by China, to Sabroom, about 75 km away, via a new road being built from Chittagong. Another 15-km railway link between Agartala and Akhaura of Bangladesh will be completed in 2017. Once the Agartala-Akhaura railway link is ready, goods brought to Chittagong port can be carried by rail directly to Agartala.

Though India and Bangladesh share an over 1,000 km of riverine border, the trade traffic between the two takes place mostly on the congested land border.

Bilateral Trade

Bangladesh exports to India include raw jute, jute goods, fish, mineral distillates among others. It imports cotton, vehicles and spares food waste, cereals, iron and steel, organic chemicals, electrical machinery and equipment and few others.

India's Gateway to the East

Due to its strategic importance, India needs to go a long way to improve its political and economic relations with Myanmar

Myanmar's bilateral engagement with India in trade has gained momentum since 2008 when political and economic reforms were launched in the former 'pariah' state. India-Myanmar trade has more than doubled in the last seven years and was around $2.5 billion in 2015, but much remains to be done, as India is Myanmar's distant 11th trade partner. In order to achieve better trade figures, two routes – maritime and border trade – assume significance. Ever since India launched its Look East Policy, Myanmar's importance as a strategic and economic partner has been important and some trade and connectivity projects were initiated with an objective of achieving regional prosperity. Sharing a 1,700-km border, the immense potential of border trade potential between was rightly identified by the Look East Policy. However, the only operational border trading post has been the Moreh-Tamu post, off the border in Manipur state in India. Trade between India and Myanmar through the border trade points of Moreh and Zokhawthar is said to be between $7-8 million. However, the informal trade that takes place across the border is several times higher. Large unregulated informal trade, fraught with security, health and safety risks have remained as challenges to border trade. Myanmar exports 25 percent and imports 15 percent of its total trade through the border from India. Border trade with India comprises only 1 percent of Myanmar's total border trade. India accounts for a sizeable share in Myanmar's imports of pharmaceutical products, essential oil, perfumes, and cosmetics, rubber and articles, articles of iron or steel, cotton and iron and steel.

Kim Young-sun
Secretary General, ASEAN-Korea Centre

> **"Political development towards further stability will fuel economic growth and foreign investment. The business communities in Myanmar and abroad are watching with excitement the expectation of a bright future."**

Maritime trade

Trade through sea is another way of intensifying economic cooperation between the two countries. Many Joint Trade Committee Meetings have discussed India's assistance for subsidized direct shipping links to Myanmar. Potential of maritime trade with Myanmar cannot be overlooked since South-East Asian economies- Singapore, Indonesia and Malaysia, have become important trade destinations. The Kaladan Multimodal Transport Project (KMMTP) that connects Kolkata port with Sittwe port presents such an opportunity. Also important would be the Chennai port for sea links with ports of Yangon and Dawei. Maritime trade, however, bypasses the North-Eastern region of India and development of this region has been an imperative in the Look East Policy, hence skepticism exists for over-reliance on maritime trade to boost economic cooperation between the two countries. Undoubtedly, maritime trade is high in returns and presents lower security risks compared to border trade. Experts aver that India should take immediate steps to improve its maritime trade with Myanmar.

The opportunity that Myanmar presents for Indian companies is immense, but at present in terms of making significant inroads into Myanmar, India is way behind not just China, but also other countries such as Thailand and Singapore. They have engaged in investment activities not just in infrastructure, but also in the services sector. This should serve as a wake-up call to India, since services are generally considered an area where India is at an advantage. Connectivity between India and Myanmar is also well below what it should be. For now, bilateral trade relations remain well below potential. That is due, in part, to the insufficient infrastructure at border crossings.

A stronger partnership with Myanmar is in India's interest as it would help the country truly benefit from the 'Look East' policy and development of the North Eastern region of the country. Many infrastructure projects are currently underway in Myanmar that isolated the country from the world for almost 50 years. With India looking to become an economic superpower and businesses looking for opportunities, Myanmar may the silver lining for India in the upcoming decade.

Inseparable trade ally

During the past two decades, Nepal's exports to India have grown more than eleven times and bilateral trade more than seven times. Even though the recent political unrest hampered movement of EXIM cargo between the nations, Indian firms number among the biggest investors in Nepal

Though there has been some uncertainty on trade front for the past couple of months due to political unrest chocking cargo movement, India has been Nepal's single largest trading partner from the ancient and medieval to modern times. This is corroborated by the long porous border, and the linkages between the production and supply of goods and services that have remained unbridled.

The two-decade-long period of declining exports to India, particularly during the 1970s and 1980s, was reversed by the liberal trade treaty signed in 1996, and the ensuing five years showed a dramatic growth in shipments to India. The collaboration between private sector entities like the Federation of Nepalese Chambers of Commerce and Industry (FNCCI) and the Confederation of Indian Industries (CII) provided stimulus to promoting bilateral trade and support for concluding the much-touted trade treaty in 1996. However, the trade between the countries and Nepal's dependency on India for its EXIM trade turned sour due to interruptions at the entry exit checkpoints due to internal political unrest in the Nepal side. With the current seven-year cycle of the Nepal-India trade treaty getting expired in October 2016, there are uncertainties about the smooth trade between the countries.

Vishwendra Paswan
Nepali Minister

"We(India-Nepal) have a intimate and syncretic ties and India is like our elder brother, and I would like to invite Indian firms to invest in Nepal and work in synergy in areas like energy and environment sector and build a 'maitripoorn' (friendly) climate"

Bilateral Trade

Nepal's bilateral trade with India grew from ₹1,755 crore in 1995-96 to ₹26135.9 crore in 2014-15, growing by 68 percent. Main items of exports from India to Nepal are petroleum products, vehicles and spare parts, mild-steel billets, machinery and parts and others. Main items of exports from Nepal to India are polyester yarn, textiles, jute goods, threads, zinc sheet etc.

Indian Investment in Nepal

Indian firms are the biggest investors in Nepal, accounting for about 40 per cent of total approved foreign direct investments. There are about 150 operating Indian ventures in Nepal with interests in manufacturing, services, power sector and tourism industries. To facilitate trade, some of the important agreements signed were to allow Nepal to bring imported vehicles ´on their own power´ from the Kolkata port, use of Jogbani-Biratnagar and Nautanawa-Bhairahawa customs points in addition to Raxual-Birgjunj, for importing bulk cargo from third countries.

Kolkata Port and Nepal

Nepal depends on KoPT for its third country EXIM requirements. It imports around 60,000 TEUs of containerized cargo from Kolkata port annually. On the export front, Nepal accounts only for a minuscule percentage of cargo, this would come only around 500 boxes a year and with mostly textile products, carpet, handicrafts etc.

Nepal imports around six lakh tonnes of bulk cargo, predominantly coal and fertilizers. While they import 5 lakh tonnes of coal, meant for cement factories and one lakh tonnes of fertilizers meant for farming. Nepal depends on Haldia Dock Complex of KoPT for its bulk cargo import. mg

Pinning hopes on DFCs

The slowdown in global trade and slump in Chinese economy had far reaching impact, of which, even Concor has got its share, but the logistics giant is pinning hopes on the DFCs and the industrial clusters that will mushroom along

How has been 2015-16 for Concor?

There was a decline of 11 per cent in the profit. Main drop is in domestic business (14 per cent) compared to last year, while international business declined by 8 per cent. Decline is in both exports and imports. There were linking problems in pipavav for a month, in mundra there was traffic disruption for almost three weeks, in JN Port there was strike in the third terminal – these were the reasons for decline in business in the first half. But in the second half it is the pure business which led to the drop. However, turnover wise we have grown around 11 per cent.

What would be the reasons for the import drops?

Even in the festival times imports were very less. There was a big drop in import from China and Far East. Export from China has drastically come down, which impacted our imports as well.

What about your expansion plans?

We have further extended our plans beyond 2018 as against the earlier plan and we have added fifteen more plans. Land acquisition for various projects is on. Our plans are in tune with the growth of Dedicated Freight Corridors (DFC). For example as of now it would take 48 hours for one train from Mumbai to Delhi with 90 containers and when DFCs comes in place the train size will increase, a train can carry 400 boxes and it can cover the same distance within 16 to 20 hours. Environmental aspects are going to be a big matter of concern where Concor has a major role to play. Nestle gets certificates from Concor when they move cargo and they are getting carbon credits somewhere.

As oil prices decline road logistics benefit, how will rail logistics get its share?

Railway has to find a way of diffusing its costs. Railways' main problem is staff cost. The new pay commission will have an impact of ₹32,000 crore on railway which is almost one third of their expense. Now the Rail Regulatory Authority is going to come and we are hopeful that some ways are being suggested by them in order to balance Railways expenses.

What are the major cargo origin and destination points for you?

Western Freight Corridor, starting from JN Port ending at Dadri and Estern Freight Corridor, starting from Kolkata, comes to Dadri where both the corridors combine and goes to Ludhiyana. And subsequently, 150 kilometers of industrial corridors on either side of Western Freight Corridor and 100 kilometers of industrial corridors on either side of the Easter Freight Corridors are crucial for us. Industrial clusters are coming up here and drive future growth of the country. DFCs will not have terminals where we would put up MMLPs which would handle both container and bulk cargo.

Will Concor make use of growing coastal movement of cargo?

We have already started doing some coastal shipping, using services like Shreyas. From North India a lot of cargo used to go to Cochin earlier but now we are moving it to Mundra and from there it goes to Cochin via coastal movement and in return they are being booked for moving empties to Gandhidham and from there we are taking cargo. We are also trying to get cargo via coastal movement from Cochin, like Coir, Rubber etc.

Why container movement hasn't picked up in east coast?

The main reason is most of our import comes from Far East but we are not exporting anything there. Many ports have come up recently, but for a customer it is the total cost and time that matters. If the overall cost of logistics from east coast is not going to reduce why would a customer want to sell his products? We have been trying it with east coast but there has only been imports no exports which is creating an imbalance. I hope, over time our exports to Far East improve then this problem will be resolved. Even today shipping cost from Mumbai to Singapore is less than that of Vizag to Singapore.

Anywhere do the waterways have any last mile connectivity? How do you look at them?

We have heard some discussion in the ministry of shipping, they are making one terminal in Varanasi and we have told them we are open to any sort of venture if we find our prospective emerging there. My only apprehension is that, in IWT mode whether it will be economical for people to make a stronger jetty? It would cost around ₹40-50 crores to construct a jetty and with barges carrying very minimum number of boxes, whether it will be cost effective is my apprehension. mg

Counting on thermal coal to pad up volumes

The new berths coming up at the Visakhapatnam Port Trust or a record number of boxes at Krishnapatnam Port does not hassle DVS Raju-owned Gangavaram Port. The opportunities in the container and liquid cargo segment notwithstanding, Gangavaram chooses to handle bulk cargo and readies itself to cater to the steel and power industries coming up in its hinterland

Gangavaram Port Limited's meteoric rise as one of the most efficient ones along the east coast has been as unostentatious as its arrival on the 950 km coastline ten years ago when its promoter DVS Raju began developing it. The story goes that the site was first earmarked in 1964 to be a captive port for the central government-owned steel plant Rashtriya Ispat Nigam Limited. However, even after manufacturing at the steel plant began in the 80s, the port land remained unused. And it was only much later in the early 2000s that the then chief minister of Andhra Pradesh N Chandrababu Naidu decided to utilise the land for a minor port and bought out the parcel of land paying ₹21 crore to RINL.

There were tenders called for developing the port and the rest, as they say, is history. The port achieved financial closure in 2006 and in three years the first vessel was ready to ship cargo out of Andhra's second minor port. In ten years, the port has nine berths that can handle up to 60 million tons of cargo. Just three of its nine berths handle coal and the rest are multi-purpose berths built to handle fertilisers, rice, steel, maize, sugar and other commodities. Despite being located within 50 km of the Visakhapatnam Port, Gangavaram has managed to net some of the biggest players and their cargo. Its strengths lie in its ability to evacuate cargo quickly, deep draft of 19m and cheaper landing costs than its relatively new rival Krishnapatnam.

The key differentiating factors for Gangavaram Port are superior port infrastructure, efficiency of operations, single window service delivery to customers, he adds. "Our customers enjoy the advantage of cheaper freight because of our port's ability to berth bigger vessels. Also, with the port having all the required infrastructure facilities like covered and open storage, berth capacity, shore-handling equipments and railway connectivity to handle all kind of bulk cargo, we evacuate cargo much faster," says Raj Dandu, Managing Director, Gangavaram Port Limited. The Visakhapatnam Port Trust that also handles large volumes of bulk cargo is known to evacuate only about 10,000 tonnes a day where as Gangavaram's grabs boast a statistical high of more

than 40,000 tonnes a day.

Capesize vessels turnaround and leave in about three to four days' time and Panamax vessels in 36 hours or slightly longer. Cargo to send these vessels back to different destinations originates from Chhattisgarh, East Maharashtra, Odisha and Andhra Pradesh. While almost all the cargo that makes it way to the port comes from other lands, very little cargo may be four percent gets exported from India. Rice, maize and slag that are available in abundance domestically get sent out to different lands. Many shippers on the east coast prefer Gangavaram due to favourable connectivity and efficient service. Kapil Rawat, Executive Director, Jindal Steel and Power Limited who imports close to one million tons of coking coal and non-coking coal from Gangavaram says the port's advanced material handling systems, round-the-clock handling operations and the vast storage area for stacking different grades of cargo makes the cut compared to the other neighbouring ones. He also states railway connectivity as one of the main pull factors. "With ten operational railway sidings for handling outgoing and incoming rakes, the port dispatches more than 20 rakes a day," he says. It might be worthwhile to mention here that the national highway NH-5 is barely four km from the port and the Howrah-Chennai line that runs the length of the east coast is about eight km from the port's gate.

However, despite these advantages, cargo growth at the port has been flat owing to the unfavourable economy. Revenue growth too has been disappointing posting a five percent increase. But the port management is optimistic. "Over the last six to seven years of operations, we have swiftly enhanced the rated port capacity to now over 60 MMTPA. Now, we only need to focus on building new capacity and improving the operating efficiency of the existing ones," says Raj, outlining the aim of the port for the coming years.

The port is counting on the new thermal power plants coming up close to Vizag at Pudimadaka that will require about 15 million tonnes of coal. The port currently handles the same volume of coal through the year and NTPC's plant at Pudimadaka will augment the volume of coal handled. Close by, Hinduja National Power Corporation is also setting up a 1,000 MW power plant that will ask for about 3.5 million tonnes of overseas coal. An increase in fertiliser throughput is also expected once the Centre relaxes subsidies.

Suneet Kochhar, Vice President from Rawmet commodities who also imports a million tonnes of coal each year says the large volumes handled give him better costs. "Mechanized handling of cargo helps in achieving higher discharge rates leading to faster turnaround of vessels and savings. This is an added benefit."

An increase in coal consumption is going to give a fillip to the cargo handled at the port. This has been the port's biggest fetcher of revenues. However, to grow to the next level, G Sambasiva Rao, Founder and MD, Sravan Shipping says the port must market itself to attract other types of cargo. "There is more potential and many investment opportunities in Visakhapatnam region with chemical manufacturers and pharma companies expanding their units."

For a port to perform well and have its say with customers, all varieties of cargo must be handled so that revenue mobilisation does not take a hit in eventuality of any external circumstance. Gangavaram may perhaps solicit more cargo given that it plans to set up LNG and container terminals. The port has handled 20.74 million tonne (MT) of cargoes during 2014-15 as against 15.81 MT during the previous financial year. During the year, the port handled 15.70 MT of coal (11.32 MT the previous year), 1 MT of iron ore (1.37 MT), and 4.04 MT of other cargoes (3.12 MT). mg

"Our customers enjoy the advantage of cheaper freight because of our port's ability to berth bigger vessels. Also, the port has covered and open storage, berth capacity, shore-handling equipments to handle all kind of bulk cargo."

RAJ DANDU,
MD, GANGAVARAM PORT LIMITED.

Advantage Gangavaram:

- Deep Draft of 19 m
- Nine berths capable of handling 60MT of cargo
- Quick vessel turnaround time
- Shortest channel on the east coast of 18 nautical miles
- Highest discharge capability of 40,000 plus tonnes of coal per day
- New thermal coal plants, fertiliser units to augment handling capacity

Focus on building capacity and improving efficiency

Raj Dandu, Managing Director of Gangavaram Port Limited, in his tete a tete with Maritime Gateway's Deepika Amirapu speaks of his port's strengths, infrastructure expansion and opportunities in coastal and handling liquefied natural gas.

"Given our country's demographic profile, import-export trade mix and serious effort on part of the government to re-ignite the investment atmosphere in the country, there will be ample cargo handling opportunities available for every port. We only need to focus on building new capacity and improving the operating efficiency of the existing ones."

You've been recognised as one of the largest ports on the east coast handling vast amounts of bulk cargo. What is the next milestone you've set for yourself as a port having been there, done that all?

At Gangavaram Port, our focus has always been to provide value to our customers and continue our growth momentum. Over the last six to seven years of operations, we have swiftly enhanced the rated port capacity to over 60 MMTPA. With the recent completion of port expansion, we now have at the port, two most modern coal handling terminals with state-of-art infrastructure facilities that can handle largest cape-size vessels. The Port presently handles primarily dry bulk cargo but we have our eyes set on developing infrastructure facilities for container handling and liquid cargo handling as well.

What features distinguish the

port from the others that handle bulk cargo in the region? With Paradip, Dhamra and Vizag expanding their capacities, what strategies would you have in place to prevent these ports from weaning away cargo from yours?

The key differentiating factors for Gangavaram Port are superior port infrastructure, efficiency of operations, single-window service delivery to customers, among others. It is clearly an established fact that the port capacities in India today are very constrained. That is why almost all the ports, whether government owned or otherwise, are talking about enhancing and building capacities. But the important fact is that given our country's demographic profile, import-export trade mix and serious push from the government to re-ignite the investment atmosphere in the country, there will be ample of cargo handling opportunity available for every port. We only need to focus on building new capacity and improving the operating efficiency of the existing ones.

How will the current civil and ancillary works help in bettering efficiency and operations at the port? How much is being spent on the same and when will these be completed?

The expanded port infrastructure facilities have been put into operations. As part of expansion, the port added four new berths to the existing five berths along-with corresponding augmentation to the back-up facilities like storage yards, railways and so on. The expansion will result in both cost and operational efficiencies for the port. With increased number of berths and port capacity, the ships will be handled on arrival with a much faster turnaround time.

What new forms of bulk cargo do you plan to attract from the hinterland in the next couple of years? Are there any new areas that Gangavaram Port would look at soliciting cargo from?

The port presently caters to all forms of bulk-cargo requirement for various industries like steel plants, aluminium plants and cement plants among others in the hinterland. Additionally, we handle quite a bit of fertiliser cargo as well. The port has all the required infrastructure facilities like covered and open storage, berth capacity, shore-handling equipments and railway connectivity to handle all kind of bulk cargo. We are very optimistic on the coastal shipping potential in India especially on the east coast and are keenly following up this space for any potential.

Is Gangavaram Port looking at setting up private bulk terminals at other ports in India or overseas in the next few years to expand its operations?

At Gangavaram Port, we have seen and gone through the complete life cycle of greenfield port development. Our forte is port development and operations and that too in the most cost efficient manner. While we would continue to focus and build on our core strength, we are always open to evaluate and consider opportunities that add value to the port provide they qualify on our risk reward matrix.

How has China's drop in demand for coal, iron ore impacted calls made by shipping lines to India?

The slow-down of China's economy has considerably impacted the commodities market as well. We have a situation where the international prices for coal and iron ore are around $30 per tonne, around the same levels seen last in the year 2007-08. While such low commodity prices are beneficial for our domestic steel players, it is the slump in the steel prices and cheap imports from China flooding the country that is the real concern. I believe the government is seized of the matter and will respond positively to protect the domestic interest. But in the interim, it is quite likely that the imports from domestic players will remain subdued.

A study by KPMG suggests India has the potential to be a LNG hub. What is your view about India's ports handling liquid cargo? Is there adequate infrastructure?

With increased awareness and realisation over controlling carbon emissions world-over, we clearly see a movement from fossil fuels to clean energy fuels. Further, with domestic availability of natural gas not likely to improve, the focus is now on LNG. Clearly, LNG handling facilities at the ports in India are not adequate enough. While capacities are being planned and will eventually come up, the real issue is the potential of LNG usage in power sector. Even at the current low prices, there are not many off-takers for LNG in power sector owing to the issues of inter-state taxes, power tariff and structural problems of the state owned power transcos. Further, unless we have a well laid out pipeline grid, it may not be possible to realise the actual potential of LNG. mg

> **"We are very optimistic on the coastal shipping potential in India especially on the east coast and are keenly following up this space for any potential. In future all the ports will have ample cargo handling opportunity."**

Poor margins make hard sell

Despite an uptick in cargo volumes, coastal ship operators run services at subsidised rates to wean shippers from using surface transport, often landing up with poor margins. The lack of awareness and complex multi-modal transport system are to blame for shippers to dither

Nitin Gadkari, Minister for Shipping, recently said that he hopes the share of coastal cargo increases to 15 per cent from 5 per cent during his tenure. If you look at the volume of cargo plying along the west and east coasts, you will notice that Indian and multi-national shipping firms are intent on achieving this figure.

Shreyas Shipping, Allcargo Logistics, Shipping Corporation of India, Transport Corporation of India, Simatech and Pacific International Lines – all run services along the coast transporting cargo to different destinations. Almost all ports from Kolkata on the east coast to Mundra on the west coast have coastal cargo plying between them in vessel sizes ranging from 1,500 to 2,500 teu. Some shipping lines such as Shreyas also run services up to Jebel Ali. Currently, Shreyas moves about 400 containers per week or 20,000 tonnes between all ports. The Shipping Corporation of India has one service from Mundra to Vizag and PIL is also experimenting with one inter-coastal service. Allcargo is perhaps the only shipping firm to move bulk cargo between the ports.

G Sambasiva Rao, MD of Sravan Shipping who has interests along the Coromandel Coast reveals there is a lot of intra-cargo movement too. Coal for the Tamil Nadu Electricity Board moves from Talcher and Ennore to Tuticorin and commodities such as salt and iron ore pellets move between Mundra, Mangalore and Cochin. However, this cargo movement between coasts and ports is not being profitable for the vessel owners. In the absence of any fuel subsidy to the shipping firms and incentives to the shippers, the vessel owners are forced to ply cargo for rates that are unviable for them. Only some states have offered to lower excise duty on bunker fuel. A fuel subsidy announced by the Central Board for Excise and Customs has also petered out. While the Centre has issued a notice on offering a subsidy, the oil marketing companies have not been issued any SOP in implementing the incentive. "Hence, the rates we offer are competitive enough to the shippers to wean them away from road and rail cargo. But we manage to just about break even on certain routes because the volumes are not much on others," **Capt VK Singh, CEO, Shreyas Shipping** said.

The east coast lags behind in generating enough cargo for the return leg of the trip. Currently, the flow of cargo from Mundra to the Coromandel Coast is heavy, but there isn't long haul cargo from the east coast. Short shipments are transferred from Vizag to ports nearby or up to Cochin or Mangalore. "We are trying to develop the east coast by bringing about more awareness. Once there is enough return cargo, we hope to make better margins," Capt Singh says. While sea trade is economical, the efficiency and convenience of surface transport leads shippers to opt for motor transport. "What compounds this problem is the location of the industries tucked in to the hinterland. Many manufacturing plants in the eastern side are not located near the ports. This makes shippers use road and rail transport to move their cargo despite the advantages sea trade offers," says **Rakesh Singh, Honorary Secretary ICC Shipping Association.**

Container terminal operators are perhaps the only ones who are not complaining at this point although they too have to offer a rebate to promote coastal shipping. Vizag container terminal's chief operating officer Sushil Mulchandani says the terminal has seen a rise in cargo volumes because of coastal ship operators using the port. "There has been a 10 percent increase in cargo every month and we handle around 3,000 teu at VCTPL," Mulchandani said. VCTPL and Shreyas are working together to solicit more cargo from the port's hinterland. The port is currently offering a 40 percent rebate on port charges as mandated by the TAMP. He too opines that these are early days for coastal movement of cargo and greater awareness coupled with larger volumes on long haul routes will help make this mode of transport more viable.