INTERVIEW
Kapil Rawat
Executive Director, JSPL

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The Lifeline for Traders

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MIS 2016: THE LAUNCH PAD FOR MARITIME INVESTMENTS

startups in shipping*

* ideas that could matter

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10 solid reasons why JNPT is No. 1


Most Economic Port


Widest Network


Excellent Rail-Road Connectivity


Specialised Handling Equipments


World-class Automated System


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Deepened & Widened Channel


Top-notch Logistics & Service Facilities


Superior Infrastructure


Most Sustainable Port with 800 Hectares Nature Park

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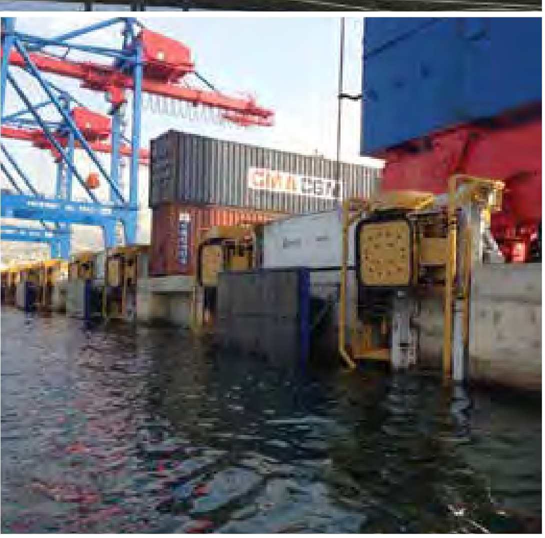
CMA CGM

Striking the right chord

The first Maritime India Summit in Mumbai, besides resulting in business agreements for ₹82,905 crore investments, played a key role in highlighting the role of port-led development for faster and sustainable economic growth. The national perspective plan of Sagar Mala project underlined the government's seriousness in boosting port-led infrastructure development. The summit was a fresh breath of air for a sector starved of funds, favourable policy and vision.

The industry was in need of a Godfather who could resuscitate it and bring it back on track offering financial sops, draft sound plans for development and create a favourable economic environment. Much as the other sectors such as infrastructure and banking were steeped in the financial crisis, the shipping industry too was reeling under the aftermath of the recession that left almost every ship owning and building firm on the brink of collapse. In India, the sector was whipsawed between stringent policy framework and unfriendly institutional financiers. It needed a paradigm shift in government thought process to restore normalcy to the industry. The Maritime India Summit did just that.

With the help of Prime Minister Modi, Nitin Gadkari turned champion of the cause and led the industry believe that there was scope for hope and the much-talked-about *acche din* would be round the corner. For the first time in the history of the nation and after India opened up its doors in the 90s to industrialisation, the shipping industry got the respect it so deserved. This brought a lot of cheer to the entrepreneurs and industry greats who were waiting for an opportunity to showcase the potential of the sector and forge new partnerships with their international counterparts. Almost 12 cabinet ministers made their presence felt at the summit listening to the problems the industry faced from all fronts and promised to make amends to help the sector flourish.

The summit provided a platform for participation, engagement and interaction from 42 countries and there were more than 150 Indian and international companies and 36 government-owned entities. Starting from the pre-event dinner to the valedictory, it was a one-man show. Minister Nitin Gadkari was everywhere on dais, off dais personally checking everything himself.

However, events are like marriages. Once the euphoria dies down, it would take a lot to make it work. Similarly, if the momentum kicked up by MIS 2016 needs to be maintained, it needs to be backed up by an actionable plan. When someone asked the shipping minister how realistic his ambitious plans are, from the dais minister quipped, "we will come back next year to show you what we have achieved."

R Ramprasad
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> The summit was a fresh breath of air for a sector starved of funds, favourable policy and vision.

India's premier maritime business magazine

maritime gateway

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Feedback

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

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The launchpad for maritime investments
41 countries. 13 sessions. 200 stalls. 12 cabinet ministers. 20 multi-national firm chief executives. 3,000 delegates. 240 projects worth $60 billion of investment. This sums up the Maritime India Summit 2016 that was held in Mumbai to showcase and promote extensively the Sagar Mala port-led development plan scheduled to create 1 crore jobs.

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Eco-hotel made of shipping containers in Chile

The port city of Valparaiso in Chile will have its first eco-hotel made entirely out of shipping containers. Named the Wine box, the hotel is being built with recycled containers and will offer one of Chile's main exports, wine. New Zealander Grant Phelps, the owner of the project, said Valparaiso is Chile's main port yet nothing has been done with containers. The hotel is set in Cerro Mariposa (Butterfly hill) and although it's not a tourist destination, Phelps hopes Wine box can drive more interest into the area. The hotel is set to open partially in May. It will have smart accommodations and feature local Chilean wine.

Ramco Systems bags order

Ramco Systems bagged a logistics ERP software order from GMK Logistics, part of Australia-based CTI Logistics Limited. Ramco Logistics Software will automate the manual processes pertaining to GMK's key supply chain operations by providing modules for better management of warehousing & transportation, freight and fleet, purchase and inventory, integrated with finance and HR all under a unified structure. Notably, this landmark win marks Ramco's first foray into Western Australia.

Major ports to turn green

The Shipping Ministry has signed agreements to turn the major ports, including the Kandla Port Trust, in 'green ports' category. The agreement costing ₹78 crore also involves generation of wind power to meet the power requirement of Kandla Port. The plan will help to have green ports.

India, South Korea sign pact for developing ports

India and South Korea have signed an MoU for cooperation and mutual assistance in development of ports. The MoU was signed by Shipping Minister Nitin Gadkari and South Korea's Minister of Oceans and Fisheries Kim Young Suk. The MoU will also enhance cooperation in sharing of technology, experiences in the fields of port development and operation and information on construction of ports.

CODEX goes mobile

Kale Logistics Solutions has released Container Tracking Mobile App for CODEX to be used by various container stakeholders operating at Tuticorin Port. CODEX is India's first Container Digital Exchange operational at Tuticorin Port. This will be India's first mobile app available for container stakeholders and accessible from Google Play store for Android phones. The launch took place on the sidelines of Maritime India Summit 2016.

CODEX is designed to automate container movement at Tuticorin Port and reduce the container dwell times considerably. It is an EDI based electronic platform through which communication, information exchange, connectivity and electronic processing of key business transactions/operations can be facilitated between all container stakeholders at the port and its related logistics value chain.

Adani Petronet gets nod for port expansion

The Centre's green panel has given clearance to Adani Petronet for the third phase expansion of its Dahej Port with an investment of ₹464.32 crore. The expansion would entail raising cargo handling capacity from 11.7 million metric tonnes per annum (MMTPA) to 23 MMTPA besides development of additional area to store coal, back up equipment, coal storage silo at railway siding and other supporting infrastructure.

India to set up port in Bangladesh

India is keen to set up a port in Bangladesh and a high-level committee will be sent to the neighbouring country in this regard. A final decision will be taken after the recommendations from the committee are received, and investment proposals will be finalised only after that. Payra Port in Patuakhali district of Bangladesh will be another major milestone between the nations, said Shipping Minister Nitin Gadkari. Meanwhile, a detailed project report has been prepared.

Shipping union says no to foreign sailors

The National Union of Seafarers of India (NUSI) has opposed employment of foreign sailors aboard the Indian cargo ships. The union has communicated its stand to the Ministry of Shipping through a representation to the National Shipping Board. To provide a better working environment to seafarers in accordance with the International Maritime Labour Convention, NUSI has also asked the government to allocate land for seafarers' welfare centres at every port in India."The priority of the Indian Government should be to boost employment opportunities for Indian maritime workforce," argues Abdulgani Serang, general secretary, NUSI.

Coal India production increases

Coal India Ltd boosted output by 8.5 per cent to 536 million metric tonnes in the year ended March 31. The pace of growth slowed last month as inventories at the nation's power plants surged to the most in records going back to 2008. To be able to counter the oversupply situation, Coal India will have to tap new customers who still have to import coal. The government has set Coal India an annual output target of 1 billion tonnes by the year 2020. India's coal imports in the ten months ended January 31 dropped 16 per cent to 148.9 million tonnes.

Indo-US defence logistics pact by June

India and the US have finally agreed to sign the logistics support agreement, also officially known as the Logistics Exchange Memorandum of Agreement (LEMOA), in June. Both sides have still not been able to reach a consensus on how the agreement will be operated between both the military establishments. Earlier, India had been reluctant to sign these agreements as it feared that it would be passing sensitive information to US military and be party to military operations that it disapproves of.

Iran ends free oil shipping to India

Iran has ended free shipping of crude oil to India and has terminated a three-year old system of getting paid for half of the oil dues in rupees. It is now insisting on being paid in Euros for the oil it sells to Indian refiners. It also wants refiners like Essar Oil, Mangalore Refinery and Petrochemicals Ltd to clear nearly $6.5 billion of past dues in Euros. Iran will continue to ship the oil in its tankers but will charge a discounted tariff. The transportation fee will for now be less than half it takes to ferry oil from Iran.

Indian sugar exports to Myanmar decline

Indian white sugar exports to Myanmar are set to slow further as harvests finish early due to drought and Indian domestic prices surge, diverting sugar to the local market. Flows of white sugar to Myanmar started to decline following a crackdown on smuggling into China. India exported more than 900,000 tonnes of white sugar to Myanmar from October 1, 2015 to March 31, 2016, most of which was smuggled to China.

GAIL buys LNG from Cheniere Energy Inc.

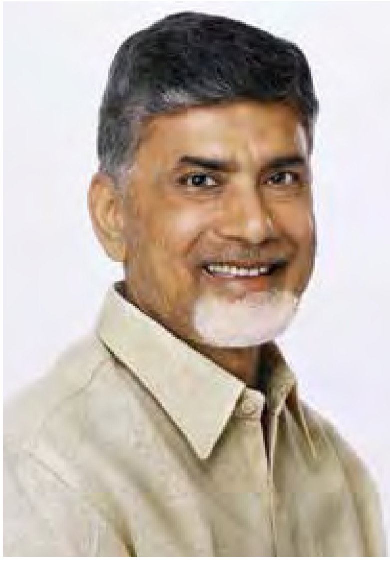
Gail India Ltd bought the second shipment of LNG from Cheniere Energy Inc's Sabine Pass plant in Louisiana, making it the first Asian importer of US shale gas. The cargo will arrive at Dabhol import terminal. India last year overtook South Korea as the world's second biggest importer of the fuel on a spot and short-term basis. The delivered price of the cargo is about $5 per million British thermal units. Gail India has agreed to buy 3.5 million metric tonnes of LNG a year for two decades from Sabine Pass.

Mining leases approved for Adani's project in Australia

The individual lease grant for Carmichael, Carmichael East and Carmichael North projects, which are estimated to contain 11 billion tonnes of thermal coal, have been approved for Adani by Australian government. Over 200 conditions apply to the project which, if it goes ahead, would be the largest coal mine in Australia. The project now has 19 permits and approvals at all three levels of government, including nine primary approvals from the state and federal government. It is expected to supply low ash, low sulphur and lower emitting coal to thermal power generators in India.

Chidambaranar Port logs 14 per cent cargo growth

V O Chidambaranar Port Trust has recorded a 13.68 per cent rise in overall handling of cargo at 36.84 million tonnes in 2015-16, making it an all-time high and surpassing previous year's 32.41 million tonnes. The port also surpassed the target set by the Ministry of Shipping at 36.80 million tonnes for the financial year. Container handling grew 9.29 per cent to 6,11,714 teu in 2015-16, as against 5,59,727 teu last fiscal. The rise in cargo handling came on the back of increase in volume of import cargoes like thermal coal, industrial coal, fertilizer and copper, among others.



“I am now focusing on port-based economy and develop AP as the logistics hub by connecting the airports and seaports. We will also build special economic zones, industrial hubs and townships around these airports and seaports.”

– Chandrababu Naidu
Chief Minister of Andhra Pradesh

“We believe that while the rest of the world is treading water, India is the place for investment. We’re very upbeat about what is happening under the new Modi government. A few years ago, we weren’t as bullish as we are today.

– Anil Singh
Senior vice president, DP World.

“India should look at creating large, export-oriented firms and coastal economic zones to garner a bigger share of global trade. India with its large labour force is well positioned to meet the need of multinational firms. What is needed is a business-friendly ecosystem in regions that can serve as export bases for the migrating firms.”

– Arvind Panagariya
Vice-Chairman, Niti Aayog

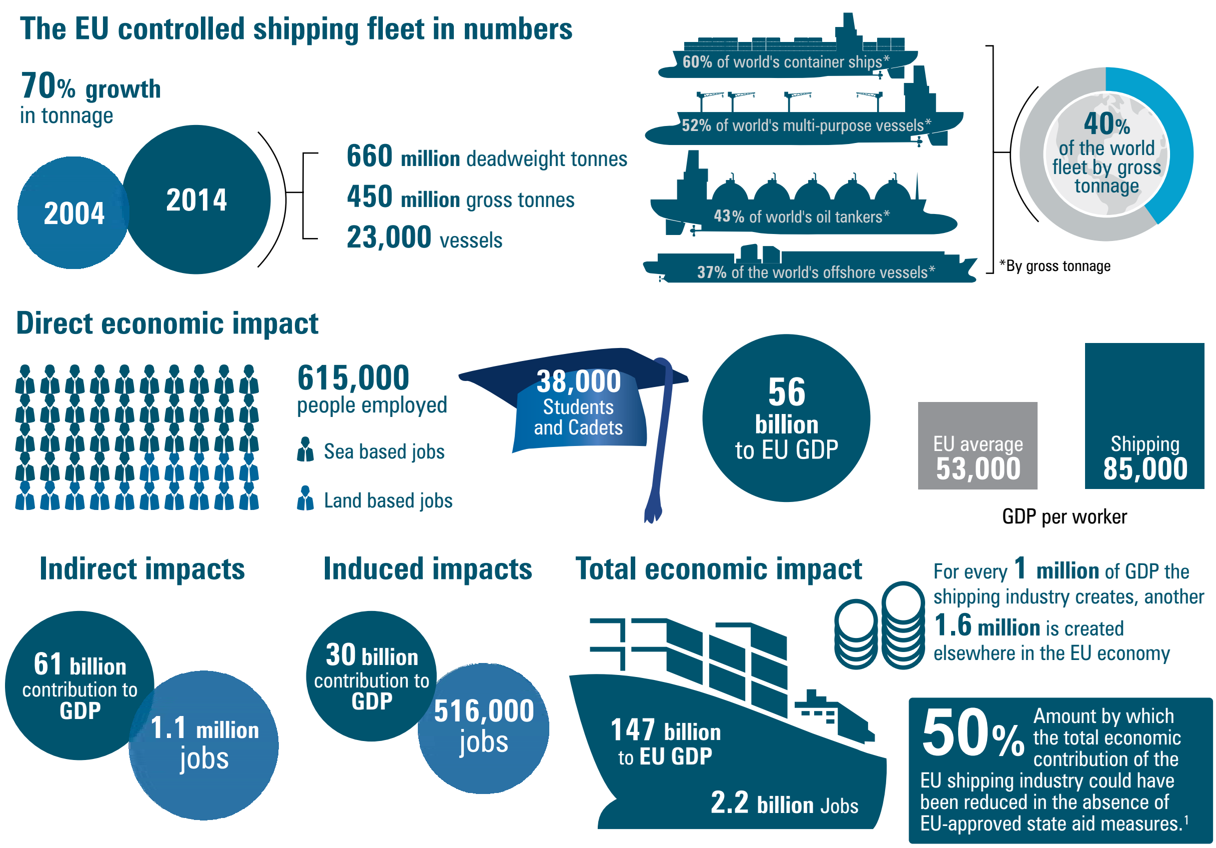
“We have no choice but to get training ships in the water as soon as possible. This is the only solution to sustain the supply of trained manpower to the merchant navies of the world from India.”

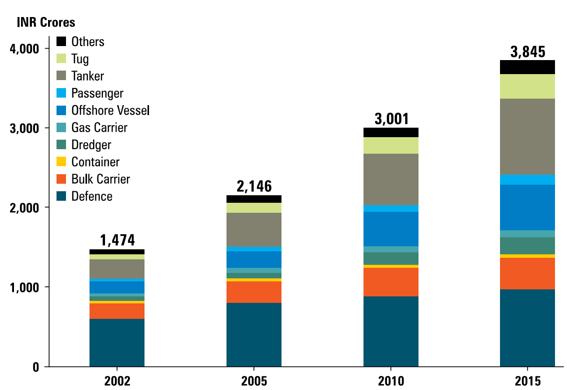
– K Vivekanand
CEO, Indian Institute of Logistics

“Chabahar port city in Iran, as an important transit port, links India to Afghanistan and the Central Asian states, and it can be used to develop all-out mutual cooperation.”

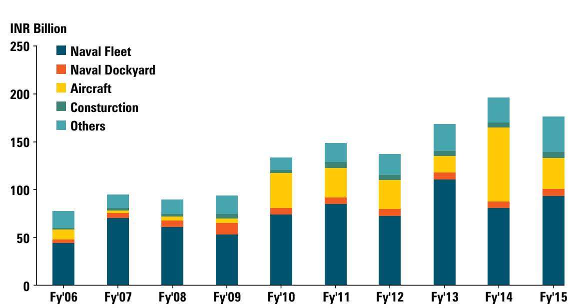
– Hassan Rouhani
President of Iran

THE ECONOMIC VALUE OF THE EU SHIPPING INDUSTRY

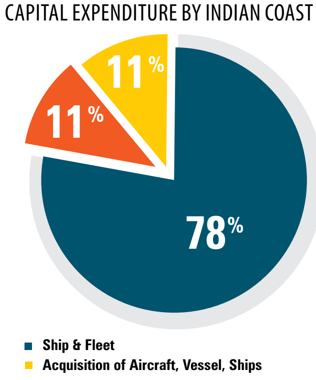


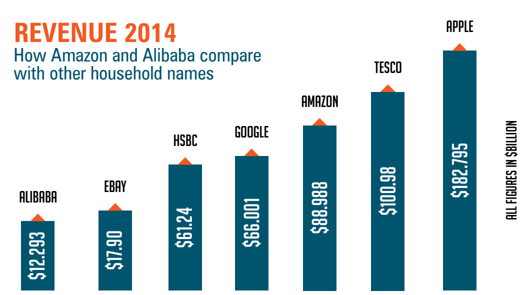


CAPITAL EXPENDITURE GROWTH BY INDIAN NAVY

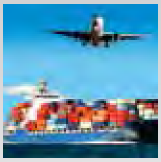


CAPITAL EXPENDITURE BY INDIAN COAST GUARD





Software - your invisible asset



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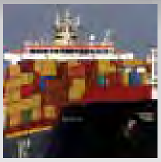
iLM - efficient solution for Liner Operators to track their Container Fleet

iCOMET - a comprehensive Container Freight Station operations software

iNOVA - web based operations management system for NVOCC



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SHIPPING

Townships in DMIC

The Rajasthan government has managed to pass the Special Investment Region Bill, 2016, in the Assembly. The Bill will allow the state government to set up integrated industrial townships in the Delhi-Mumbai Industrial Corridor (DMIC), which runs 150 km on either sides of the 1,500-km dedicated freight corridor. The state government is initially planning to set up townships in two nodes identified in Khushkhera-Bhiwadi-Neemrana and Jodhpur-Pali-Marwar regions of Rajasthan. The state government has identified 165 km for the Khushkhera-Bhiwadi-Neemrana node. The state government will develop a nucleus of 14 km and the first phase of development is expected to be over by 2021, followed by the second phase in 2031 and the third in 2041.

Apeejay signs pact to shut wildlife trafficing

Apeejay Shipping joined global leaders in the fight to shut down illegal wildlife trafficking and signed the Buckingham Palace Declaration led by HRH the Duke of Cambridge. The Buckingham Palace Declaration, developed by the United for Wildlife initiative led by the Duke, has created a global coalition to prevent traffickers from exploiting weaknesses as they seek to covertly move their products from killing field to marketplace. Released at a signing ceremony on March 15 at Buckingham Palace, over 40 CEOs, Chairmen and leaders of airlines, shipping firms, port operators, customs agencies, intergovernmental organisations and conservation charities from around the world have signed the Declaration.

China investing in Chhattisgarh

Chinese companies have shown interest in making an investment to the tune of about ₹6,600 crore in Chhattisgarh. During chief minister Raman Singh's recent visit to China, MoUs were signed with various Chinese companies. The first MoU was with ME TECH for manufacturing environmentally friendly building materials from low grade fly ash. Second MoU was signed with Chongqing Changzheng Heavy Industry Co. Ltd (CSIC) for manufacturing shipping parts, windmill components, heavy machinery and railway rolling stock. CSIC will be investing $20 million in Chhattisgarh to manufacture stations wagons. Arctech Solar will manufacture solar wafers.

Parity in MAT for both FTZ and IFSC

In a fresh setback for the country's struggling SEZs, the revenue department has turned down a suggestion by the commerce department to bring parity in the minimum alternate tax (MAT) rates for both the SEZs and the International Financial Services Centre (IFSC) in Gujarat. The revenue department, according to sources, is also unlikely to scrap the dividend distribution tax (DDT) for SEZ developers and treat them on a par with the companies located in the IFSC. In the Budget 2016-17, finance minister Arun Jaitley proposed a 9 per cent MAT for the IFSC, while keeping the tax rate unchanged at 18.5 per cent for all other SEZ developers

Steel imports rising

Steel imports accounted for 14 per cent of the country's total consumption, which rose by 4.3 per cent in the last fiscal, a development that does not bode well for the domestic producers of the metal. After registering four consecutive months of decline, steel imports rose by over 18 per cent in March as against last year. India's consumption of total finished steel saw a growth of 4.3 per cent in 2015-16 to 80.273 million tonnes (MT) as against 77 MT in the previous fiscal.

India remained a net importer of steel in 2015-16 fiscal with inbound shipments growing by 20.2 per cent to 11.21 MT against 9.32 MT in 2014-15. Domestic steel consumption in March stood at 7.31 MT, a growth of 3.7 per cent compared with February and 1.4 per cent compared to March last year.

India to invest $20 billion in Iran

India is willing to invest as much as $20 billion in setting up new petrochemicals, fertiliser and LNG facilities in Iran but requires land and cheaper natural gas for the purpose. The investment would be either through joint venture between Indian and Iranian public sector companies or with private sector partners. Indian Ministry for petroleum has requested Iran to allocate appropriate and adequate land in the Chabahar SEZ. India will also invest in a gas cracker unit in the Chabahar Port. Iran expects India to increase crude purchase, while India is negotiating for attractive terms of purchase.

Flipkart changes business strategy

Flipkart Ltd plans to shift a majority of its sales to a select group of third-party sellers to regain its once-vaunted customer service levels, in a significant departure from its strategy last year when it attempted to have tens of thousands of sellers generate most of the business on its platform. The online retailer plans to accumulate up to 100 such merchants, including new ones, over time. The company wants these sellers along with WS Retail Services Pvt. Ltd to generate anywhere between 60-80 per cent of its sales over time. Currently WS Retail contributes 35-40 per cent of Flipkart's business.

Ports to be modernised, not corporatised

Rejecting any notion about the government being pro-big business, Shipping Minister Nitin Gadkari said it is not pursuing any corporatisation agenda for the state-owned ports and the priority is to modernise them. The government has thought seriously on the matter and decided to modernise the ports, give them new systems and all advantages through beneficial policies. There has been a 30 per cent improvement in efficiencies of major ports after the government implemented a part of suggestions given by an international consultant.

New bill for PPP port projects

The government will in the next two months table a new bill that will facilitate a model agreement for forging public-private partnerships in the port sector. It will help handle long-term concessional arrangement between port and terminal operators. Rajive Kumar, secretary, Ministry of Shipping said, there are several investment opportunities in the dredging and barges development as the coastal cargo movement is set to rise by six times in the next 10 years. The objective is also to bring down bunker fuel cost further for all cargoes. States have been requested to bring down VAT on bunker fuel and three states have responded.

Sagar Mala to be completed in 5 years

The government will halve the previously estimated 10-year timeframe to complete the Sagar Mala port development project, Union Minister Nitin Gadkari said. Developing India's 7,500-km coastline will boost merchandise exports by $110 million and increase coastal shipping volumes by as much as five times of the current levels to about 330-420 million tonnes per annum, he said. It could mobilise investment of about ₹4 lakh crore in India's infrastructure sector over the next 10 years. The programme could lead to annual logistics cost savings of close to ₹35,000 crore, and of the 10-million new jobs that will be created, 40 lakh will be direct employment.

Essar Ports handles record 6.25 MMT cargo during March 2016

On the back of increased production by its anchor customers, Essar Ports Limited (EPL) has registered significant growth in cargo handling over the last three months. In March 2016 alone, EPL's four operational ports handled total cargoes of 6.25 million tonnes (MMT), which translates to a run rate of 75 million tonnes per annum (MTPA). With the recent commissioning of the 20-MMT Salaya Bulk Terminal, cargo handling will see a further boost in FY2017.

The contribution of third-party traffic to overall cargo handling stands at about 10 per cent currently. About 90 per cent of the cargo handled at EPL's Hazira, Vadinar, Vizag and Paradip ports is contracted with captive businesses, like Essar Steel India Ltd, Essar Oil Ltd and Essar Power Ltd. The company expects cargo handling to increase from 59 MMT in FY2016 to 85 MMT in FY2017 – a growth of more than 40 per cent on year-on-year basis.

MPT achieves all time high cargo in 2015-16

Mumbai Port Trust (MPT) has achieved all-time high cargo throughput across a spectrum of commodities in fiscal year 2015-16. It handled 1,73,034 automobile units, an all-time high and a whopping 23.76 per cent increase over the previous fiscal.

The Pure Car Carrier *M V Höegh Transporter* in December 2015 loaded 5,376 export vehicles; the highest ever parcel size of export vehicles on a vessel through Mumbai Port. The port handled 5.98 million tonnes (mt) of iron and steel cargo with a growth of 27.03 per cent compared to the previous year, another all-time high.

The port handled 9.6 lakh tonnes of pulses, up 40.75 per cent, the highest for the last five years. About 3.50 million tonnes of chemicals were handled at Pir Pau, showing a growth of 9.84 per cent compared to the previous year. The port handled 61.11 million tonnes of cargo in total, marginally lower than its all-time 61.66 million tonnes achieved in the previous year.

Adani's container terminal at Kamarajar Port by August

The commissioning of Adani's container terminal at Kamarajar Port, Ennore is likely to take place by August. "We expect the dredging work to be completed by April end. Four quay cranes were ordered long back. They have been kept pending for delivery as we are unable to bring them in." said a senior official of Adani group. The cranes will arrive by May end. It will take another two months for installation Chennai Port which has two big container terminals is busy putting in place plan of action to face the competition from Adani's terminal at Ennore.

JBSAPL and TLSU sign MOU

JBS Academy Pvt. Ltd, Ahmedabad and TeamLease Skills University, Vadodara have signed a Memorandum of Understanding to jointly conduct training programmes in several verticals of the logistics sector such as customs clearance, freight forwarding, shipping, port management, international business, export and import procedures and documentation.

The objective of conducting both short- and long-term courses of 720 /18O /240 hours duration is to work jointly in creating a talent pool of young and ready-to-be-employed people in the logistics sector having huge employment potential with a requirement of nearly 3 crore skilled personnel nationally by 2022.

Paradip Port to commission multi-purpose berth

Paradip Port Trust expects to commission its proposed multipurpose berth by March 2019. The berth, capable of handling clean cargo including containers, is estimated to cost ₹430.78 crore. PPT has already inked a concession agreement with Paradip International Cargo Terminal Pvt Ltd (PICT), a SPV set up by United Liner Agencies India Pvt Ltd for construction of the berth in PPP mode on build, operate and transfer basis in order to cater to the container traffic and clean cargo at Paradip Port. Of the total estimated cost of ₹430.78 crore, the contribution by the BOT operator is ₹356.54 crore while PPT's component is ₹74.24 crore towards capital dredging.

Kattupalli acquisition approved

Adani Ports and Special Economic Zone Ltd (APSEZ) has won approval from the Tamil Nadu government to acquire Kattupalli Port from L&T Shipbuilding Ltd. L&T is contractually mandated to pay the state either the revenue share or a royalty per standard container handled at the terminal, whichever was higher, as agreed in the 30-year contract.

L&T has agreed to pay the annual share of 3 per cent during the first 15 years of the contract. The revenue share percentage will rise to 4.5 per cent for the remaining 15-year tenure of the contract. APSEZ will follow the same terms for the 30-year contract.

Adani Hazira Terminal doubles annual throughput

The volume of containers handled by Adani Hazira Container Terminal nearly doubled in fiscal year 2015-16. Throughput jumped 96 per cent from 154,374 teu in fiscal 2014-15 to 302,755 teu. The terminal has seen strong growth over the past two years as major container carriers, seeking to tap into booming hinterland industrial markets, introduced regular, weekly calls at the minor west coast facility. Concor has launched a regular train service connecting Hazira to Pithampur, a busy inland destination in the central region.

Indian merchandise exports unlikely to recover soon

With the trade figures for March remaining weak, India's merchandise exports are likely to improve only towards the end of 2016. exports would be difficult to revive in the next couple of months with engineering goods and petroleum products seeing no chance of recovery. Due to the fall in merchandise exports, the government has revised its cumulative exports target for 2015-16, from the initial $300 billion to $260-270 billion. India exported goods worth $238 billion during the first 11 months of FY16, which was 16.7 per cent lower than $286 billion in the corresponding period of the previous year.

Major ports see an increase in cargo traffic after 7 years

As the private ports witnessed a slowdown in shipments, major ports saw an increase in cargo traffic for the first time in seven years. India's 32 prominent ports handled 1,080 million tonnes of cargo in 2015-16, compared to 1,052 million tonnes in the previous year as exports fell through the year and import remained muted due to the economic slowdown and a fall in the value of key commodities, led by oil and metals. The 12 major ports witnessed a 4.3 per cent rise in cargo traffic, estimated at 606 million tonnes, while the private ports saw an under 1 per cent rise and cargo handled by them increased from 471 million tonnes to about 475 million tonnes during 2015-16.

Major ports add 94 million tonne capacity

The 12 major ports in the country saw capacity addition of a record 94 million tonnes in the last fiscal year through 34 capital investment projects, earning ₹4,268 crore profit on the back of various government initiatives. Projects worth ₹72,818 crore have been awarded for ports modernisation as well as new port/terminal development. Contracts worth ₹60,000 crore would be awarded by May 26. Kandla became the first major port to reach 100-million-tonne traffic in a year helped by 20 per cent improvement in port efficiency while JNPT became the first major port to reach ₹1,000 crore net profit helped by 12 per cent of efficiency improvement.

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

Presenting **LIEBHERR** under this feature.

LIEBHERR

High performance for efficient turnover

Innovative technology designed for modern terminals

Liebherr Maritime Cranes is entering the market for maritime cargo handling equipment with new and innovative solutions.

Increased mobility due to the wedge shape design

The beginning of a new series

In June 2015 Liebherr Maritime Cranes introduced the new Reachstacker for the first time to the public. On the biggest European container handling exhibition, the TOC in the Dutch city Rotterdam, the first model out of the new Reachstacker series was covered behind a huge red curtain. There was a highly positive feedback on the new machine. It was visible that the whole design of the LRS 545 is orientated on the extensive customer feedback Liebherr Maritime Cranes collected before and during development phase.

Driver's comfort has been high in rank during the development of the new design. The general design of the cabin is based on two decisive factors. "First of all we gathered several opinions and advises from our long-time customers that already operated the predecessor model LRS 645. We analysed their valuable feedback and utilized it in our design process. The second key factor was the well-tested cabin of the Liebherr wheel loader, which served as an important inspiration for the LRS 545 cabin," sums up Sabine Kopf, Product Manager for Liebherr Reachstacker.

The final result is a newly designed cabin that essentially contributes to driver's comfort and allows high performance in a relaxed manner. Up to 5.9m² of tinted anti-glare toughened safety glass provide an excellent view. Due to the curved window design there is no metal frame that blocks the driver's look-out. The outstanding panorama view will be completed by the wedge shape design of the chassis. The optimal placed side mirrors plus the wide angle mirrors in combination with the special shaped design of the counterweight and the rear view camera ensure a fulsome view on the visual filed in the back.

"The Reachstacker LRS 545 is the new cargo handling partner for ports and terminals. Its wedge-shaped design provides the desired agility for smooth container operation. With the latest technology on board plus the ergonomic driver's cabin, the new machine truly quickens the pulse of every terminal," says Gianluigi Marocchi, Sales Director for Liebherr Reachstacker.

Performance

Talking about performance figures the machine stacks five containers high in the first row. Moreover, it is capable of handling 45 tonnes in the first and 31 tonnes in the second row. The LRS 545 comes with a total weight of 69 tonnes, for an optimal balance between stability and quickness. It is equipped with a powerful but economical 4-cylinder 230 kW diesel engine. The in-house developed motor is in compliance with the latest EU Stage IV / EPA Tier 4 final emission standards.

An optional hybrid drive allows for even more power. Liebherr Maritime Cranes' unique Pactronic® is available for the LRS 545. The well-proven hybrid power booster has already been used worldwide in mobile harbour cranes for five years. Installed in the new reachstacker, the maintenance-free Pactronic® allows for an additional 110 kW without fuel consumption or emission.

For further information please write to **info.lid@liebherr.com**

Government lowers freight target for ports

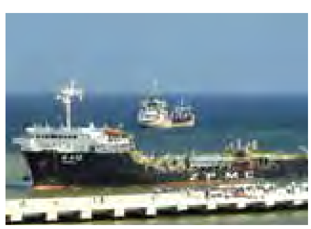
The government has scaled down the freight handling target of major ports for the year 2016-17 to 644 million tonnes, after they failed to achieve 695 million tonnes target set for 2015-16 as a global slowdown affected cargo volumes. The 13 major ports recorded a moderate growth of 4.13 per cent in 2015-16 over the year-ago period by handling 606.37 million tonnes of cargo. Other reasons include European economic crisis, ban on export of iron ore by some states, a drop in imports from China and decrease in industrial output in India.

Six ports (Haldia, Paradip, Kamarajar, Chennai, V O Chidambaranar and Cochin) have been asked to handle 10 per cent more cargo than they handled during 2015-16, five ports (Mumbai, JNPT, Visakhapatnam, New Mangalore and Kandla) are to handle an additional 1 to 5 per cent cargo while targets for Kolkata and Mormugao have been scaled down marginally.

JNPT posts flat growth in container shipments

Container shipments through JNPT remained flat in 2015-16 as a global slowdown cut demand for goods. The port handled 4.49 million teu in the year to March, a marginal increase of 0.56 per cent over the previous year. In 2014-15, JNPT handled 4.46 million teu. NSICT and NSIGT handled 999,693 teu and 202,328 teu, respectively. The container volumes handled by NSICT dropped 13.84 per cent from 1.16 million teu handled during 2014-15. The facility operated by APM Terminals-Concor consortium loaded 1.86 million teu, a drop of 7.56 per cent over 2.01 million teu loaded during 2014-15. In terms of overall volumes, the port handled 64 million tonnes (mt) of cargo from 63.8 mt loaded last year.

VPT retains fifth position in cargo handling



Visakhapatnam Port has registered impressive growth in container traffic retaining fifth position with its total cargo handled during the financial year estimated at around 57 million tonne. The port recorded 5.12-million-tonnes (2.9 lakh teu) container traffic compared to 4 million tonne last year, accounting for almost 15 per cent growth. One of the reasons for increase in container traffic was the decision to offer 50 per cent discount on 50,000-tonne and above GRT vessels to prevent diversion to other ports. Another highlight of the fiscal is increase in crude import, which crossed 10.21 million tonnes as against 8.6 million tonnes last year.

EXIM

Govt to offer incentives to exporters

The government now plans to tap data on overseas online sales as part of the efforts to boost outbound shipments through ecommerce platforms and channel the benefits to these dedicated exporters. A study by PayPal pegged Indian spending on shopping online from foreign countries at ₹54,700 crore in 2015, which is likely to grow by 78.5 per cent in 2016. The government can get such data on exports as well only if exporters apply for benefits under such a scheme.

Gujarat Maritime University coming soon

India will soon get its second maritime university, with the first course likely to be rolled out in 2018. The new Gujarat Maritime University will focus on commercial maritime courses instead of technical programmes that are being offered in over 130 Indian training institutes.

Subjects offered include maritime law, maritime policy, marine insurance, shipping trade and finance, maritime management, maritime human resource management, marine administration, maritime transportation and logistics, marine safety.

Cabinet approves new oil import policy

The Union Cabinet has approved a new regime for crude oil imports that will allow oil public sector undertakings to evolve their own import policies. The new policy adopts the current market practice for crude purchase on spot basis allowing firms to effectively compete in the market. It will increase the operational and commercial flexibility of the oil companies and enable them to adopt the most effective procurement practices for import of crude oil. The existing policy poses limitations and restrictions limiting the potential sources and methods of procurement.

Oil imports from Iran to surge in 2016-17

India is set to import at least 400,000 barrels per day (bpd) of Iranian oil in the year from April 1, with refiners looking to ramp up purchases. Average annual imports at that level in the fiscal year just begun would be the highest in at least seven years, and would carry forward a bump in purchases that lifted March shipments to a five-year high for a month at 506,100 bpd. Indian Oil Corp, Mangalore Refinery and Petrochemicals Ltd, Bharat Petroleum and Hindustan Petroleum are together willing to buy about 240,000 bpd in the year begun in April.

LOGISTICS

National plan of ₹8 lakh crore for railway infra development

Plagued with a long spell of underinvestment, Indian Railway is firming up a plan for infrastructure development with an ambitious target of pumping in more than ₹8 lakh crore over the next four years. The massive investment plan would involve high-speed rail connectivity, station redevelopment and capacity augmentation across the country. Besides the Mumbai-Ahmedabad corridor, Indian Railway is planning to link all metros with high-speed trains as part of its Diamond Quadrilateral project which requires huge private funding.

Railways to carry marble, bamboo among other new goods

With its revenue from freight dipping, Indian Railway is planning to venture into new markets like transporting bamboo, marble, automobile and agri-products to ramp up freight income. Railways transported 1,101.76 million tonnes of goods as against the target of 1,107 million tonnes in the 2015-16 fiscal, a shortfall of 5.24 million tonnes. Railways have been dependent on only few commodities for freight income like coal, cement, steel, fertiliser, foodgrains, iron ore, and petroleum products. The railways will also appoint Customer Manager to deal with clients in the new emerging market.

Railways to spend ₹3,000 crore on land acquisition

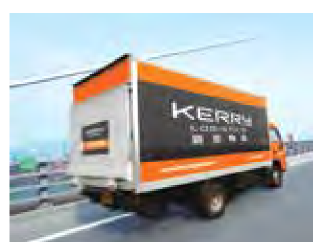
The railway ministry will spend almost ₹3,000 crore this fiscal to acquire land for the ambitious ₹81,500 crore dedicated freight corridor. It will include ₹1,500 crore for the western leg of the freight corridor between Jawaharlal Nehru Port and Dadri in Uttar Pradesh, and ₹1,420 crore for the eastern leg between Dankuni in West Bengal and Ludhiana in Punjab. The project is expected to be commissioned in phases from late 2018 and acquiring land, an extremely tricky proposition in the country, is one of the big hurdles. As of late 2015, 85 per cent of the 10,548 hectares the project needs has been acquired.

Railways to withdraw port congestion surcharge

In a major bonanza for Indian shippers, the Railway Board has removed the port congestion surcharge levied on cargo moving to inland distribution points. The move is likely to benefit companies in the coal and iron ore sectors, apart from shippers of containerised cargo. It will lead to 15 million tonnes of incremental traffic in the current financial year alone. This is in line with the rail minister's promise of making rail a competitive mode of transport vis-a-vis roads.

A sizeable portion of India's freight, particularly containerised goods, moves by rail, given the traditional cost advantage as compared to roadways, and ease of handling. The pace of containerisation of commodities has gained momentum in recent years following the entry of private players in the intermodal sector, a monopoly of the Concor until 2006.

Kerry Logistics raises stake in INDEV



Kerry Logistics Network Limited has entered into MoU to increase its stake in Indev Logistics Pvt. Ltd. The strategic move will see INDEV rebranded as Kerry-INDEV, reflecting Kerry Logistics' ambition to becoming a major pan-Indian logistics company and member of a China Specialist Global Network. Kerry-Indev will design industry specific products and solutions to move goods across to continents using the Kerry Logistics Global Network in the most efficient manner bringing down the logistics cost.

Indev is currently building a warehousing unit in FTWZ, Mundra and is planning to venture into cold storage and will expand its warehousing capacity to 5 million sft by 2018. The expansion plans also includes acquiring last mile delivery capabilities to serve the growing ecommerce market including Express Services.

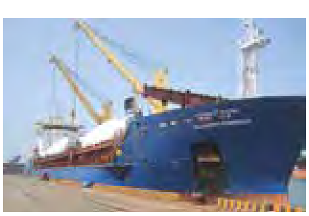
Concor to move empties for free

CONCOR has announced a special scheme to transport empty containers from Cochin Port to their Irugur ICD at Coimbatore free of cost. This major intervention will ensure that empty containers required for stacking export cargo from Coimbatore will be mobilised free of freight cost. It will reduce the overall transport cost of containers exported through Cochin as movement of empty containers from Cochin was one major contributor to the cost. The last quarter of the previous financial year had witnessed over 15 per cent growth in container handling through Vallarpadam. One among the initiative that resulted in the growth was the commencement of the regular Saturday container rail service from Coimbatore to Cochin. The present scheme announced for the next six months will further help the exporters of Coimbatore by making empty containers available readily and at much less cost. The CONCOR has already put in place free storage for empty containers for a period of six months.

HUL to rent out its Warehouse

Hindustan Unilever Ltd (HUL) is renting out space in its New Delhi master warehouse to online sellers to stock their products at a subsidized rate. In return, the sellers will push HUL products on online marketplace platforms and the New Delhi warehouse will be used to deliver the products. It is currently a pilot project with sellers on the online digital payments and commerce platform Paytm. If it is successful, HUL hopes to extend it to sellers on other marketplaces like Flipkart, Amazon and Snapdeal. For companies at the scale of HUL, a big issue is to make the entire range of products available for consumers online.

Allcargo lines up ₹300 crore investment



Allcargo Logistics plans to invest ₹150 crore each in CCI Integrated Logistics and its planned logistics park in Jhajjar, Haryana. "Our freight forwarding and logistics business will now merge into the CCI business and we will form a new company in which we will hold controlling stake," said Prakash Tulsiani, COO, Allcargo Logistics. Jhajjar facility is expected to be operational by 2018, subject to necessary regulatory approvals and rail connectivity. It will comprise of a rail linked private freight terminal catering to railway cargo movement, a free trade warehousing zone, a domestic tariff area and other related activities. It will also have the facility to handle both inbound and outbound contract logistics services.

MoU with Sweden on rail sector improvement

The Union Cabinet has approved the MoU signed with Sweden for technical cooperation in rail sector particularly in running goods trains in cold weather conditions. Sweden, being a cold country, has expertise on freight operation in freezing weather. Indian Railways is also aiming to operate freight during the cold weather condition, so the cooperation with Sweden is in that direction, informed Railways Ministry officials. Indian Railways also aims to acquire Swedish expertise to run semi-high speed train on its existing tracks. Other cooperation projects under the MoU involve freight operations in cold regions, tilting coaches/trains, capacity allocation and optimisation of maintenance and improved freight/combination traffic.

AP Warehousing Corporation to go commercial

The Andhra Pradesh Warehousing Corporation will provide storage space to industrial manufacturing firms soon. The first warehouse with the facilities to store various industrial products would be developed on 12 acres of land provided for the purpose by the Visakhapatnam Port Trust near Vizag Port. Any of the 300 commodities listed in the Warehousing Act, 1962, could be stored in these industrial warehouses. Another industrial warehouse would be planned in the capital region.

The corporation had godowns in 55 locations with an area of 3.6 million square feet with the capacity to hold 6 lakh tonnes. A target had been set to increase the godown area to 7.2 million square feet with the capacity to store 12 lakh tonnes, in three years.

Snowman expands warehousing

Snowman Logistics Ltd is ramping up its operations to meet expected growth in reefer cargo shipments. The company opened a new temperature-controlled warehouse and distribution center at Jaipur with a capacity of 4,200 pallets. That brings the company's total storage capacity to 98,500 pallets. The site is designed to serve customers in and around Jaipur, Ajmer, Neemrana and other areas in the northern Rajasthan region. Soon Snowman will commission its new facility in Cochin, which will help it touch the important milestone of 100,000 pallets.

The Indian cold chain market is expected to witness consolidation due to growing private investments.

IOC, Bangladesh Petroleum Corp to set up joint ventures

India and Bangladesh will scale up hydrocarbon cooperation with state-owned firms Indian Oil Corp and Bangladesh Petroleum Corp entering into joint venture projects, leveraging the expertise of the companies and the geographic advantages of the two nations. IOC seeks to build hydrocarbon infrastructure in Bangladesh, including a liquefied petroleum gas import terminal at Chittagong, from where the fuel could be transported to India through a 'friendship pipeline.' India also offered to supply 2,200 million tonnes of diesel to Bangladesh from the Siliguri marketing terminal of Numaligarh Refinery Ltd to the Parbatipur depot of BPC on a sustainable basis.

JICA to fund DFC

JICA signed an agreement with the Government of India to provide ¥103,664 million (approx. ₹6,170 crore) Official Development Assistance (ODA) loan for the Dedicated Freight Corridor Project Phase 1 (III): Tranche 3. The ODA loan's conditions are very concessional, i.e. 0.1 per cent of interest rate and 40 years of repayment period (including 10 years of grace period). In the phase1 of this project, a new 950-km freight line (Rewari to Vadodara) connecting the major cities in Gujarat, Rajasthan, and Haryana states will be constructed.

Vizag fast turning into a logistics hub

Several CFS are looking to set up their offices in Vizag. The state government is also marketing the city accordingly. At least six CFS projects, warehousing complexes and multi-modal logistics parks are in various stages of establishment in and around the city. About 400 acres of land has already been identified at Anakapalli for logistics. The AP government and the Visakhapatnam Port Trust are jointly executing the project. A detailed project report is being prepared. However, the government will take a final call on the role it will play in the logistics hub. Sravan Shipping Services is planning a CFS, free trade warehousing zone-cum-logistics park and logistics-cum-warehousing complex in the city. Visakha Container Terminal Private Limited is establishing a CFS with an estimated investment of ₹60 crore. Concor is also developing a multi-modal logistics hub on 100 acres with an investment of ₹372 crore.

Rail auto hub in Tamil Nadu

India's first rail auto hub is being developed in Walajabad near Chennai. The project aims at shifting the transportation of cars to rail rather than road. Spread over 5,000 sq.m., the facility will cater to over 1 million units of four-wheelers manufactured every year in the Oragadam-Walajabad micro-market area. The rail auto hub can also be used as an ideal distribution centre for the transport of Tata and Honda vehicles to various parts of the city and country.

It will be developed in two phases. Phase I, expected to be operational by the second quarter of 2016, will have a loading capacity of 300 four-wheelers. Phase II, which is expected to commence in the early fourth quarter of 2016, will be scaled up to 800-1000 four-wheelers.

Promoting rail freight

Rationalisation of rail freight charges to reflect the actual cost has emerged as the single biggest factor for facilitating a shift towards rail from roads as the government looks to raise the share of railways in the movement of containers, cut logistics costs and make industries competitive. Issues to be sorted out include high railway freight, lack of reliable scheduling of freight trains, poor last-mile connectivity, priority to passenger trains. cross-subsidisation between passenger and freight trains has made the railways unviable for most transportation routes. Increasing the modal share of rail from the current 18 per cent to 25 per cent will save India ₹3,000-6,000 crore a year in logistics costs by 2025. The modal shift will also cut down crude imports by 1.2 million kilo litres a year.

100 per cent FDI in e-commerce

The government is allowing 100 per cent FDI in e-commerce and online retail consumer businesses that operate as market places. The scope of marketplace includes support services (to sellers) like warehousing, logistics, order fulfillment, call centre, payment collection and other services. If the e-commerce industry is set to be a direct beneficiary of the same, real estate experts see it as an opportunity for the sector and will lead to a pick-up in demand for office space, warehousing and logistic spaces as there will be new entrants in the market. The second impact will be on the demand for warehousing and logistics real estate. Unlike the demand for office spaces, this additional requirement will be spread fairly evenly across Indian cities.

Japanese fleets chase GAIL tender

Top Japanese fleet owners have applied for India's biggest shipping tender worth $7 billion issued by GAIL (India) Ltd to hire 11 new LNG carriers to ferry gas from the US. A consortium of Mitsui O.S.K. Lines Ltd-Nippon Yusen Kabushiki Kaisha Ltd and Mitsui & Co Ltd and another group comprising Mitsubishi Corporation-Kawasaki Kisen Kaisha Ltd (K Line) and GasLog Ltd applied for the tender. GasLog is the only non-Japanese firm to apply for the tender. The tender will be awarded to the bidding group quoting the lowest daily hire rates.

Dredging costs on the decline

The high cost of dredging is often cited as the main reason why ship calling costs are high at Indian ports, compared with other harbours in Asia. But now, some of India's state-owned ports are getting price quotations for dredging works that are close to half of the cost estimated by the port authorities. Kamarajar Port Ltd received a lowest price quotation of ₹258 crore from International Seaport Dredging Pvt. Ltd that is less than half of the ₹580 crore budgeted by the port authority for the work. In January, Dredging Corp. of India quoted ₹192 crore to deepen Mormugao Port. Mormugao had approved a cost estimate of ₹380 crore for the work.

DTDC expansion plans

DTDC is targeting to invest up to $100 million (around ₹660 crore) in the next three years to expand network and will be looking at a round of capital raising in a year's time. $80-100 million will be invested in network expansion, infrastructure and technology. The company is expected to close FY16 with a turnover of ₹900 crore, which will suffice for the next year and the company will be looking for a fresh capital infusion in 12 to 15 months. Up to 60 per cent of the targeted $100 million in investments are earmarked for organic growth, while the rest may be used to either acquire companies or take strategic bets in disruptive startups dealing in the logistics sector.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"It is right time to come to India by sea route"

- Narendra Modi, Prime Miniter of India

41 countries, 13 sessions, 200 stalls, 12 cabinet ministers, 20 multi-national firm chief executives, 3,000 delegates, 240 projects worth $ 60 billion of investment. This sums up the Maritime India Summit 2016 that was held in Mumbai to showcase and promote extensively the Sagar Mala port-led development plan scheduled to create 1 crore jobs

by Deepika Amirapu

Rajive Kumar, Secretary, Ministry of Shipping; **Anandiben Patel,** Chief Minister of Gujarat; **Nitin Gadkari,** Minister for Road Transport and Highways and Shipping; **C Vidyasagar Rao,** Governor of Maharashtra; **Devendra Fadnavis,** Chief Minister of Maharashtra; **Kim Young-Suk,** Minister for Oceans and Fisheries, the Republic of South Korea

Session in progress at the summit

Key dignitaries

The Maritime India Summit 2016, the maiden flagship initiative of the Ministry of Shipping, Government of India, to create a platform for investors to explore business potential in India's maritime sector was a resounding success as it was a launch pad for development and set the momentum for growth in this lagging sector. The potential for creating new infrastructure in this sector was showcased as it opened doors to more Indian and foreign firms participating in making ports, coastal and river waters more navigable for trade movement.

The three-day summit held from 14-16 March witnessed the signing of more than 140 business agreements with an estimate of $13 billion, over 300 business meetings and showcased about 240 Indian projects worth $60 billion. These memoranda of understanding were signed for capacity expansion, new terminals, port-led industrial development, renewable power plants and spares of dredgers, among others. Besides developing a road map for maritime cooperation, the shipping ministry has formed a facilitation cell to follow up with investors the progress made on their investment commitments.

The exclusive round table conference of a panel of chief executive officers deliberated on growth opportunities in the sector and spoke of adherence to the new regulations set by the International Maritime Organisation. India's partner country in this summit, South Korea highlighted maritime finance, shipbuilding and port-led development as areas of cooperation between the two countries. The summit facilitated bilateral discussions with 12 partner countries where India showcased inland waterways and coastal shipping projects as priorities. Nitin Gadkari, Union Minister for Shipping said, "Ports lead to welfare creation and this summit is a unique platform for people from the industry to meet with each other and create more synergies." The Centre will start work on three ports this year, the first one being Dahanu in Maharashtra. "We are keen on seeing the Sagar Mala plan through at any cost," he said.

The Minister urged investors and firms to focus on the four pillars

Nitin Gadkari
Union Minister of Shipping, Road Transport and Highways

“MARITIME DEVELOPMENT IS HIGH ON THE PRIORITY LIST OF OUR GOVT AS IT OPENS A NEW ERA OF INVESTMENT IN SHIP BUILDING/ REPAIR, SHIP BREAKING, INLAND WATER TRANSPORTATION, HINTERLAND CONNECTIVITY.”

N Chandrababu Naidu
Chief Minister of Andhra Pradesh

“ANDHRA PRADESH IS THE GATEWAY OF OPPORTUNITIES WITH A HUGE COASTAL CORRIDOR, PORTS, INDUSTRIES, SEZS. THIS IS THE RIGHT TIME FOR INVESTMENT AS THE STATE IS GIVING VARIOUS BENEFITS TO THE INVESTORS.”

Manohar Parrikar
Union Minister for Defence

“THE DEFENCE MINISTRY IS SIGNING MOU WITH SHIPPING MINISTRY TO DEVISE WAYS TO HELP SHIPYARDS.THE MAIN OBJECTIVE OF THE MOU IS TO ENSURE DEFENCE ORDERS GIVEN TO PRIVATE YARDS ARE MET IN TIME.”

MoUs signed

- A total of 141 MoUs and business agreements were signed by various players in maritime sector including major ports, state maritime boards and Public Sector Units like Shipping Corporation of India (SCI), Cochin Shipyard Limited, Inland Waterways Authority of India etc.
- One significant Memorandum of Understanding signed relates to establishment of a greenfield port at Vadhavan, Maharashtra. Phase I of the project is estimated to cost around ₹9167 crore.
- Government of Andhra Pradesh entered into a Memorandum of Understanding with Inland Waterways Authority of India for development of National Waterway 4 at estimated cost of around ₹3000 crore.
- Gujarat Maritime Board (GMB) entered into an MoU with Shapoorji Pallonji Company for development of a new LNG terminal costing around ₹5,411 crore at Chara. GMB will also ink an MoU with IL&FS for setting up a Maritime Services Cluster at GIFT City, Gandhinagar.
- Petronet LNG has signed an MoU with Inland Waterways Authority of India to facilitate greater use of LNG in inland water transport thereby reducing the carbon footprint. Cochin Shipyard Limited has entered into an agreement with Samsung Heavy Industries to formalise technical cooperation for building LNG ships in India. This will also be first of kind in the country.
- Adani group has announced plans to invest around ₹28,000 crore over next five years in various projects in Odisha and Gujarat. JSW Group owned by Jindals has also proposed to invest around ₹10,000 crore over a span of five years.
- Visakhapatnam Port Trust signed an MoU with HPCL who plan to increase the capacity of Visakha Refinery from 7.50 million metric tonne (MMT) to 15 MMT at an estimated cost of ₹18,412 crore. Shipping Corporation of India also signed a slew of agreements to enhance shipping capacity both inland as well international.

Prime Minister Narendra Modi along with key dignitaries visits the exhibition at the event.

of development the Sagar Mala programme promotes – port modernisation, port-led development, port-led industrialisation and port connectivity. If development is carried on along these lines, the logistics cost in the country could come down significantly, Nitin Gadkari said. Other objectives of the ministry stated during the summit were to energise and modernise ports and coastal economic zones including the transport corridors that are expected to criss-cross the nation. Several tax breaks that were allotted to the sector were also announced to reflect the seriousness of the nation in promoting the sector. The Defence Minister Manohar Parrikar who was also present during the summit for a session on shipbuilding, ship breaking and ship repair said, "Till now, the defence ministry did not rope in the shipping sector in defence projects since the orders could not be met in time due to financial constraints of the shipping sector. The main objective of the MOUs here are to ensure that defence orders given to private shipyards are met in time. Ship repair is one of the focus areas where defence ministry is willing to outsource naval repairs to help in growth." An order flow of nearly ₹75,000 crore was promised to the private shipyards that need a shot in the arm. However, the panelists in thematic sessions on the first two days named a few issues that needed immediate attention. Julian Bevis, Senior Director, Group Relations, South Asia, Maersk said the market should be allowed to be the regulator and its forces should

Nirmala Sitaraman
Commerce Minister of India.

"WE WANT INDIA'S TRADE TO GO UP AND IT IS FROM THIS PERSPECTIVE THAT I SEE DEVELOPMENT OF THE MARITIME INDUSTRY VERY CRUCIAL FOR THE COUNTRY. THIS IS THE RIGHT TIME TO ENTER THE BUSINESS CYCLE."

Devendra Fadnavis
Chief Minister of Maharashtra

"MAHARASHTRA HAS COME WITH A NEW PORT POLICY WITH 360-DEGREE APPROACH THAT COVERS ALL THE FACETS OF MARITIME BUSINESS AND THE BASIS OF THE POLICY IS EASE OF DOING BUSINESS."

be able to determine prices than government intervention. The Port of Singapore Authority said it sees four areas of focus for the government, viz. matching port supply with demand on a national basis, integrating port planning with that of the immediate hinterland, revising concession terms to make sure no party is unduly disadvantaged and ensuring the best use of government funds. Deregulation of container terminal tariffs was one issue that almost every terminal operator present voiced asking for immediate attention. Rana Kapoor, Chairman and Managing Director of YES Bank said the 12 major ports in India should be corporatised just as the roads sector was to ensure better availability of funds and ring in professional management. The 10 coastal economic zones should be promoted as tourist destinations, he said.

Promising that the government will support and look in to the needs of the industry, the Minister assured the investors saying he aims to complete the port-rail connectivity projects in the next two years. "We require an appropriate economic situation to function. Once that is seen, we will support all the stakeholders in the sector and economy," he said.

Encouraging budding entrepreneurs

Ministry of Shipping, Invest India and DP World joined forces to organise the "MIS 2016 -DP World Prize" contest that aims at bringing to the fore fresh and innovative concepts in the maritime and associated sectors. The contest was judged by a jury panel consisting of Deepak Parekh, Chairman, HDFC, Capt. B.B. Sinha, Chairman and Managing Director, SCI; along with other distinguished personalities from the Government, industry and the shipping ministry. The Ministry of Shipping announced Sagar Defense Engineering Pvt Ltd, as the winner of this maiden contest. DP World presented the winner ₹1500,000 at the Maritime India Summit 2016, to support their projects.

Participants that reached the finals:

Planys – An IIT Madras incubated company that designs and manufactures compact submersible vehicles for immersed structure inspection, underwater exploration & environmental survey. Founded by Tanuj Jhunjhunwala, Planys is developing advanced Marine Robotics.

Zarrots – Bhubaneshwar-based Zarrots Technology Private Limited was incorporated in September 2015 by Nrupal Das and develops intelligent fuel tracking. Its IOT devices gather and store fuel consumption data of marine vessels in cloud data storage system. Analytics software run on data stored in cloud servers to find spikes, drops, unusual usage patterns to find marine fuel leakages, spillage, inefficient usage or theft.

Sagar Defence Engineering – Mumbai-based Sagar Defence Engineering Private Limited was incorporated in May 2015 by Nikunj Parashar. It works towards building an un-manned boat, to get the product inducted in the Indian armed forces. It aims to provide new innovations and complete Unmanned Marine Vehicles solutions in Commercial, Defence, & Scientific sector.

Volteo – Founded by Hyderabad-based entrepreneur, Surendra, Volteo is a Smartport Platform offering a Saas model (pricing per feature) which allows ports to amortise the cost over a period of time instead of investing one time unlike other expensive enterprise software. Volteo's SmartPort Cloud platform helps ports go paperless, enhance port security and automate electrical infrastructure.

VMW – Bangalore-based Rajesh Malhotra founded VMW to provide Container Management solutions. VMW Parking & Container Handling Systems (P) Ltd, is promoted by a team of technocrats with background in mechanical engineering and material handling systems, Project Management and Marketing, VMW focuses on specialised material handling solutions.

Deepak Parekh, Chairman, HDFC said, the contest has received outstanding entries from startups across the country. It was a challenge for us to shortlist the five entries to compete at the finals. The entries showcased excellent entrepreneurial skills and have incredible concepts to promote ease of doing business."

Container shipping's new Ocean Alliance is born

The Ocean Alliance has been formed in Shanghai as CMA CGM, China Cosco Shipping, Evergreen Line and OOCL signed a memorandum of understanding to offer more than 40 global services connecting markets in Asia, Europe and the United States. Subject to regulatory approvals, the new alliance plans to begin operations in April 2017 and will last for five years. This new partnership will allow each of its members to bring significantly improved services to its respective customers. Shippers will have access to a vast network with the largest number of sailings and port rotations connecting markets in Asia, Europe and the United States.

The service networks in the alliance will cover the Asia-Europe, Asia-Mediterranean, Asia-Red Sea, Asia-Middle East, trans-Pacific, Asia-North America East Coast and trans-Atlantic trades using the latest vessels from a fleet of 350 container ships.

Institute of Chartered Shipbrokers in MoU with IMU

The Institute of Chartered Shipbrokers has signed a MoU with the Indian Maritime University (IMU) during the Indian Maritime Summit to promote mutual understanding and renew a bilateral commitment to academic and educational co-operation. The signatories are Sean Walsh from the institute and IMU's Vice Chancellor K Ashok Vardhan Shetty. Director of the Institute of Chartered Shipbrokers, Julie Lithgow said: "The market for potential maritime educational growth in India is enormous with over 150 maritime sector projects currently committed to be developed by the Indian government. This co-operation will make significant and powerful impact on young people in India wanting to build their careers in the shipping sector."


Realization
Teamwork
Success
Ideas
OK!
Analysis
Goals
ANALYSIS
PLANNING
REALIZATION
TEAM
ANALYSIS
Leadership
TEAM
ANALYSIS
Goals
Resources
Leadership
ANALYSIS
Goals
ANALYSIS
Resources

startups in shipping*

*ideas that could matter

Shipping is not an easy business for start-ups. It costs a lot of money to develop a product or service in this space and big players are usually reluctant to change their business models and adopt new ones. However, a few firms decided to swim against the tide and cause disruption in this space just as start-ups have done in banking, e-commerce and healthcare. Five firms featured in the cover story this edition have used sophisticated technology extensively to make various processes easier in the shipping sector. Some have designed new products to address age old problems existing that industry has learned to live with. By showcasing their novelty, these firms have not just provided solutions but also proven that when skill and sincere intent come together, any problem can be solved

Sagar Defence Engineering Private Limited's unmanned marine surface vehicles will not only save resources but also human lives. Their naval target drones are a range of lightweight, easily deployable and highly maneuverable marine vehicles fitted with oceanographic applications. Vamaship offers logistics services. It is an integrated logistics platform that provides freight solutions across three channels – air, surface and ocean transportation and is changing the dynamics of existing fragmented logistics industry in India as well by redefining shipping experience. Planys Technologies has designed India's first remotely operated underwater vehicle (ROV) to conduct underwater surveys and also relay information on the health of a vessel. Volteo technology will help ports become paperless and reduce the time to process a vessel call by a factor of 90 per cent in some cases. Its three applications Central Clearance System, Automated Gate Pass Systems and Asset and Infrastructure Management (AIM) help in filing paperwork online, easing gate-in and gate-out procedures and in keeping track of electrical infrastructure. Lastly, Zarrots is a marine fuel monitoring system which reduces fuel losses by minimising or stopping fuel leakages, inefficient fuel usage and fuel theft.

All of these start-ups are waiting to make a splash in the sector and have surprisingly been embraced fully by firms as they realise that technology and cost are a sure shot way to improving operations and revenues.

SAGAR DEFENCE ENGINEERING

Unmanned marine vehicles

Sagar defence's unmanned marine surface vehicles will not only save resources but also human lives

by Ritu Gupta

Rajnath Singh, Minister of Home Affairs; **Nitin Gadkari,** Minister of Road Transport and Highways and shipping along with **Anil Singh,** Senior Vice-President and MD, DP World Subcontinent handing over the grand prize of ₹15,00,000 to contest winner **Capt. Nikunj Parashar**

- Founded by Capt. Nikunj Parashar and his team in May 2015
- Specialises in developing unmanned marine vehicles for scientific research
- Launched the first unmanned marine surface vehicle for Indian armed force
- The company aims to build innovative solutions for the Unmanned Marine, Submarine and Airborne industries

Sagar Defence Engineering Private Limited was the winner of the maiden 'MIS 2016 - DP World Prize' contest. It was awarded the prize money of ₹15 lakh by DP World to support its ongoing project at the Maritime India Summit 2016. The company was founded by Nikunj Parashar and his team in May 2015. The Mumbai-based company is a highly skilled start-up, founded with an aim to provide new innovations in the field of unmanned marine vehicles solutions for the commercial, defence and scientific sectors. They recently launched the first unmanned marine surface vehicle for the Navy, and the product was successfully inducted into the Indian armed forces. The company's technology has the potential for many applications – from studying radiation levels in nuclear power plants and in thermal power to test out submerged structures. "We are extremely delighted and proud to win the DP World Prize contest. This platform has now further strengthened our belief that in times to come, unmanned marine vehicle will not only save time, money and increase productivity, but also save human lives at sea and on battlefronts. We will be utilising this prize money to build our first unmanned surface vehicle for the oil and gas sector, scheduled to be launched in October," said Parashar, adding: "We strive to meet the never ending needs of technological competency in the Indian maritime sector."

The company's commitment towards providing technological solutions for the maritime sector is reflected in the suite of self-tuning command controls that have been developed by the company and trialled at sea on a range of vehicle modes. The company is building systems and applications which will aid a broad range of technology and innovative solutions for the unmanned marine, submarine and airborne industries relating to various commercial sectors like oil and gas, inland waterways, oceanography, disaster management and scientific research community at large as well Indian navy, coast guard and border security forces. Parashar says the unmanned marine vehicle systems can be used not just by the military for ISR (intelligence, surveillance and reconnaissance), but also to study radiation levels in nuclear power plants and thermal power, and to test out submerged structures, among other things. Their naval target drones or radio controlled target boat (RCTB) are a range of lightweight, easily deployed, highly manoeuvrable marine vehicles, which can also be used for naval gunnery training, weapons testing and ship command and control assessments. The vehicles are highly survivable built with special hulls facilitating easy repairs. Operating using the remote control system, targets can operate individually or as part of a swarm.

The company is also developing unmanned marine vehicle or AutoNav for oceanographic applications, for which the DP prize contest funding will be used. AutoNav is a long endurance autonomous surface vehicle that can be used to safely and cost-effectively collect data at sea, and it has been built to operate in all marine environments. By using AutoNav, risk and operating costs can be reduced across a number of industries including ocean science, oil and gas, renewables and defence. To complement its unmanned vehicles, Sagar Defence has also developed command control modules and a front end software called Genesis, which has the ability to communicate, using a remote control protocol, across a radio link or some other remote signaling system.

VAMASHIP

Freight solutions across three channels

by Itishree Samal

Bhavik Chinai and **Rohit Chemburkar** founders of Vamaship

Established in October 2015 as a logistics solution provider for land, air and ocean transport

Aggregates customer demand for cargo movement and connects them with service providers, covering end-to-end logistics needs.

Helps shippers minimise cost and cuts short the time taken for logistics firms to get paid their dues from customers.

Customers can compare freight rates offered by service providers across the three channels.

The platform helps customers save upto 20 per cent of time-taken during transportation.

Vamaship, an integrated logistics platform that provides freight solutions across three channels – air, surface and ocean transportation, is changing the dynamics of existing fragmented logistics industry in India as well by redefining shipping experience. Acting as a market place for shippers, freight forwarders and other stakeholders in the industry, Vamaship offers a platform where customers can enquire, sign up and book their shipments online, with real-time tracking and other value-added features, for a cost-effective, seamless shipping experience

Most often freight forwarders and courier companies aren't able to reach small and medium enterprises due to their vast geographical spread, while on the other hand SMEs and small time traders who look for logistics options for delivery often do not get low prices or "wholesale rates" and good services due to their low shipping volume. This is where Vamaship has a role to play.

Vamaship, a technology-driven logistics platform launched in October 2015, integrates unorganised logistics processes through three channels – air, ocean and surface transportation, aggregates customer demand for cargo movement from SMEs, e–commerce websites and individual shippers, and connects them with service providers, covering end-to-end logistics needs.

With the aggregation of volumes and automated shipping processes from inquiry till payment, the company helps shippers minimise cost, passes customers bulk shipping rates, and cuts short the time taken for logistics firms to get paid their dues from customers.

Usually, for a SME the volume may be around 20 containers, while a large player handles around 1,500 containers in a month. Also, customers pay their logistics service providers after a gap of 30 to 120 days. But, here customers are willing to pay upfront if they get a good discount on freight rates, says its Founder and Chief Operating Officer Bhavik Chinai. Not only this, the company allows customers to compare freight rates offered by service providers across the three channels. "Our customers discover 50 to 70 per cent cheaper freight rates by using our platform than what they can discover in the normal course," he said.

Additionally, the platform has pioneered a drastic decrease in the turnaround time. "Using our platform, customers can save up to 20 per cent of time taken in coordinating for the shipping documents and processes," he said.

In a process that requires careful coordination with several stakeholders such as customs clearance brokers, transporters, ports and shipping lines, Vamaship's revolutionary impact has created new revenue medium and eased shipping processes for each stakeholder.

"For a single shipment, the hassle

INTEGRATING THE LOGISTICS CHAIN

Integrating with all stakeholders like shipping lines, airlines, trucking companies and the customs departments to ensure shippers have the same streamlined process, Vamaship is setting global benchmarks in service quality, growth rate and stakeholder satisfaction. The platform helps shippers plan inventory better, book shipping contracts at cheap costs and have end-to-end visibility to reduce leakages. Companies are collaborating with startups to leverage their ready infrastructure and use technology to optimise it, creating a win-win situation. Its customers include courier companies, e-commerce player caratlane.com, Ashapura Minechem, a company in the bauxite mining space, Vanitycase, a contract manufacturing firm, among others.

Started with an undisclosed seed funding from Chinai's family-backed firm BVC Ventures along with co-founder Rohit Chemburkar, the company is already making waves in Indian logistics industry. Within five months into operations, Chinai was awarded with "Young Supply Chain Professional of the Year" award at ET Logistics Awards.

makes little difference, but for a business with hundreds of shipments each day, startups are replacing the need to have in-house logistics teams. Also, the complexity grows when a shipment changes from surface to air or ocean. With international shipping, the customs department of each nation accepts documents in their own format, where a business adds more middlemen to ensure smooth delivery," Chinai says.

This platform eliminates the hassle of dealing with multiple shipping companies, reconciliations and different tracking mechanisms with its weekly COD reimbursement, APIs for every platform and 24×7 customer support. Its one-stop shipping platform gives users deep analytics to improve shipping optimisation, along with its integrated software supports seamless reverse shipping.

Aims to fill the gap

With its tech-driven solutions Vamaship aims at fulfilling existing gaps in the logistics industry. Information gap is a major hurdle at present. The moment the goods are loaded in a truck, there is no visibility in the goods movement. We have a long way to go from the ideal. Door-to-door process takes anywhere between 27 to 70 days. Our platform tracks every move of the shipment by dotting on the map. Another gap that exists is awareness of technologies. Unlike developed countries, here even large companies shy away from using technology, they still operate in old manual method and use papers. Lack of adoption of technology is one big challenge we want to address.

"By implementing tech-driven solutions, we want to fill the gap that exists through technology and real-time communication with various stakeholders," Chinai told Maritime Gateway.

Market opportunity

In terms of ocean freight opportunity, JNPT alone handles more than 50 lakh containers in a year and all ports inclusive handles more than million containers every year in the country. Given India's maritime industry comparatively smaller compared to China and US, it's set to grow at a much faster rate in coming years.

While surface transportation in India is already huge being a highly unorganised sector, the sector has a huge opportunity. More than 78 lakh trucks run on Indian roads at present. And in air courier is a large segment for small e-commerce players.

Within just five months into operation, the start-up has covered 19,500 pin codes in India aims to grow extensively within the country as well as globally. Chinai says, though some start-ups have come in the logistics space, they only cater to inter-city trucking or domestic courier or intra-city trucking. Whereas we offer a unique platform that caters to all modes of transportation, pan-India, and all kinds of cargo – from general cargo, hazardous cargo to valuable cargo such as jewellery and diamonds and perishable cargo.

The seven-month old start-up has already gathered a large client base with a robust enquiry list on a daily basis. We work 24/7 throughout the week. Being a start-up which aims to make it big in the already cluttered-industry, we are very aggressive, he says. The company now operates from three cities in Bengaluru, Delhi and Mumbai.

"In surface transportation, we focus on inter-city, full truck-load segment. Small e-commerce players are our biggest customers in the air freight segment," he said. At present, we are looking at a sizable shipment in ocean and e-commerce segment. We are targeting 30 locations in India. We aim to enter the Singapore and Hong Kong market by January next year.

PLANYS

Remote Deep-sea ROV

Planys Technologies has designed India's first remotely operated underwater vehicle to conduct underwater surveys and also relay information on the health of a vessel. This was conceived and actualised by an odd bunch of computer science, naval and mechanical engineers, all about 25 years of age, to come up with an indigenous ROV

Vineet Upadhyay, Rakesh Sirikonda, Pulkit Agarwal, Sanchit Gupta, Tanuj Jhunjhunwala

by Deepika Amirapu

An IIT Madras incubated company

Designs and manufactures remotely operated underwater vehicles for inspection of immersed structures

Offers rugged and modular solutions customisable as per user requirements

Advanced marine robotics integrated with the next-generation inspection techniques

Planys is an IIT Madras incubated company that designs and manufactures compact submersible vehicles for immersed structure inspection, underwater exploration and environmental survey. Planys integrates advanced marine robotics with the next-generation inspection techniques to provide indigenous inspection solutions. The spirited young founding team consists of a blend of robotic enthusiasts and Non-Destructive Testing (NDT) experts.

The company was found around three years ago with an objective to develop the best student underwater vehicle in India. From learning basic waterproofing techniques to building remotely operated vehicles capable of rapid defect detection in submerged pipelines using ultrasonic probes, Planys has used innovation and technology to make its product relevant for the marine industry. These underwater vehicles act as robots and are deployed to obtain crucial information about structures that are partially or completely submerged under water. These ROVs are fitted with cameras and censors that reveal information about a vessel's thickness, the strength of a breakwater, depth of jetties and for hydrographic surveys. They are also used to check the pollution levels in waters to check its toxicity as factories expel effluents affecting flora and fauna.

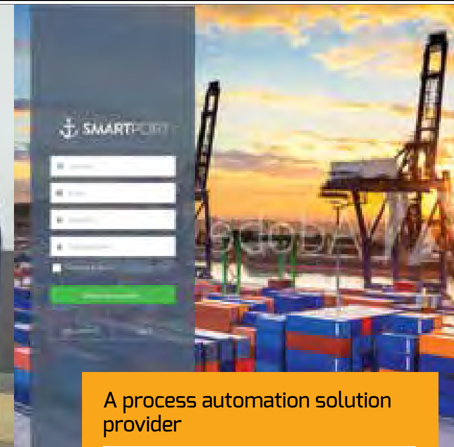
"These deep-sea ROVs present the most economical solution today as they offer an alternate to divers who often go underwater in hazardous situations with inadequate oxygen to support them and with no advanced devices to survey water or the structures and no means to process data immediately. Today, these devices can be put to use at ports and in offshore platforms," said Tarun Jhunjhunwala, Co-Founder, Planys Technologies. Usage of these ROVs helps surmount challenges of safety and endurance faced by divers as divers can be sent on only four dives a day each lasting an hour. In contrast, the robots can be sent into water any time and through an indigenous software, they can process data real time, allowing the Surveyor to use data for taking decisions. These ROVs are handled by trained crew members and the machine can be deployed underwater whenever required. Live decisions can be taken from the data processed based on the inputs sent by the device.

Deep-sea ROVs have been in existence for the last three decades overseas, but they are huge in size and require to be transported in two containers for use in waters. However, the new ROV Mike, designed and manufactured by Planys, weighs only 30 kilograms and fits in a sport utility vehicle. Also, deep-sea ROVs that are used for surveys 500 km inside the sea can be expensive for shallow waters. The Chennai-based one allows for quick deployment and is custom designed for Indian waters where there is little clarity due to the muddiness. "We can add or leave out sensors and customise it to the client's requirement," says Tarun. Apart from relaying information on the vessel, these ROVs can also provide information on how the sea bed looks before and after laying pipelines. The newest proposition offered by Planys' Mike includes an in-water survey that can tell whether dry docking of a vessel is required to attend to its hull or if the ship can run for a few more years without repair.

The ROV developed by the Planys was the first demo product and the firm aims to launch two more such remotely operated underwater vehicles with much better capabilities in the coming few months. Mike, the first ROV, was built in just four months after an extensive research of four years by a team of students. Once Mike was built in 2015, a number of demonstrations have already been conducted at ports, harbours and terminals to check the efficacy of the device and its functioning. When a port or a harbour decides to implement the survey, it takes about two to three weeks to complete it. The biggest advantage of using this technology lies in saving time and cost. Compared to deep-sea ROVs, these are about eight times cheaper to deploy and use. Once the product was tested, many trials runs were conducted to make it more effective. "We see that users are open to this technology and we have received positive response from them," said Tanuj.

After tasting success in this ports sector, the ROV shall also be tested to survey dams, bridges, off-shore platforms and rigs.

Sasikanth, Surendra, Spandana, Sagar and Mani



- A process automation solution provider
- Develops SmartPort Platform that help ports to go paperless
- Drastically reduces the time taken to process a vessel call by a factor of 90 per cent
- Securely monitor, track and manage high value port assets via sensor based automation

VOLTEO

Go paperless

Volteo technology will help ports become paperless and reduce the time to process a vessel call by a factor of 90 per cent in some cases

by Ritu Gupta

One of the finalists of the MIS-2016 DP World Prize was Volteo Technology Solutions Private Limited, which is a process automation firm based out of Hyderabad. Its vision is to offer simple and smart business transformations. In line with its vision to build transformational products, Volteo is developing SmartPort Platform, which addresses the key needs for the ports to go paperless. Ports can offer a cloud-based document submission, notification and review system to enable entire interactions online. This platform helps to securely monitor, track and manage high value port assets via sensor based automation thus enabling higher internal efficiencies. In the development stages, SmartPort platform will be offered as software as a Service model for the first time to the Indian shipping industry. "This is a radical shift from Cap-Ex to an Op-Ex based model. With increase in volumes, the need to stay competitive with global ports has given rise to opportunities that can only be addressed by incorporating port automation," says Surendra Lingareddy, operations heads, Asia-Pacific, Volteo Technology Solutions Private Limited.

While Port Community System (PCS-2009) and ICEGATE systems have been developed, their adoption has been less than desirable. After researching several ports in Andhra Pradesh, Volteo started designing its SmartPort platform, and the following features are being developed:

- Central Clearance System (CCS) – Allows agents to submit paper work completely online via a web portal. Communication between port operational executives and agents are handled via this portal which can capture approvals, act as a single repository of documents. CCS will be complimentary to PCS and ICEGATE.
- Automated Gate Pass Systems (AGPS) – Facilitates the entry and exit procedures at ports. It alerts port security on deviations, thefts and over stays. Includes Weigh Bridge Automation that integrates hopper drop measurements with weigh bridges to prevent measurement fraud.
- Asset and Infrastructure Management (AIM) – Monitors, measures and automates electrical infrastructure. Offers asset life-cycle management to monitor, track and predict breakdown of high value assets.

The platform's CCS feature offers online document submissions, custom port workflows with hierarchial approvals, real-time communication to streamline agent and port interactions. CCS will drastically reduce the time taken to process a vessel call by a factor of 90 per cent in certain cases. CCS will also reduce agent's need to visit the port in-person. AGPS, on the other hand, will result in securing both people and assets in port. AGPS will notify security personnel real time so that security can be significantly enhanced. AIM will help monitor performance and working of high value assets and will aid in preventive maintenance. "Our vision for SmartPort is to become the platform of choice. Key stakeholders can interact online, allowing them to review, approve and monitor assets and operations. SmartPort will use the smartphone to provide a window into port functions from anywhere in the world. We expect SmartPort platform to be the orchestrator for port's internal operations where third-party services can be consumed and displayed via a central dashboard to provide up-to-date information on vessels, assets, operational statistics and people," says Lingareddy. The system will be offered to ports under a unique revenue system. CCS will be offered as a price per vessel call, while AGPS will be offered as a price per asset tracked. The AIM will be offered as a price per asset tracked. SmartPort on the cloud is built to be flexible and compliment PCS, ICEGATE and other solution providers so that Port can do data monitoring and reviews in a single platform.

ZARROTS

Marine fuel monitoring

A marine fuel monitoring system that collects data using Internet of Things and helps reduce fuel losses by minimising or stopping fuel leakages, inefficient fuel usage and fuel theft

by Deepika Amirapu

- A machine-to-machine communication systems provider
- Zarrots is a marine fuel monitoring system
- It uses data collected from IoT devices/fuel monitoring sensors and communication modules
- Uses cloud computing servers to offer scalable solutions for various industries

Zarrots is dedicated to developing machine-to-machine communication, comprehensive analytics to enable optimised, scalable solutions for marine and automobile industries. The flagship product of the firm by the same name Zarrots is a marine fuel monitoring system which reduces fuel losses by minimising or stopping fuel leakages, inefficient fuel usage and theft. This is done by using data collected from Internet of Things, or IoT devices, fuel monitoring censors with communication modules to conduct analysis through cloud computing servers. The alerts system lets all stakeholders know about the necessary information as per the defined access level.

A palm sized device fitted to a ship acts as a fuel reading system that transmits data to the ship's or the master's communication module. All the data is stored on the cloud servers for future access. This device can be fitted in all sizes of vessels from trawlers to mother vessels to monitor the fuel consumed. The data captured by the device includes fuel volumetric data that relays the quantity of fuel passing through a pipe or what is stored in a fuel tank. Once fuel data is collected, a predictive analysis software is run to find any usual pattern of usage. Nrupal Das, Co-founder of Zarrots, explains by illustrating this example. "Assuming there are five vessels of the same make at sea and four of them offer a mileage of 10 nautical miles per litre and one vessel's engine is offering just eight nautical miles per litre, we can detect why it is happening. If there is a sharp drop in the fuel metre reading, our device will indicate this drop and alert the officials who can then inspect any leak in the pipeline or check if there is any fuel theft," Nrupal says.

Saurabh Sudhir and Nrupal Das

The device also helps in highlighting where and why the leakage happened. Such devices are very useful for coastal vessel owners where cost of fuel accounts for almost 30 per cent of their operating cost. Zarrots' platform is backed by analytical software that tracks fuel usage pattern. This platform can also be used to take up data from any other marine operation as well. For instance, if this device is fitted to monitor the drinking water availability in the vessel, it can alert the crew when it reached a certain critical level. Zarrots is also looking at developing alarm systems that will act as anti-theft gadgets.

All the data stored can be accessed through a web portal where ship managers can gain information. Any vessel or ship management firm that hires Zarrots and pays a fee for the device, can access information through the web portal that is hosted on the cloud computing system. The firm that hires the device will make a one-time payment for the hardware. Zarrots has so far conducted a trial run on a few trawlers and received good feedback. Currently, the firm is in the process of validating this system on as many vessels as possible as the software improves with use. Nrupal says the genesis of this product was during a trip to Lakshwadeep Islands he once made where his interaction with the trawlers and fishermen revealed that fuel theft and leakage seemed to be a major problem.

Having received good feedback from clients, Zarrots will continue the validation process for another four to six months. The product came to be in under five months as they started working on it in the fall of 2015. Seated in Bhubaneshwar, Odisha, Zarrots was developed for a cost of ₹1.25 lakh. With many merchant vessels having an internet connection, Zarrots is bullish on this product being lapped up by the industry. mg

Beating imports down?

Industry is disappointed due to service tax on shipping companies importing goods

by Ritu Gupta

Importing goods into the country is set to become more expensive as the Union Budget 2016-17 has placed this under the ambit of service tax. "The service tax on services provided by shipping companies by way of transportation of goods by a vessel from outside India up to the customs station in India will be 14 per cent with effect from June 1, 2016," said the budget. The main aim of this policy is to discourage imports. The amendment provides for an exemption as far as service tax is concerned for valuation for customs. "The cascading effect has been avoided, meaning tax on tax will not be collected. There is a service tax element in the cost of the goods and customs duty will be charged on the entire cost of goods. There will be no customs duty on service tax. But both of them will apply, and in that sense, there is an element of double taxation," explains Hemant Bhattbhatt, chief executive officer, HMSA Consultancy Services LLP. Shipping Corporation of India, Mercator and Great Eastern Shipping among others are some of the top domestic shipping companies that would be paying the tax on imports.

The policy may be a little too protectionist at a time when there is evidence that international trade is good for the Indian economy. The new policy could discourage companies to use services of Indian freight forwarders, as Indian buyers may ask the exporters in other countries to use freight forwarders there. Though the move is directed towards discouraging imports, it will mainly impact the logistics sector, and more importantly the end-users of the goods. "The move of 14 per cent service tax is negative but will not impact shipping companies directly as it will be passed on to the end-user," says, Girish Mistry, Partner, BSR & Co, Chartered Accountants.

Anil Devli, CEO, INSA, has been reported by the media saying that the cost of goods won't be impacted as there will be a CENVAT credit or refund of tax paid on procuring goods or services. "All the manufacturing companies have a large amount of CENVAT credit lying to their books. Therefore, when they pay service tax for freight they are actually not paying service tax in full. So it will not add to the cost of input," says Devli. His concern stems out of the fact that whenever an Indian shipping company carries cargo for another domestic firm, service tax will have to be paid. However, an Indian company carrying cargo for foreign company will not pay the service tax as it will not fall under the jurisdiction of India. However, other experts say that even if a foreign shipping company is bringing goods in India, they will also be charged, as goods will be imported into India. Indeed, the nitty-gritty of the matter will be clear once the law gets implemented, but industry experts aver that the government could have introduced other ways of discouraging imports rather than imposing further taxes on shipping companies who are facing tough international competition and also a tough supply-demand situation due to falling exports.

Girish Mistry
Partner, BSR & Co
Chartered Accountants.

"THE MOVE OF 14 PER CENT SERVICE TAX IS NEGATIVE BUT WILL NOT IMPACT SHIPPING COMPANIES DIRECTLY AS IT WILL BE PASSED ON TO THE END-USER"

Anil Devli
CEO, INSA

"ALL THE MANUFACTURING COMPANIES HAVE A LARGE AMOUNT OF CENVAT CREDIT LYING TO THEIR BOOKS. THEREFORE, WHEN THEY PAY SERVICE TAX FOR FREIGHT THEY ARE ACTUALLY NOT PAYING SERVICE TAX IN FULL."

The lifeline for traders

Located close to the Exim community of Delhi and NCR, ICD TKD plays a key role in ushering efficiency to the region's trade

by Ritu Gupta

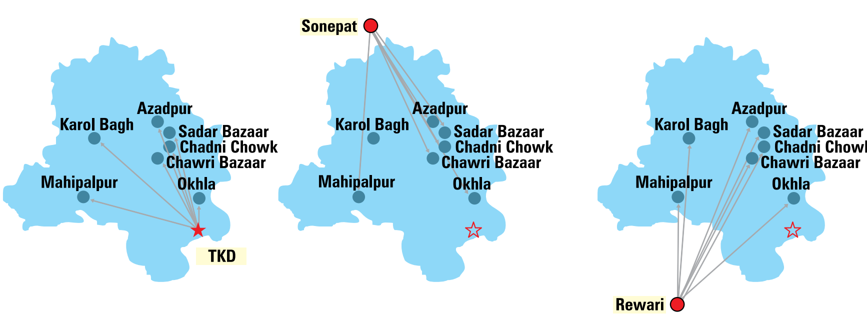
Old is gold. This saying is indeed very much true for the Inland Container Depot Tughlakabad, fondly called ICD TKD by all the stakeholders. Being the flagship ICD of the Container Corporation of India (CONCOR), one can always see quite a hustle bustle in this ICD. Spread across an area of 55 hectares in Tughlakabad, New Delhi, and commissioned in 1993, ICD TKD is the largest dry port in Asia and serves as a focal point for most industries and trade in and around Delhi. On an average, it handles nearly 900 containers a day with Delhi and NCR accounting for more than 85 per cent of this cargo. Initiated with an eye on the constantly emerging needs of international trade, ICD TKD is by far the most reliable service provider for containerised cargo in the Delhi-NCR region.

Of late, this depot has been quite in news, as it has been linked to air pollution in Delhi on account of container movements in and out from the depot every night. As per some views, the road outside the ICD gets clogged, and this causes massive pollution. "The trucks cause traffic jams and contribute enormously to the air pollution in the city. Most of the goods are not destined for the city and they should be shifted out of Delhi," avers an environmentalist. "Studies have shown that the area around Okhla and Tughlakabad have one of the worst air quality in the city, thanks to the heavy movement of trucks. There is a need to minimise the movement of trucks in the city, so this facility should be shifted out of the city. They can bring goods destined for Delhi through an alternative, green mode of transport," Anumita Roychowdhury, head, air pollution and clean transportation programme, Centre for Science and Environment, New Delhi, was quoted as saying by the media. In the wake of such a hue and cry, CONCOR is faced with a tough poser – it has been reported that there are plans of shifting the ICD TKD out of New Delhi.

CONCOR says that claims made by the detractors are not based on ground reality, which is quite different. "Majority of the container cargo at ICD TKD is destined for Delhi. Our custom data proves this. Shifting the ICD out of the city will only add to the air pollution in Delhi," says Rahul Mithal, group general manager, strategic planning and coordination, CONCOR. "The ICD handles about 900 containers every day. It takes about three trucks to carry the goods of a container. If the ICD is shifted out of Delhi, every day about 3,000 additional trucks will move in and out of Delhi, creating chaos on the already choked borders and further contributing to pollution in Delhi," adds Mithal. According to him, ICD TKD is a dry port – a facility that serves as a regional cargo handling hub for import and exports, and cargo moves in and out of the ICD via the most efficient and green mode of transport – the Railways, which actually saves almost two times of carbon discharge when compared to roadways. Trucks are only used for unavoidable first and last mile connectivity, that too during the night.

According to Mithal, containerisation is the most efficient way to reduce the volumes of cargo trucks and other vehicles moving in and out of the city. In fact the Courts had asked Railways to explore the possibility of trying out the concept of RO-RO (Roll On-Roll Off) on the lines of Konkan Railway for Delhi to reduce the number of trucks. "We agree with this observation of the learned body, but containerisation is an advanced version of RO-RO. It brings the cargo in containerised form right to the consumption point by rail which is three times more environment-friendly than road," says Mithal. Every tonne-km of cargo moved by road results in 84 grammes of CO_2 emissions as against

Since ICD TKD is mainly handling Delhi-NCR destined traffic, shifting it out may have adverse impact



VEHICLE	TKD		SONEPAT		REWARI	
TRAILERS	1x	2,338 km	3.15x	7,374 km	5.24x	12,242 km
TRUCKS			9.46x	22,122 km	15.71x	36,727 km

28 grammes by rail. In fact, every rake that brings containers from say JNPT Port to ICD TKD contributes to saving of 113 tonnes of CO_2 emissions vis-a-vis the same cargo coming all the way by road. Overall, CONCOR moves an average 36 million tonnes of cargo by rail over an average lead of 1,000 km, cutting down CO_2 emissions by around 2 million tonnes per annum.

Moreover, CONCOR has developed container terminals around New Delhi in Kathuwas, Ballabhgarh, Rewari and Dadri to divert cargo which is not destined for the city to these terminals. "We are further planning more terminals in places like Sonepat and Palwal," says YashVardhan, director, international marketing and operations, CONCOR. He avers that if ICD TKD is shifted out of Delhi, the road load will increase adversely, affecting environment and congestion. Moreover, it will result in the last/first mile logistics cost to go up by more than 50 per cent. According to Mithal, over the last 12 years, total EXIM traffic to Delhi-NCR increased by 3.5 times. However, ICD TKD throughput has been almost constant, with its share of the Northern hinterland bound cargo dropping from 100 per cent to 41 per cent, as it now mainly caters to the cargo bound for Delhi.

The need to have an efficient dry port got underscored in the recommendation report of a recent conference – *The Need of Environmentally Sustainable Urban Transport System in India.* The report stated that smart solution lies in developing 2-3 large dry ports in future to cater to the needs of Delhi. The traffic destined/originating from Delhi should be handled at terminals inside Delhi and only other traffic should be diverted to other satellite terminals. This will ensure minimising road movement and also prevent Delhi destined cargo being offloaded at satellite terminals and coming all the way by loose cargo trucks, increasing the congestion at border points. "The solution should encourage the concept that maximum load is covered using containers rather than smaller cargo vehicles since one container translates to three cargo trucks on an average," the report noted.

Indeed, moving ICD TKD may have an adverse rippling effect, especially as it is the lifeline for the Delhi's industrialists and trade, as it is well connected to the gateway ports by four rail lines. CONCOR runs its daily train services – nearly 11 – from ICD TKD to three primary ports – JNPT, Mundra and Pipavav. All processes such as custom clearances and cargo storage are handled here. At any given point in time, nearly 10,000 people work at the depot. "ICD TKD has from the beginning set itself on the path of creating and maintaining a service standard that will set new benchmark in this intensive service industry. With this in mind, investment has been made in building the backbone of the ICD by building a stable support in terms of vital infrastructure. Apart from having world class equipment, the ICD has also got a professional team that knows and can cope up with constant demands," says Sushil Kumar, executive director, CONCOR. The custom operations are also colossal, headed by separate commissioners for import and export. The infrastructure includes a warehouse of 6,000 square metres for import cargo. The export warehouse has been allocated a larger space of nearly 10,000 square metres. There is also an open space to stack over 12,000 loaded, as well as 2,000 empty containers. It also has a separate area for stacking of over 10,000 empty teu. There is a reserved space of about 1,500 square metres for Less-than Container Load (LCL) consolidation, as well as six hectares of parking area to keep 1250 trailers. The depot has a three-storied administrative building that houses several offices, including that of custom department officials, administrative staff of CONCOR, a bank branch, as well as offices of shipping liners and custom house agents (CHAs). Besides these facilities, ICD TKD also offers fully computerised import and export documentation.

All types of cargoes (agro, machinery, heavy lifts, chemicals, foodstuff, steel, project cargoes, white goods etc) are handled for stuffing into containers, destuffing from import containers, and transporting. Cargoes requiring special focus, such as surveys, fumigation, testing, approvals, bar-coding, packaging, shrink-wrapping, weighments and large and over-dimensional cargoes are handled deftly and in a manner which befits that type. Another interesting fact about ICD TKD is that it has a very large base of small customers, and hence a varied number of cargo is handled here. "Despite the varied cargo, operations and cargo clearance is very smooth. Traders are very happy and in the last two years we have not faced any congestion problems due to innovation and digitisation of our processes. Dwell time also is very less, and availability of railway wagons is never a problem here, as is the case with some other NCR ICDs," says Sanjay Swarup, group general manager, international marketing, CONCOR.

Users of ICD TKD concur with Swarup. "Its expertise includes providing comprehensive and tailor-made solutions for the clients and the activities of various participants in the logistics chain are well coordinated to achieve the shipping objectives economically, efficiently and consistently. Over the years, the ICD has been credited for providing hassle-free services for delivery and clearance of both export and import consignments. Leveraging on an extensive logistics, communications network and support of shipping lines, the ICD has created cost-effective solutions to meet the needs of the trade," says Rajpal Sharan, a CHA, working in ICD TKD for many years. Yogesh Dhir, from APL Logistics, who has also been at ICD TKD for the last 20 odd years, agrees with Sharan. "It has been estimated that the containerised traffic in and around Delhi is growing at a CAGR of 10-12 per cent. In such a situation the role of ICD TKD is an important one. It has gone a long way in shaping India's maritime and logistics sector, and the Delhi's trade would be lifeless without it," says Dhir. ICD TKD is, indeed, very important to its users, especially due to its location within Delhi. Its users aver that rather than contemplating about shifting it, the government should think of setting up more such ICDs in major cities to ensure that India becomes an international logistics hub.

Interview with Nitish Kumar Sinha, Commissioner Customs, Exports, ICD TKD

What is the USP of this port?

The USP of ICD TKD is that it lies in the heart of the city. If we see the trade in North India, we realise that it is gravitating towards Delhi only. The network of roads are good here and since it is the oldest dry port in India, the working flow here is already established. This makes it a lot easier for the stakeholders to work with us than with any other ICD. Moreover, other ICDs do not have a skilled workforce like us. We also take our dwell time very seriously, and that is the reason why unlike other ICDs, TKD's export volumes have also risen.

How do you think will ICD TKD be affected by increased competition?

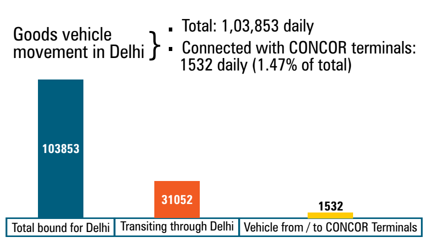
Personally, I believe competition will only be good for the ICD and will further help in improving its efficiency.

Why is ICD TKD so important from a customs point of view?

It is very important as it accounts for almost one-third of the total revenue of the customs department. We continuously work to improve the customs procedure at the depot, and have brought in a lot of transparency. In fact, TKD is the centre-stage of all customs pilot projects. There is a lot of interface between the customs and CONCOR platform. Automation and digitisation of customs has reduced dwell time over the years. In ICD TKD we emphasise on innovation for ease of doing business.

Any constraints that one faces?

We have very limited staff and there is always a scope to improve infrastructure in place like TKD. Given the volume and scale of the port, we need to appreciate its operations from that view point.



Sharmila H Amin, *Managing Director - South Asia India, Bertling Logistics India Pvt. Ltd*

Trendsetter

If you are keen to pursue a career in shipping and logistics the sky is the limit. It might not be a cushy and comfortable job, but the job satisfaction and the sense of achievement and accomplishment is unmatched

by Reshmi Chakravorty

Coming from a family of professionals, she was always encouraged to do well in whatever line she decided to pursue. That's Sharmila H Amin, who is one of the first women leaders in leading a big shipping and logistics group. She has successfully headed and led the entire South Asia Region as well as the Oil and Gas Division for Panalpina, (Panprojects). Amin started her journey with Air Freight Limited - N.S.Guzder and Company, (Project Logistics Division) with the Guider's.

"I decided to pursue a professional career. Post college, I educated myself from premier institutions in shipping and logistics which helped me taking on increasing responsibilities and become a trend setter for women in the line of shipping and logistics," Amin said. But didn't she ever think to pursue other career options as well? "No," came the prompt reply. "The workload as well as the satisfaction of delivering successfully on the projects assigned to me did not give me much of an opportunity to look at alternate career choices either," she added.

When asked about her professional milestones, she said, "One would definitely be taking over and turning around Bertling Logistics in the region, another would be being appointed as the Regional Director responsible for all verticals in the entire region and work as an Independent Woman Director in listed Oil & Gas Company."

Amin has broken record after record to create a niche for herself in the maritime sector. "After two years of effort, I was assigned to lead my team in delivering of land drilling rigs at a site where women were not permitted. After that there was another breakthrough where I was a part of the team to set up the NHPC Uri Hydro Project in Kashmir Valley which was the largest hydro power project of its time," she informed.

Amin wonderfully balances her personal and professional life with equal élan, "Being an early riser and deeply spiritual, I start the day with a prayer and yoga. Next I am in the office by 8.30 AM. This continues till a short lunch break and then I resume with the challenges that are to be resolved. Again, I end my workday at 6 PM with a walk of about 45 minutes and then an early dinner with the family. In my free time I enjoy farming, along with that I like spending time with my nieces and nephew and travel to new places. I love reading and whenever I am travelling I carry books or magazines. I also do shopping as I find that very relaxing when I see a lot of people around whom I encounter and are very different with whom I interact daily."

Amin has always appreciated the role that other women played in her life. But according to her, maybe being the only woman at the Port or on the road in her early days of work along with the lack of basic infrastructure nationally, hindered her line of work and substantially became the biggest challenge. Like in every field, maritime sector too has its own share of challenges and opportunities. For Amin, opportunities included the chance to travel extensively and learn about different cultures and languages. Even meeting various CEO and MD of the industry along the way and who are now not just professional business partners but also business friends has been an opportunity. "You are not alone anymore, if you are keen to pursue a career in shipping and logistics the sky is the limit. It might not be a cushy and comfortable job, but the job satisfaction and the sense of achievement and accomplishment is unmatched," Amin said for her many fellow women in the maritime sector, giving thumbs up to the fairer gender. "I would like to leave behind a legacy of hard work and perseverance; it always pays off in the end," that's Sharmila H Amin for you in her own words who believes in the power of destiny and taking it in her own hands to mold it. mg

Cars take coastal route

Ro-Ro shipping is all set to move sizeable number of trailers off road as car manufacturers are taking the coastal route – a cost-effective and eco-friendly mode of transport

by Deepika Amirapu

Marking a first, car-makers are taking the coastal route to move vehicles across the country. On Friday, new vehicles heading to Pipavav in Gujarat were loaded on to a roll-on/roll-off vessel *IDM Symex* at the Chennai Port. Hyundai Motor Company is now using ships to move its cars across domestic markets to save on costs and reduce carbon footprint.

As many as 800 cars were loaded on to the *M.V. IDM Symex,* a roll-on-roll-off (RoRo) vessel, at the Chennai Port. The cargo will be unloaded at Pipavav Port in Gujarat. This is a major boost to the Centre's initiative to promote coastal shipping to reduce carbon footprint and congestion on the road. Though Hyundai had been using Chennai Port for exporting cars, this is the first time it is transporting its cargo through the sea for domestic market.

Anand Paramesharan, Head of Sales, Hyundai Motors Limited said, "It said it takes normally three to four days for the car manufacturer to move vehicles from the production centres near Chennai to Gujarat region

through trailers. However, shipping them is seen as eco-friendly and low-cost as the Centre had promised to provide incentive of ₹3,000 per car to those using coastal route."

It is yet another initiative of the Mission Resurge - Chennai Port. It is also in line with the Shipping Ministry's policy of encouraging coastal shipping, reducing carbon foot print and also addressing the traffic congestion issue at the port. It is also the first time that cars are being moved from the east coast to west coast. After flagging off the maiden service, Chennai Port Trust officials are also talking to other OEMs such as Nissan and Ford to start using the coast for transporting cargo. Earlier, Shreyas Relay Systems a Transworld group company and pioneer in Coastal Shipping in India successfully completed delivery of cars from Hyundai Chennai plant to its dealer in Ahmedabad through multi-modal transport, i.e. Road-sea-road SRSL used semi mechanised rack placed inside 40-feet container to ensure safe and damage free movement from Chennai to Ahmedabad.

"To encourage the OEMs to use our services, we have announced a flat wharfage rate of ₹500 per small car and ₹2,000 for big cars. Also the wharfage for RoRo vessels using coastal route has been reduced by 40 per cent of normal tariff. This decision was taken within a day. Kamarajar Port, which recently overtook Chennai Port in car exports, is also thinking in a similar direction. "Usually, coal, fertilizers, iron ore, petroleum products and cement are moved from one port to another. Now, we are asking the OEMs to move cars from southern ports to western ports. This will result in removing sizeable number of trailers off road, reduce carbon footprint and fuel consumption.

Vessel owner Symex Maritime Inc. has been granted permission by the Directorate General of Shipping to carry out coastal run for five years. *IDM Symex* will be used to transport cars manufactured mainly by Hyundai and other manufacturers.

A DIVERSION OF 5 PER CENT OF CARGO TRANSPORTATION TO A WATERBORNE MODE CAN RESULT IN AN ANNUAL SAVING OF ₹2,000 CRORE AND A REDUCTION OF 6 PER CENT IN HARMFUL CHEMICALS AND POLLUTANTS.

To make it viable, Symex is in discussion with exporters and importers to ship other commodities during the return trip to Chennai. This is not the first time that Chennai Port is using coastal movement. It made similar attempts some two years back. But it was a flop. Here too, Hyundai used trailers to move vehicles to Chennai Port and from Pipavav Port to dealers' destination. Though the Centre has promised to provide some incentive, it is to be seen how much is going to be passed to the car manufacturers," Parameshwaran said.

Moving cars by coastal shipping would be 25 to 30 per cent cheaper when compared to road. It is pollution free, as nearly 100 car trailers would be off the road. Each trailer can carry seven or eight cars and freight is ₹1.5 lakh per trailer from Chennai to Pipavav. To boost coastal shipping, the wharfage for ro-ro vessels using coastal shipping will be 60 per cent of the usual tariff. A charge of 500 per car (for small vehicle) and ₹2,000 for large vehicles needs to be paid to the port.

Savings

According to government estimates, a diversion of 5 per cent of cargo transportation to a waterborne mode can result in an annual saving of ₹2,000 crore and a reduction of 6 per cent in harmful chemicals and pollutants. Despite having a coastline of 7,517 km, the share of coastal shipping in India is only around 15 per cent of the local freight as against 43 per cent in the European Union.

Commodities carried by coastal shipping include thermal coal, crude oil, iron ore and cement, and this has not changed over the years. Some of the prominent coastal shipping routes are Chennai to Chittagong/Yangon through Haldia/Kolkata; south bound cargo from Pipavav/Mundra to Kochi; coal from Kolkata to Kandla and Bhavnagar, and inland and coastal movement in and around Goa.

NYK Logistics in Pipavav Port handled the last mile of car transportation. APM Terminals Pipavav currently has three business verticals under its service portfolio which include container, bulk and liquid cargo. Automotive cargo will be the fourth business unit. The port is equipped with a stock yard for around 4,500 to 5000 cars along with a Pre Delivery Inspection (PDI) facility. The facility is also equipped with a mobilisation yard of 150 cars with a capacity to accommodate approximately 500 cars on the quay. With Gujarat becoming the hub for automobile manufacturing, we hope to utilise our automobile yard facility at Pipavav Port with annual designed capacity of 250,000 vehicles at the earliest.

The export of finished vehicles from the west coast of India is expected to increase and this new terminal will be built to handle up to 250,000 units annually and provide value added services such as pre-delivery inspection (PDI) and radio frequency identification (RFI) for track and trace. Since exports of finished cars by automobile companies are expected to increase in the west coast of India, NYK will attempt to accommodate that strong demand by building and operating a stockyard in APM Terminals Pipavav, a container-management company, that will be able to handle up to 250,000 vehicles annually and provide value-added services to make use of RFID for tracking and tracing. mg

Poor cargo handling at ports

Jindal Steel & Power Limited Executive Director (Logistics) Kapil Rawat talks in length about how inadequate infrastructure facilities at ports to handle bulk cargo leading to cargo loss and high logistics costs

Booming industrial and manufacturing activities, coupled with the proposed 100 smart cities in India, is expected to drive the demand for steel in the country in coming years. With steel production projected to touch 200 million tonnes, the sourcing of raw material, i. e. cocking coal, is poised to get doubled in the next two-four years. Despite the projected growth, most of the ports in the country lack in proper infrastructure facilities to store and handle the cargo, leading to cargo loss and high logistics costs for the steel industry.

by Itishree Samal

Kapil Rawat, *Executive Director (Logistics), Jindal Steel & Power Limited*

Q High logistics cost remains a major concern for most of the commodity-driven industries such as aluminum and steel. How does it affect the overall industry performance?

Logistics cost in steel industry is much higher than the average logistics costs across other industries. The average logistics cost in India is about 12 per cent of its GDP, which is highest in the world and in contrast to many developed countries where it's about 7-8 per cent. Whereas, logistics costs in the steel industry pegs at more than 20 per cent.

Q What are factors responsible for this high logistics cost?

There are several factors that impact the logistics cost, one among those is poor handling of cargo at ports, which consists of 2-3 per cent of the total cost. With proper infrastructure and handling facility, the cost would have been only at 0.5 per cent. The concerns include dust formation on cargo. In addition to it, as mostly coal is kept in open yards, it gets washed away during rain. There is no drainage system at ports. Despite facing with these infrastructure issues, none of ports are looking into these factors.

Q What infrastructure facilities are you looking at ports?

If ports provide infrastructure facilities such as covered storage facilities for bulk cargo, mechanized loading and unloading, then a customer will able to save in best possible way, which is currently missing at most ports. Also, if cargo is stored on concrete flooring, much of the cargo wouldn't sip into the ground. We don't mind paying extra for better storage and handling than losing out for inadequate handling. If we are losing $60, we don't mind shelling out $20.

Q Does this mishandling occur in Indian ports?

The mishandling of cargo happens across most of the ports. The ports are investing money developing sea-side infrastructure, but none of them are looking into developing land-side infrastructure where cargo is stored for maximum time. At times, cargo is even stored for two-four months. Customers lose money for port's inefficiencies and lack of infrastructure facilities.

Q What is your percentage of loss?

On an average, our loss varies from 2-3 per cent. If you take instance of Steel Authority of India Limited (SAIL), its loss is around 8 per cent.

At JSW, if we lose one tonne of cargo, it costs us around ₹6,000. And we deal in millions. If we lose one per cent of our cargo, the loss is huge, crossing around ₹200 crore.

Q What's your outlook for the steel industry? What expansion plans are lined up at JSW?

The outlook for the steel industry looks positive; we feel demand for steel will increase in coming years with the proposed 100 smart city projects in India. Steel production is projected to touch 200 million tonnes in the coming years; while sourcing of raw material will get doubled in the next two to four years.

We have already laid out our expansion plans. We are increasing capacity of Angul plant to 5 million tonnes from the 2 million tonnes. This additional 3 million tonnes represents almost 10 million tonnes of cargo movement. mg

Coir exports stay strong

While the slump in global trade continues to eclipse Indian exports, coir exports from India remain unaffected as the sector has continuously registered a better performance in the recent past

by Shareef MP

Even during the turbulent times of Indian export market, the country's coir export remained buoyant with export revenue going up and there are more expectations from this sector. The Indian coir sector's revenue from export is expected to exceed last year's level of ₹1,630 crore as it has already crossed 13,82 crore by now. Talking to MG Correspondent, PR Ajith Kumar, Director, Marketing, Coir Board, elaborated on Board's plans and about the market at length.

According to PR Ajith Kumar, the recessionary trends in the overseas markets have not yet affected Indian coir exports with the sector continuing to register a better performance in the last few years. Coir exports during April-January period of fiscal 2015-16 were up 5.5 per cent at ₹1,382 crore compared to ₹1,310 crore in the corresponding period last year. Major coir products for exports include rugs, carpets, fibre and coir pith.

Planning to double the export

With exports rising, the Board is looking at doubling the export revenue in three years by penetrating into new overseas markets.

The major markets for coir products are China, Korea, Japan, Germany, Canada and the US. The Coir Board is now looking at exploring the Australian, South African and Latin American markets with value-added products, Ajith Kumar said.

India accounts for more than two-thirds of the global volume of coir and its products. Kerala accounts for 61 per cent of India's coconut production and 85 per cent of coir products. Every day, tens of thousands of women in Alappuzha, a district with rich water resources in Kerala, known as the coir capital of the world, carry heaps of coconut husk, the covering of the nut, feeding machines that turn them into thread.

More than half-a-million workers in the coir industry (two-thirds of them in Kerala) have contributed to more than three-fold growth in coir exports in the last decade, from a mere ₹473 crore in 2005. The domestic market is estimated at ₹3,500 crore.

Modernisation to boost productivity

The director, marketing stressed on the need to modernise the coir industry to boost productivity and ensure uniformity of coir rolls in the export market. He called upon the Kerala-based coir industry to go in for mechanisation as the labour cost tends to push up the prices of products manufactured in the State.

Kerala, the world leader in the coir sector, has already initiated steps to boost the coir industry. On the agenda is a spread of new products and newer machines to make the yarn. The finer details of the spread might create the best mats ever and could change the character of the coir industry in the coming years.

Ajith Kumar clarified that there is no scarcity or non-availability of raw material for value-added coir producing units. The current trend of coir fibre exports to China was not showing any substantial increase and this has resulted in sufficient availability in the domestic market. The need is approximately one lakh tonnes and is met without any hassles.

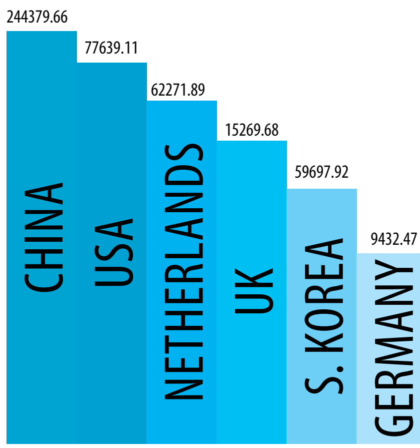
Coir Pith, on high demand

Coir pith, until recently considered a mere waste, is now emerging as a most sought after byproducts from the coir sector. It has been keeping a sturdy growth of 27 per cent in terms of value and 17 per cent in terms of quantity in the Indian coir and related export market.

Coir pith is obtained during the extraction of coir fibre from husk. A multi-utility product, coir pith has a high lignin (31 per cent) and cellulose (27 per cent) and a carbon-nitrogen ratio of 104:1. It can absorb water 5-6 times of its weight and store it for 25-40 days. When dried, it is used in making bricks, which are used extensively in horticulture for its water storage properties. This system of providing moisture to plants though coir bricks is widely practised in countries like the US, UK, the Netherlands, Korea, Japan and the Gulf.

To the European, Far Eastern and Middle Eastern country, Kerala and Tamil Nadu are supplying an alternative medium for growing flowers, vegetables and the ubiquitous date palms in a region where soil is scarce.

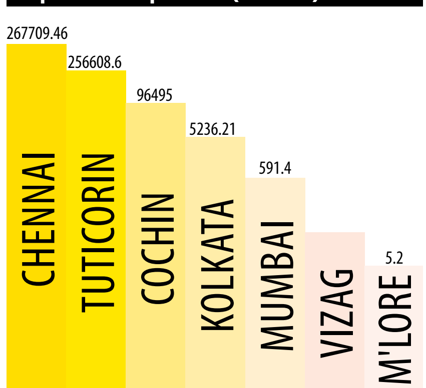
Top 6 coir exporters (tonnes)



Coir pith, or the spongy material inside the coconut husk, is exported mainly from Kerala and Tamil Nadu, the top coconut producing states. Demand is rising fast in Europe, USA and far-eastern countries also as the Gulf countries are reducing their dependence on imported soil and compost made from wastes. Exports from India, growing at an average 25 per cent annually, touched ₹434 crore last year.

"Coir pith is mixed with sand for use as potting soil. Each block of 4 to 5 kg has storage capacity of 25 to 40 litres of water. This means, one needs to water the plants only after 15 to 20 days as the coco pith can retain moisture," says Reji, founder of Kerala-based Amrutham Bio, an organic research and development centre. The company, which has a nursery of date palms and other flowering plants grown on coco pith, sells its products in Oman, Kuwait and other countries in the region.

Top 7 coir exporters(tonnes)



Indian exporters are finding it difficult to enter Saudi Arabia, though. "Coir pith is exported in blocks of 5 kg and they are broken and made into soil. The buyers in Saudi Arabia mistook it for hashish, the illegal drug, and rejected it despite the fact that the buying agency based in the country had several good contacts," says Mathew Job, managing partner of DPM Coco Peat Industries.

However, the demand is fairly well spread in the other Gulf countries. Sri Lanka is the biggest competitor for India in coco pith, but India has an advantage as the Indian coir pith has less salt content and requires less washing before use. European countries, which were the first to source this environmentally friendly material from India, remain the biggest importers from India.

"Coir pith was used as a substitute for soil in Europe in the early 1990s. But it is now increasingly applied as soil conditioner and soil medium," says K Sivakar, partner at Sivanthi Joe Coirs, which has formed a company in Dubai to make it easier to import coir pith and transport it to the other countries in the region.

Coir geo-textiles in road construction

According to Ajith Kumar there is a huge requirement for coir geo-textiles in roads construction and the Board has already laid 18 km of rural road network in Kerala using the material based on a study carried out by NIT, Kozhikode and College of Engineering, Thiruvananthapuram.

The potential of coir geo-textiles in road construction has already proved as there would be a 25 per cent saving in construction cost, besides increasing the durability of roads for five years.

The Board is in talks with NHAI seeking approval of using coir geo-textiles in the construction of national highways, he said. Once the NHAI approval comes, the coir industry would get a massive boost.

While exports of other commodities look dull in the country, the coir sector is hoping to stay firm. The diverse product mix like coir pith etc. are finding a potential export market edge, said Ajith Kumar looking gleeful concluding his chat. mg

Growing- Yet challenging

A tremendous opportunity lies ahead for Indian automotive component industry with demand for new vehicles expected to reach a staggering 110 million by 2020 globally, however the industry still faces its own share of challenges

by Itishree Samal

India has emerged as an outsourcing hub for several global automobile manufacturers, in the backdrop of the country being one of the competitive auto parts manufacturing industries globally. Despite the auto-component industry poised for a three-fold increase, the industry faces with several bottlenecks.

Among the challenges, the major ones include high cost of capital, imperfect capacity utilisation and infrastructural challenges such as inadequate transportation system – roads and ports, in addition to deficiency of skilled manpower and R&D competency and ecosystem.

"The Indian auto-component industry lags behind in terms of infrastructure and faces with several logistics challenges. Poor infrastructure is a major drawback. For instance, Chennai Port despite being one of the country's oldest ports which dates back to around 100 years does not have adequate infrastructure," a spokesperson from

TVS Motors told *Maritime Gateway,* adding that though the government made several proposals for a few road projects. The projects still have not seen the daylight in the past one-two decades. "We don't see any sudden improvement, it may take few more years for the completion," he said.

"Every year, we spend around ₹40 crore on logistics on imports alone. The logistics costs in imports involve the cost of warehousing, transportation etc. While in exports, the logistics cost pegs around ₹100 crore, as our exports are three-four times higher compared to imports," he said. TVS Motors covers most of the geographies globally in exports.

While the automobile manufacturers face infrastructure challenges in terms of sourcing raw materials and exporting their finished goods as well. "What we look for is an uncongested port and adequate space across warehouses," he said adding that, at present, most of the warehouses in port surrounding areas do not offer ample space to house all our raw materials. Due to shortage of warehousing space, TVS Motors meets its storage requirements by sharing three-four warehouses, which makes it the overall logistics expensive. "At times, you even have to book the warehouses three-four months in advance. We also face issues in customs. In Customs, number of available officials need to improve," he says.

Power also poses a huge infrastructural challenge. In India, auto-components industry imports are higher than exports, which also pose a threat to the industry. Another issue that cripples the industry is the sale of counterfeit, cheaper parts that result in loss of revenue and market for the industry. Besides, a weak link in the chain of component industry: the Tier II and III players face challenges in quality and manpower. Technology and scale is yet another challenge for Tier II players as they gear up for mass production.

Market size

At a time when sales of commercial vehicles are rising and the automobile industry is expected to touch $115 billion by 2020, the auto-component industry in India is poised to take advantage of the scenario. According to the Society of Indian Automobile Manufacturers (SIAM) data, export of automobiles including passenger vehicles, commercial vehicles, three-wheelers and two-wheelers were doubled to 3.57 million in 2014-15 from 1.8 million in 2009-10. At the same time, component exports have grown to $11.2 billion from $4.2 billion, at a compounded annual growth rate of 28 per cent. While during the same period, imports of components grew at 11 per cent.

Currently, the auto-component segment in India stands at ₹2.34 lakh crore, with exports at ₹68,500 crore. Domestic market is a major contributor, with exports having a share of 30 per cent. As per industry estimates, out of the total turnover of the Indian auto components industry, around 60 per cent is derived from sales to domestic OEMs, 25 per cent comes from sales to the domestic replacement market and 15 per cent is derived from exports. The auto-component indutsry's contribution to the GDP of the country is expected to grow to 3.6 per cent in 2020, from the 2.1 per cent in 2009.

The auto-component industry in India covers a wide spectrum of industries such as rubber, iron, alloy steel, plastic, oils and grease, fabrication tools, safety gadgets, air conditioning, radiators, mould making, battery industry, electrical fittings, interior furnishings, music system, sheet metal fabrication, lamps, and bulbs, spring manufacturers – it covers basic industry as well as white goods.

Exports - Imports

Companies like Scania Automotive imports around 80 feu every month through the Krishnapatnam Port. It is planning to increase its volume to 100-120 feu in near future. Though the company is highly dependent upon importing auto-component, it does not have presence in exports.

Similarly, another automobile manufacturer Volvo, which has presence in two segments – bus and truck segment along with JCB and heavy equipments, imports around 300 feu and 100 feu of exports every month. Toyota imports around 800 feu (1,600 teu) every month, exports around 400 feu. More than 80 per cent of its shipments are done through Kattupalli Port, while the rest is done via Krishnapatnam Port.

Exports & Imports

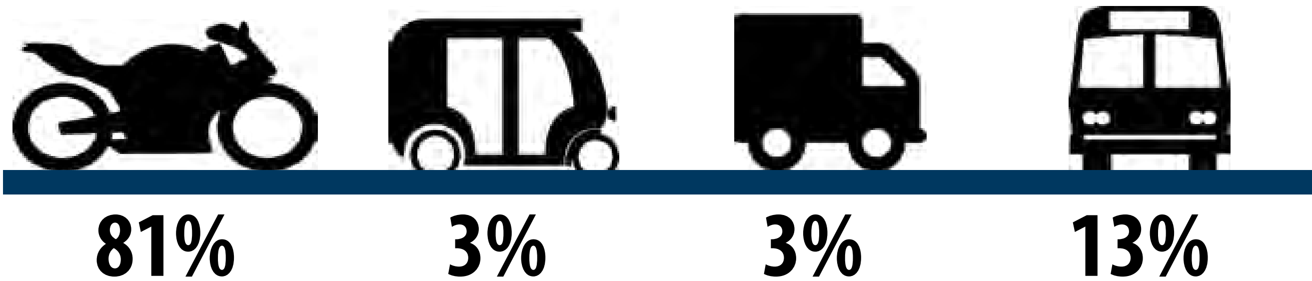
Among geographies, Europe is the largest destination for exports which contributes to 36.39 per cent of total exports, followed by Asia at 25.29 per cent and North America 23.25 per cent. Market for Indian auto-components is fairly diversified with US being the largest importer accounting for 22.35 per cent, followed by Germany at 7.51 per cent and Turkey 6.49 per cent, followed by Japan, South Korea and Thailand. Asia and Europe contributed 57 per cent and 34 per cent to the total imports respectively.

Exports to USA, Germany, Turkey, Italy, Thailand, China and the UAE have seen an increase whereas those to the UK, Brazil and France have seen a decline from 2013-14 to 2014-15. While the global exports of auto components grew at CAGR of 29 per cent during 2010-15, the Indian auto component exports grew at a CAGR of 18 per cent. The imports grew by 6 per cent with imports from China, Germany, Thailand, USA, Italy and UK increasing from 2013-14 to 2014-15 whereas imports from Japan, South Korea, France and Spain declined during the period from 2013-14 to 2014-15. India's highest ever auto components import annually was from China in FY 2013-2014 valuing to the tune of $ 2.6 billion (21 per cent of total imports). Import from China used to be 10-12 per cent, but it has been increasing steadily. Availability of cheap infrastructure support such as cheap power, hidden subsidies and economy of scale puts China in an advantageous position to be competitive in the exports market.

"We import around ₹1,000 crore of auto components every year from several countries. More than 90 per cent of its imports come from China, while rest from Taiwan and Thailand, among others. China is cost-competitive and fast in development. Many of the Indian companies are buying from China," the spokesperson from TVS Motor said.

The key auto components that India exports are hydraulic power steering systems and steering gear, systems and parts, gear boxes and

PRODUCTION MARKET SHARE BY VOLUME



IT IS ESTIMATED THAT BY END OF 2016-17, THE TOTAL PRODUCTION OF THE AUTO COMPONENT INDUSTRY WOULD BE $75 BILLION WITH EXPORTS ACCOUNTING FOR $15 BILLION, 20 PER CENT OF THE TOTAL DOMESTIC PRODUCTION. THE DEMAND FOR AUTO COMPONENTS IN THE SAME YEAR IS EXPECTED TO CROSS $80 BILLION. THE AUTOMOTIVE MISSION PLAN (AMP) 2006-16 AIMS AT DOUBLING THE CONTRIBUTION OF AUTOMOTIVE SECTOR IN GDP BY TAKING THE TURNOVER TO $145 BILLION IN 2016.

parts, parts of diesel engines, parts of automobiles and earth moving equipments, drive-axles and parts, spark ignition and parts, suspension systems and parts, crank shaft for engines, toothed wheels, other transmission parts and brakes, etc.

Nissan India is currently exporting a number of child parts, engine and body parts to overseas markets. It exports to around 101 countries worldwide. It exports auto-parts from India to 14 countries, including big markets like UK, Brazil, Mexico and USA. Volkswagen is looking at investing $248.55 million over the next five years to set up a diesel engine manufacturing facility. Furthermore, India is fast becoming a major procurement centre for Yamaha Motor for its global operations. In the next 3-4 years, it plans to supply around 300-400 parts and double the number of vendors in India.

Future perspective

It is estimated that by end of 2016-17, the total production of the auto component industry would be $75 billion with exports accounting for $15 billion, 20 per cent of the total domestic production. The demand for auto components in the same year is expected to cross $80 billion.

The biggest advantage of the Indian auto component industry is its large domestic market which continues to expand. The steady growth gets further spurred through various Government of India initiatives for infrastructure development.

Domestic Indian companies have developed strong manufacturing capabilities that have helped them keep the cost low and assure quality. As volumes increase, Indian component manufacturers will have to scale up their operations and further improve quality, cost and delivery performance to global standards demanded by customers, it added. Over 70 per cent of the auto component companies in India are SMEs. Govt support for R&D new product development is critical.

The goals are supported by government policies such as the Auto Policy 2002 and the Auto Mission Plan 2006-16 which ensure manufacturing and imports free from licensing and approvals, a robust legal framework and a stable foreign exchange regime along with an increased budget for R&D activities and 100 per cent FDI permitted without prior government approval. The Automotive Mission Plan (AMP) 2006-16 aims at doubling the contribution of automotive sector in GDP by taking the turnover to $145 billion in 2016 with special emphasis on export of small cars, multi-utility vehicles (MUVs), two and three wheelers and auto components.

In addition to it, the Ministry of Road Transport & Highways has set a target of awarding contracts for constructing a total road length of 8,500 km. Better inter-state connectivity through roads and highways is bound to bring an upswing in transportation through commercial vehicles, which already account for 20 per cent of the overall turnover in the auto component industry.

With amends in the Foreign Trade Policy 2015–2020, simplifying the Merchandise Exports from India Scheme with an aim to streamline trade facilitation and ease of doing business, the exports process is bound to get hassle-free and run more proficiently through enhanced electronic governance and reduced physical documentation. The auto component industry with high concentration of export should get special status and incentives from the government for a level-playing field with other Asian counterparts.

Policy reforms to the current export regulations and trade negotiations are already underway – the European Union-India free trade agreement (FTA), the India-Thailand FTA, and the India-ASEAN FTA, have a clear commitment of including automobiles and auto components, underpinning India's high ambition to be a major player and market leader in the global auto industry.

The government's pro-manufacturing stance and favourable policies, coupled with the encouraging steps taken to facilitate exports, augur well for the auto component industry.

Shipment lifecycle tracked

The Accenture Freight and Logistics Software's Ocean Cargo Suite offers visibility at every point of shipment lifecycle from order taking to post-delivery, covering pricing, scheduling, routing, cost, reservations, capacity control and documentation processes. Its real-time collaboration reduces costs, separates logical layers, making the application more manageable and maintainable

MG Bureau

Globally, revenue leakage presents a common challenge to cargo carriers and affects every stage of the shipment lifecycle. Innovative software solutions can transform booking and inventory management capabilities, by providing real-time visibility into rates, routes and capacity. However, by using the right technology and integrated cargo execution software platforms, cargo carriers, freight and logistics companies can reduce inefficiencies and errors across the shipment lifecycle, prevent the leaks, enhance capacity utilisation and achieve higher profitability in the end-to-end shipping lifecycle.

One such technology platform was launched by Accenture, a leading player that provides services and solutions in strategy, consulting, digital, technology and operations, that claims to fit the bill just right by helping improve billing accuracy and consistency through a more streamlined and automated pricing process.

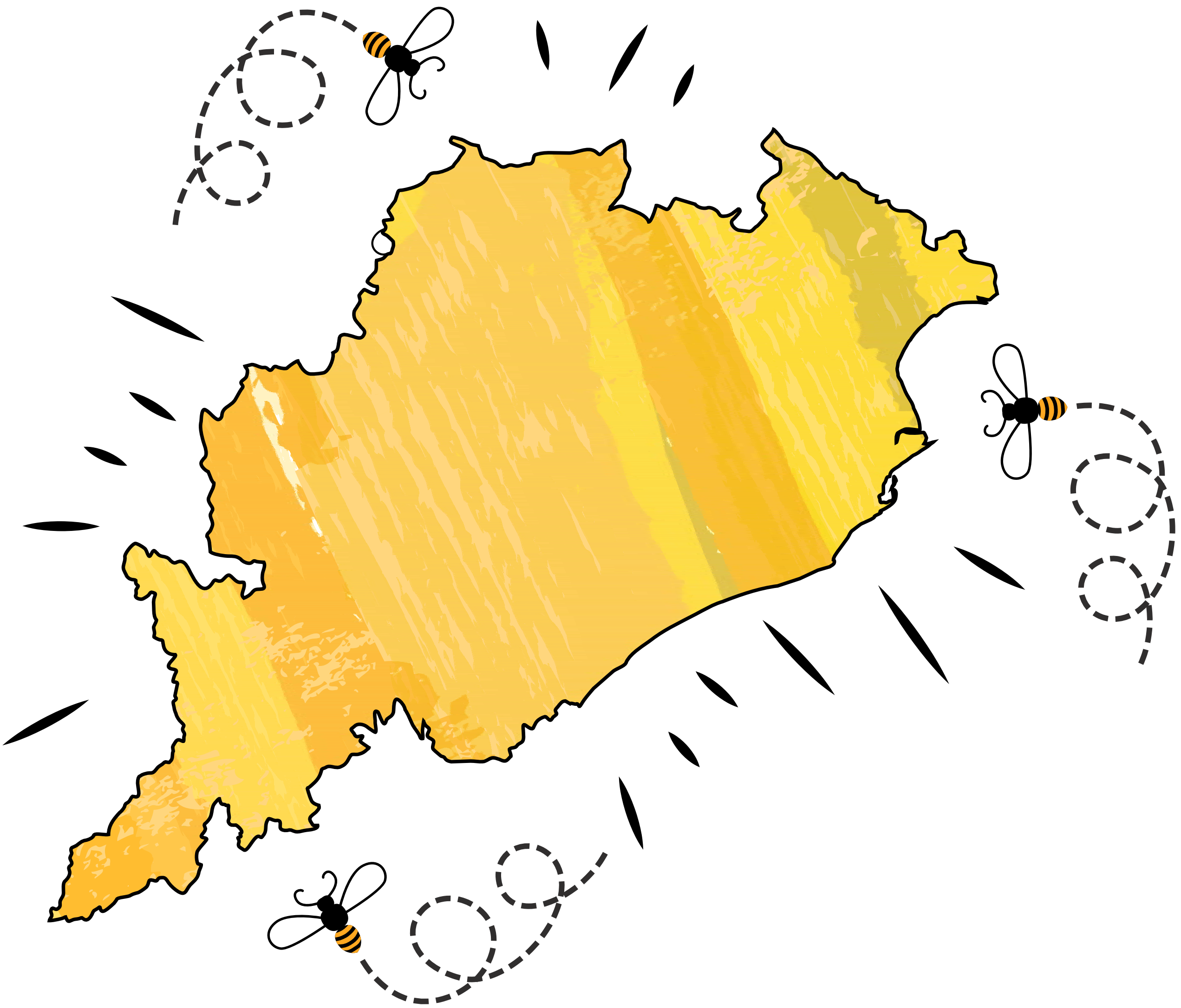
The 'Ocean Cargo Software Suite' is designed to help ocean carriers prevent revenue leakages and improve business results by providing greater visibility into the utilisation of a vessel's capacity and its yield carrier's contribution. As a result, ocean carriers can improve pricing strategies, make more efficient use of assets and seek to improve customer satisfaction. It also supports in booking, vessel capacity management and documentation process. Ocean carriers can also improve operational efficiencies in rate and surcharge management, quotes, tenders and contracts administration, route generation and schedule supervision.

Greater pricing control: Real-time pricing collaboration can help raise profits, stanch revenue leakage and increase adaptability to changing markets.

According to Ganesh Vaideeswaran, Managing Director (Freight and Logistics practice), Accenture, "Enhanced visibility into pricing means the ability to make better decisions for ocean cargo carriers."

Accurate insights into weights and volumes at every stage of the shipping process are key to preventing revenue leakage. Failure to capture details on freight damage at origin can result in claims at destination, creating additional costs. Also, detention and demurrage is another area where tremendous revenue leakage is occurring, especially for ocean carriers. Carriers charge customers detention and demurrage fees for delays, including the late pick up or return of shipping containers.

The software also provides a new detention and demurrage (DnD) module for ocean cargo carriers to manage DnD tariffs, negotiations and calculations. With the addition of the DnD module, carriers can set up charges depending on regional needs and calculate the charges incurred for a shipment based on container events. The solution, available separately or as part of the overall suite, can be integrated with an ocean carrier's existing shipment and equipment management systems to calculate charges for customers. This can improve billing accuracy and reduce invoice disputes.



ODISHA
INVESTORS MAKE A BEE LINE

Odisha tops the chart in terms of attracting investments in the manufacturing sector in India, leaving behind the already developed states such as Gujarat and Karnataka, as per a recent ASSOCHAM study. However, whether Odisha will be able to implement those projects in actual reality remains a big question?

by Itishree Samal

Despite having an abundant base of natural resources, the state of Odisha was neglected for years on the manufacturing and industrialisation front. Lack of investor interests in the state was mainly due to its pertaining geo-political issues, apart from the obvious connectivity and infrastructure challenges. But with the dawn of the new millennium, things started to change and several companies made a beeline to invest in the state, mainly in the steel, aluminium and manufacturing sector. Some have tasted success, while some have suffered from bottlenecks.

Take for instance, when South Korean steelmaker Posco chose Odisha to set up its 12MTPA steel plant way back in 2005, which was billed as India's biggest foreign direct investment then, it suffered from many challenges and encountered a series of delays due to issues such as land acquisition. It took the project more than a decade to see the daylight. Similarly, aluminium major Vedanta's refinery plant in Odisha is going through rough weather. The company announced in a media report in September 2015 that it may shut down its operations at Lanjigarh, Odisha soon citing shortage of raw material and absence of bauxite linkage within state.

INVESTMENT IN ODISHA (BREAKUP BY SECTOR)

The state tops in attracting investments in manufacturing sector >**17** per cent share in the total investments of ₹33 lakh crore

Metal and metal products alone accounted for almost half **48** per cent of the total investments

Chemicals and chemical products **24** per cent

Machinery **8** per cent

Transport equipment **7** per cent

Construction material **7** per cent

At the same time, the news of Odisha topping the chart in terms of attracting investments in India came as a surprise to many!

According to the recent study titled *'Impact analysis of delay in investment implementation in manufacturing,'* conducted by ASSOCHAM, the state has topped the chart in attracting investments in manufacturing sector in the country with more than 17 per cent share in the total investments worth about ₹33 lakh crore attracted by manufacturing sector, leaving behind Gujarat (ranked second with close to 12 per cent share), Karnataka (with a share of 11 per cent), Jharkhand (9 per cent) and Chhattisgarh (7 per cent), and so on.

The study further said, the manufacturing sector has attracted about one-fifth of the total current investments of ₹164 lakh crore attracted by various sectors across India, as of September 2015. Metal and metal products alone accounted for almost half (48 per cent) of the total investments in manufacturing sector, followed by chemicals and chemical products (24 per cent), machinery (8 per cent), transport equipment (7 per cent), construction material (7 per cent), food and agro based products (3 per cent). In Odisha, metal and metal products have acquired over 79 per cent share in total investments attracted by manufacturing sector followed by chemical and chemical products (15 per cent), transport equipment (3 per cent), construction material (1 per cent).

Responding to the news, **Ramesh Mahapatra, President, UCCI,** told MG, "In the present scenario what matters is not merely signing the MoUs or announcing investments, but the actual implementation of projects and factories going to production in a fast manner." He further added that implementation of projects still remains a challenge, citing the example of Posco.

As per the ASSOCHAM study, about 39 per cent manufacturing sector projects have remained under implementation in Odisha as of September 2015, in addition to it, the state has recorded maximum share of 31 per cent in cost-escalation faced by delayed projects across India.

However, despite the several concerns, many companies have shown interest to invest in Odisha given low cost of production, cheap labour and land. Unfazed by competition from neighbouring states, Odisha is slowly making its presence felt in manufacturing. The state has cleared investment proposals worth ₹40,000 crore in last six months.

Proposed manufacturing projects in Odisha

Emami Paper Mills, the largest newsprint manufacturer in India, started its commercial production for manufacturing of multi-layer coated board paper with an installed capacity of 1.32lakh tonne per annum in March this year, at its existing plant at Balasore, Odisha. The company is a paper mill based on recycled - fiber located in Balasore (Orissa) and Kolkata (West Bengal).

The Garden Reach Shipbuilders and Engineers Ltd (GRSE), the premier warship building company in India under the administrative control of Ministry of Defence, has proposed to set up its ship manufacturing unit in Odisha. The company has initiated its survey near Dhamara port.

Even homegrown handset maker Lava has shown interest to set up a mobile phone manufacturing unit in Odisha. If finalised, the project is likely to come up at the electronic manufacturing cluster (EMC) that being set up at Infovalley complex on the outskirts of Bhubaneswar.

IRAN
Back in Business

Unshackled from the economic sanctions, Iran is focusing on attracting investments and boosting trade to strengthen the ailing economy

by Omer Ahmed Siddiqui

Some of the immediate challenges at hand for the Hassan Rouhani government in the post-sanctions era, are controling the high inflation and unemployment, boosting trade and oil exports, upgrading logistics infrastructure such as seaports, inviting major shipping lines to start or resume calling at Iranian ports.

A major relief Iran received was the financial assets valued at between $100-150 billion that were frozen are now released. Sanctions on exports of oil and embargo on imports of a broad number of goods were also lifted.

Iran's economy has posted a slow but steady growth following the agreement over their nuclear programme last year. The balance of trade turned positive in the last financial year with exports tallying $42.415 billion, compared with $41.499 billion in imports. Iran had spent more than $12 billion less on foreign commodities in the last financial year, compared to the previous year.

Gas condensate, oil and petrochemical products constituted the major part of Iranian exports, while maize for cattle feed, wheat and rice were among the chief imports. China, Iraq, UAE, Afghanistan and India purchased more Iranian goods than other countries last year, while a fair share of Iranian imports came from China, the UAE and South Korea. The World Bank has predicted a major growth rate of 5.8 per cent for the Iranian economy in 2016. The growth will mostly come from a surge in its oil production. Crude output will increase by an estimated 0.5-0.7 million barrels per day (mbd) in 2016 up from the 2015 level of 2.8 mbd.

Oil production

Oil production will increase from 2 million BOPD to 3 million BOPD. Iran will move fast to gain western oil field technology to revitalise many of its ageing petroleum fields, expand production from existing fields and develop newly discovered oil deposits. The National Iranian Oil Company has stockpiled an estimated 25 to 30 million barrels of oil in tankers in the Persian Gulf and in onshore storage facilities that is available for immediate shipment. But buyers appear to be a bit cautious because of banking and ship insurance difficulties. Litasco, the trading arm of Russia's Lukoil, Spanish refiner Cepsa and France's Total have become the first buyers in Europe since the lifting of sanctions. Iran wants to recover tens of billions of dollars it is owed by India and other buyers of its oil in euros and is billing new crude sales in euros, as well. India is looking at getting a direct under-sea gas pipeline from Iran. The 1,400-km pipeline will link Chabahar Port to Gujarat and will bring 31.5 million cubic metres of gas per day.

Infrastructure development

Iranian President Hassan Rouhani in a recent meeting with Indian Ambassador Saurabh Kumar underlined the necessity for using the potential of Iran's Southeastern Chabahar Port to increase cooperation between Tehran and New Delhi in all fields. The Union Cabinet has

approved a credit of $150 million from EXIM Bank for development of Chabahar Port.

In phase one of the project, India will invest $85.21 million in the upgrade and operation of two existing berths on a 10-year lease, with the option to renew the contract by mutual consent. One of the berths will be used for a container terminal and the other will be a multipurpose facility.

The port links India to Afghanistan and Central Asian states. Tehran is also seeking Indian cooperation for developing railways, setting up different industries and energy projects. India is developing a 900-km railroad from the Afghan province of Bamiyan to Chabahar Port. India has already invested $100 million on building a 220-km road in the Afghan province of Nimroz, extending to Chabahar.

Chabahar Port is considered as the entrance gate to the International North-South Corridor. Over the last decade, the Iranians have invested considerably in the development of the port. A 600-km long highway linking Chabahar to Zahidan in Iran's north, only 240-km from Malik on the Iran-Afghanistan border, is already operational. India has also already spent $100 million on building a 220-km Zaranj-Delaram highway since 2009 in the southwestern Nimroz province of Afghanistan which is 700 km away from southeastern Iran and can be easily extended to be linked to Chabahar. Iran has also started constructing a railway line from Chabahar to Zahidan where it will connect with the Iranian rail network and to Central Asia and the Commonwealth of Independent States (CIS).

Chabahar Port, being functional now, is already handling 2 million tonnes of cargo every year. By 2020, the port is expected to have the capacity to handle 82 million tonnes of cargo every year.

Kandla Port and India Ports Global Private Limited (IPGPL) have formed a company called APGL that will invest $85 million in Shahid Beheshti Port through a BOT contract. According to Mohammad Saeednejad, Managing Director, Iranian Ports and Maritime Organization, around $342 million have been allocated for the development of the port in different sectors.

Iran is also pursuing deals with foreign investors for improving port infrastrucure. As of now, Bandar Abbas is the only port in Iran that can handle large container ships of 8,000 teu or more. Oman's Port of Salalah has signed an MoU with Shahid Rajaee and Chabahar Ports, to develop and promote an all-water route between the three ports. This will help the industries in the hinterland of respective ports to find wider markets.

Investment opportunities in Chabahar Port

- Construction of warehouse and silo
- Construction of export terminal
- Construction of tanks for storage of raw edible oil
- Facility for goods production & re-export
- Ship fuel bunkering

Benefits offered for using Chabahar Port

- 30 per cent discount for all items of port dues and duties to container vessels
- Minimum of 30 per cent discount for all terminal handling charges compared with other southern ports of the country
- Offering steep discounts for container THC of shipping lines
- 75 per cent discount for storage of the imported containers and 87.5 per cent for storage of the exported containers
- 30 per cent discount on the cost of transfer and storage of non-container cargoes compared with other ports of the country
- The gateway of the international North-South Corridor and the eastern development route of the country
- No waiting time for the vessels compared with other ports of the country

Shipping lines calling Iran

Islamic Republic of Iran Shipping Lines is reopening its regular liner service – European Container Line (ECL) between Northern Europe and ports in the Persian Gulf. The service will call at Hamburg and Antwerp, along with Genoa, Istanbul, Port Said and Bandar Abbas. MSC has signed an MoU with the Iran Ports and Maritime Organisation to increase port calls at Bandar Abbas, Chabahar and Bandar Imam. CMA CGM has also begun services to Iran as part of its China, India and Middle East Express. Executives from AP Moeller Maersk A/S recently visited Iran to discuss potential projects.

Ready for Revival

The ship repair activity has not been significant in India till date, as shipping lines chose to get the repairs done in foreign destinations. But the trend is set to change as the government is going full throttle to turnaround the ship repair activity. As the first step, Cochin Shipyard is developing a world-class facility

by Shareef MP

While shipbuilding business in the country is in doldrums, the union government is all set in trying a hand at ship repairing business which is largely untapped with potential business of a whopping 4,000 crore, annually. In an attempt to make an entry into the global ship repairing market in a big way, an international ship repairing facility is going to set up at Cochin Shipyard Limited (leading shipbuilding and maintenance facility in the country), with an initial investment of ₹1,000 crore by the Shipping Ministry. In an exclusive chat with MG Correspondent, Executive Director, Ship Repairing, CSL, NV Suresh Babu talked at length that plans are afoot in setting up a state-of-the-art ship repairing facility on par with international standards at Cochin.

CSL to lead

CSL has been the front runner in the country in ship repairing, contributing more than 70 per cent of the country's annual revenue. Since the inception, as many as 1,800 ships were repaired at the Cochin Shipyard, leading to an impressive growth. On an average, for the last three years, 100 ships are getting repaired here every year and earlier it used to be 40 ships. In the fiscal year 2015-16, the revenue from ship repairing alone at CSL has touched ₹350 crore, an increase of ₹50 crore compared to ₹300 crore in FY 2014 and ₹292 crore in FY 2013-14. Other than Indian majors like SCI and defense vessels, Trans Ocean, Iranian, Greek vessels have also got repaired at CSL.

Geographical Advantage

Since CSL is close to the international shipping route, it has a better geographical advantage in attracting main line vessels for ship repairs. Once the international ship repairing facility comes into being, this advantage will help CSL in becoming a major player in the global ship repairing industry.

Plans

Talking about the plans, Suresh Babu said, for the requirement of setting up the repairing facility CSL has leased out 42 acres of land from Cochin Port Trust at the Willington Island at Cochin. Moving towards developing the facility, Expression of Interest from various companies was called. "We are in the tender process and will start the construction activity soon. Several firms have submitted EoIs and we are

Highlights of the ship repair facility at CSL:

- For setting up repair facility CSL has leased out 42 acres from Cochin Port Trust
- The main attraction of the new facility would be the installation of the Syncrolift system for docking the vessels, instead of constructing the conventional dry docking system.
- A 1.5 kilometers long berth will be constructed that will help in getting more ships to the berth and then to the work station.
- There is going to be as many as six well equipped workstations
- Each station can accommodate vessels upto 6000 tonnes and size wise 130 metres of length and 25 metres of width.
- The revenue from the new facility alone is expected to be around ₹1000 crores.

evaluating them to move ahead in the tender process," Suresh Babu said. Once the tender process over, within four years of time, the facility would be ready to use, Suresh Babu added. Once the facility comes up, the revenue from the new facility alone is expected to be around ₹1000 crore.

Syncrolift/Ship Lift systems

The main attraction of the new facility would be the installation of the Syncrolift system for docking the vessels, instead of the conventional dry docking system. Syncrolift ship lift system would be useful in bringing the vessels from the waters to the yard in an easier manner and 1.5 km long berth which is going to be constructed will help in getting more ships to the berth and then to the work station. There are going to be as many as six well-equipped workstations for the repairing facilities. Each station can accommodate vessels up to 6,000 tonnes and 130 metres of length and 25 metres of width.

Consultation

Average time taken to complete a vessel repair at CSL is 90 days, consultation with experts is on for reducing this time. "At present our target is to reduce the time to 20 days and once the bigger facility comes up we would be able to compete with the global players - they do it in 10 days," says Suresh Babu. Along with mechanising most of the works the work force also needs to be improved. While in CSL around 20 workers involve in doing the sand blast for cleaning the bottom of a vessel, in Dubai 100 workers are doing the work at a time, says Babu.

Ship repairing industry in India

India contributes mere $75-million to the $20-billion global ship repair industry annually, which indicates the country's abysmal state of affairs in the business.

Though India has a substantial fleet of ships both in the commercial as well as defence sector, country doesn't have required infrastructure support in utilising the potential to repair its own fleet, leave alone tapping the share of global market. There are more than 2,000 Indian owned vessels operating in Indian waters. This generates a resident demand for ship repair locally. However, due to unavailability of infrastructure or price competitiveness, most of ocean going vessels go overseas for repair.

The estimated business potential for ship repair in India is close to ₹4,000 crore. Indian ship repair yards could capture a higher share of market by developing the required infrastructure, increasing repair yard capacity and enhancing competitive performance. Excluding some of the niche markets such as gas carriers and highly specialised defence vessels, Indian yards could cater to all types of ships. However, a substantial share in high value repair goes to foreign yards as Indian yards are not competitive to yards in Singapore and Colombo.

Problems faced by Indian shipyards

Lack of adequate government support is said to be the major concern. Even ships owned by the government agencies choose foreign countries for repairs, even if the ships regularly call Indian ports, because Indian yards are not well equipped. Indian yards have a price disadvantage of up to 25 per cent due to the taxation policy.

In adequate availability of shipbuilding grade steel plates produced within India is another concern. The cost of such Indian steel plates are very high compared to those produced in China. Although the recent crash in steel prices globally may have solved the problem for time being, it still continues to bother repair yards.

Various navigational and communication equipment used on board ships complying with required standards are not produced in India. Attrition of trained human resources to Middle East countries for higher wages affects the productivity in Indian shipyards and last but not the least downturn in the global economy and over supply of vessels put ship owner to spend bare minimum for repair and maintenance.

Way forward

The development of maritime sector is now a priority for the government, according to industry experts and they are willing to put thrust on proactive measures of government. Growth of coastal shipping is expected to increase the facilities at port. More coastal vessels can be expected which in turn will be more business opportunities for ship repair yards. Increase in offshore activities at Indian coast is also a hope for the ship repair industry. More oil rigs and ships are expected to be operated in the Indian waters. Rise in number of industries especially in Gujarat and Maharashtra is expected to attract more vessels to Indian coast. As a part of the Indian Navy expanding their fleet, more vessels are expected to be constructed which will boost Indian shipyards. The industry expects a massive policy initiative from the government for developing ancillaries to ship building and ship repair industry so that it could trigger a high growth in the Indian industrial sector. mg

Intelligent warehousing

There are many warehouses that are still searching, picking, moving and processing the shipment either manually or semi-automatically. With IoT in picture, we can create a connected warehouse that operates 10X to 50X faster.

by Abhishek Porwal, *President & CTO, Dreamorbit*

Internet of Things is in for a surprise for Warehousing and 3PL companies. Imagine a warehouse, where only by scanning barcode of a particular shipment, machines and people can access the history and upcoming outbound & inbound delivery status, and other special instruction like "handle with care". The warehouse workmen are warned on their smart watch of an incoming loaded forklift. In case the forklift senses a possible collision, it will apply emergency breaks and avoid the accident entirely. A warehouse where belt conveyor self-diagnoses itself and raises a maintenance request for servicing Belt Conveyor Idle automatically in the system. A warehouse that auto-controls its energy consumption and waste management. And, imagine the amount of data that can be captured and analysed for new insights that could be applied to create better services for their customers. Here is how IoT is going to benefit warehousing and third-party logistics companies in unveiling proactive operations.

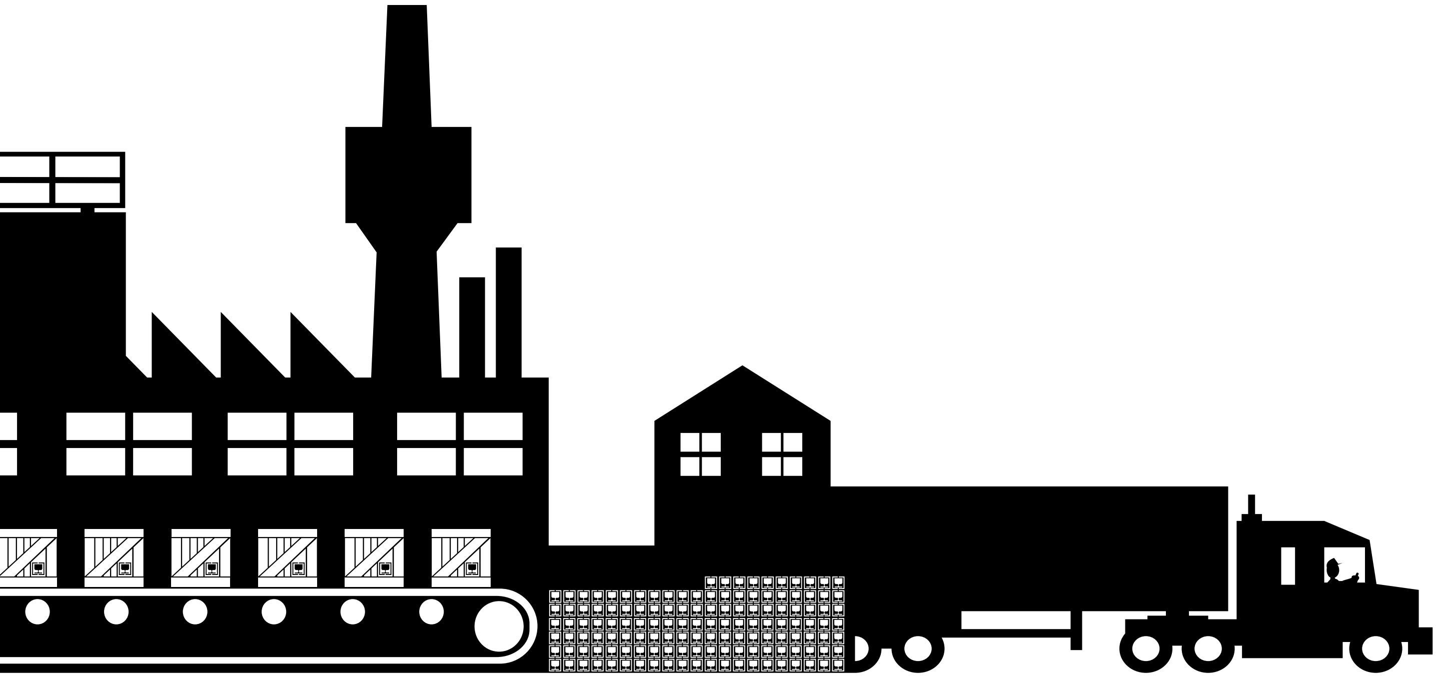
There are many warehouses that are still searching, picking, moving and processing the shipment either manually or semi-automatically. With internet of things in picture, we can create a connected warehouse that operates 10X to 50X faster.

IoT-ised Warehouse Management system is able to accept and confirm e-orders from shopping portal post cross-checking the stock and reflects a tentative date depending upon historical data trends. Internally, the WMS collates all these orders and creates picking lists for robot-cars to automatically pick containers. Proximity experiences using Bluetooth LE beacons help in indoor location mapping and locating inventory. It is also being used for indoor navigations. With Apple working on iBeacon and Google introducing Edddystone, the technology is going to improve further.

Once the shipment is ready at shipping dock, the system can check various transportations options available and schedule a delivery. The delivery information and other related documents will also be shared with stakeholders. This whole system can be monitored on real-time basis by operation manager.

Where is my stuff? In-transit visibility of shipment

One of the key services of warehousing and 3PL companies is to keep track of the shipment at all times and update their customers periodically. The connected warehouse solution with IoT can achieve just that. Attach an RFID chip to the pallet that can transmit data over internet to the server of its location using GPS. This way all the involved stakeholders will stay updated at all times about



their shipments.

Reducing damage, errors and inaccuracy in inventory management

Warehousing is all about constant movement and in between constant mayhem, an error is always brewing in some part. With IoT in picture, warehouses operations will always be in check by the system. Real-time information flow using IoT based Warehouse management solution will decrease the likelihood of errors. This IoT based solution would bring together RFID tag, barcode tags, temperature sensors, volume sensors, order and dispatch information all in one platform to give accurate stock and pallet location. This system now can avoid erroneous scenario of dispatching an expired product even if it is stacked in warehouse. At the same time, same system will alert the distribution manager for removing the expired goods from the warehouse.

Safe, safer and safest warehouses for employees

The warehouses have to meet OSHA (Occupational Safety and Health Administration) general guidelines and citations that instruct warehouse companies for on how to handle hazardous material, manage PPE (personal protective equipment) and indoor vehicles properly. Inability to meet these points leads to not only fatalities but heavy monetary losses. IoT can be a great help here:

1. Smart Ventilation Systems using temperature, humidity and special gases detection sensors can maintain better ventilation using less power.
2. Reed Contact sensor on the loading dock doors can warn the employee to close the door.
3. Warehouses will always be properly lit using smart lighting system.
4. Proximity sensors on forklifts can detect an incoming obstacle and slow down to avoid collision.
5. Equipment in the warehouse can self-diagnose itself and raise attention. No machine can malfunction using IoT based Self Servicing feature and accidents will be avoided completely.

Moreover, the warehouses now can meet even prerequisites for Green Sustainable Supply Chains and reduce energy consumption overall.

IOT BASED SOLUTION WOULD BRING TOGETHER RFID TAG, BARCODE TAGS, TEMPERATURE SENSORS, VOLUME SENSORS, ORDER AND DISPATCH INFORMATION ALL ON ONE PLATFORM TO GIVE ACCURATE STOCK AND PALLET LOCATION.

Real-time visibility and endless optimisation

The network of sensors, mobile devices, RFID tagging equipment and various machines will give operators real-time visibility in the operations. With readily available information, functions of reconciling incoming shipments, cross-docking and sorting, order fulfillment, return management etc. are executed instantly, leading to-reduced handing cost and time, and less dock-to-dock stock cycle time.

Manually, it is impossible to direct forklift for taking best route to reach a container or direct how the pallets move throughout the warehouse. But with IoT based WMS, this is possible. Added to this with smart lighting and venting system, cost saved on energy is tremendous. With more information with connected things (IoT), your warehouse system is better equipped to optimise for better performance at lower cost. The orders are coming in like a storm and warehouse need to operate like a cyclone. Including IoT in warehousing will not just give a "super-efficient" warehouse but also a self-improving supply chain being.

It is just a matter of time that IoT-based WMS will take the center of stage and the early adopters will be reaping most of the benefits in coming future. Embracing IoT now would only mean an organisation that enjoys transparent, proactive and highly intelligent future of supply chain.

Comfort on high seas

With strong customer demand for improved comfort, functionality and style, marine manufacturers have an enviable task of striking a balance between innovation and customer appeal. Proving its mettle in the field, Godrej Interio has successfully forayed into Indian maritime market

by Deepika Amirapu

Putting together a vessel's interiors is as demanding a task as building a hull or its engine. This is because marine interior designers face one of the biggest challenges– that of space. Three aspects are important to factor in while fitting together a ship's living quarters. Those who are aboard a vessel stay on for many months together before they arrive at a port of call. So, design of the cubicle or living quarters, functionality, aesthetics and good quality manufacturing are crucial while finalizing the material used for constructing the interiors for marine use.

While many internationally renowned firms have made their mark in this space, Godrej Interio, one of India's largest furniture brands set up a marine accommodations solutions

unit in 2000. This company was created to cater to the needs of the Indian Navy, the Indian Coast Guard and the country's merchant navy. Godrej Interio was the first Indian company to make a foray into this challenging segment. Today, it is one of the most trusted strategic partners for the shipbuilding industry in India. This firm offers solutions for new vessels as well those under renovation and repair.

Each step right from design and engineering to final handover is executed with the highest level of work quality. Constant knowledge transfers from international organisations make it one of the few companies in India with global competencies. Godrej Interio benchmarks its construction and fitting to suit the stringent standards set by the IMO/MED and NCD and DEFSTAN required by Indian Navy and Coast Guard vessels. The firm also caters to the needs of bulk carriers. Typically, there are about four stages in putting a vessel's interiors together.

Design and engineering

At this stage, the customer's

requirements are carefully reviewed, layouts are created, class requirements of various crew are considered, plans are studies and habitability plans are created. The best fitting product proposal with requisite dimensions and color schemes are then made along with 3D views. The design team usually has the inherent competency of using ship design software like AVIVA Marine and Tribon for various system integration processes along with accommodation modules.

Project planning

This is the second stage. In this stage, the designer develops a project master plan for material supply and execution. The plan is prepared with a detailed sequencing of all scheduled activities as well as the shipyard activities to ensure timely delivery. Advanced planning tools like CCPM and TOC are also made part of the project planning, which helps meet projects time line set by the shipyards.

Product and Material supply

At this stage, once the design and planning is ready, the firms manufacture and deliver products at the site for installation as per the project plan. While the manufacturing processes are low-impact to ensure minimum carbon footprint, the firm has to also ensure that products are meeting quality norms as per International standards like IMO/MED.

“

CONSTANT KNOWLEDGE TRANSFERS FROM INTERNATIONAL ORGANISATIONS MAKE GODREJ ONE OF THE FEW COMPANIES IN INDIA WITH GLOBAL COMPETENCIES. OUR EQUIPMENT ALSO MEETS THE QUALITY STANDARDS OF VARIOUS INTERNATIONAL CLASSIFICATION SOCIETIES. THE INTERIORS OF SHIPS HAVE TO BE OF A HIGH STANDARD AS WELL AS FIRE SAFE.

”

Outfitting

Finally, once the prefabricated material is transported to the site of installation, the project is ready to undertake complete accommodation outfitting at the block and superstructure level, including piping, plumbing, electrical, insulation and HVAC. Contemporary outfitting practices are also followed with requisite focus on safety and legal requirements.

“Our equipment also meets the quality standards of various international classification societies. The interiors of ships have to be of a high standard as well as fire safe. We provide ergonomically designed solutions that ensure effective utilisation of space, which is always a constraint on ships and other vessels,” a Godrej Interio spokesperson said.

While designing the interiors of a vessel, safety is of paramount importance and fire-retardant materials are often used while meeting the needs of the industry. These materials are light weight, but have enormous strengths. They are mainly selected from non combustible or fire retardant type of materials. Foam and fabrics used for mattresses, curtains and upholsteries of furniture are also picked and tailored keeping in mind the hazardous conditions involved.

Each of these projects also demand special attention while designing cabins after having a one to one interaction with each end user and understanding their functions, hierarchy and other technicalities. The Captain’s room, ward room, lobby are given special attention in terms of high end finish while making sure international norms and standards are met.

Rana Kapoor, *Managing Director & CEO, YES Bank*

Role of Maritime Sector in India’s transition as an economic superpower

YES BANK has partnered with the Ministry of Shipping as the Event Partner for the inaugural Maritime India Summit 2016. Rana Kapoor, MD & CEO, YES BANK said, “As India’s aspiration to progress from a ‘globally dependent emerging nation’ to an ‘economic superpower’ accelerating the role of the maritime sector takes center stage. India, with its more than 7,500 km coastline, navigable inland waterway length of 14,500 km, 200 ports offers immense opportunities of a staggering sum of ₹2,000 billion in the Maritime Sector towards investment in ports, shipping, coastal shipping, inland waterways, shipbuilding and maritime cluster development, thereby creating millions of new jobs, reducing poverty and achieving sustained socioeconomic development for the country.”

He added, “Through flagship initiatives like ‘Sagar Mala’, Inland waterways and the ‘Shipbuilding Scheme’ the government has mobilised the much needed dynamism and positive energy to the Maritime Sector. This vibrancy has restored the faith of global as well as local investors in this sector who have got back the courage to make fresh investments in this sector.”

Brisk movement of goods at lowest cost

The move towards better utilisation of ports, and rural infrastructure backed up with abolishment of multiple tax system, the transportation sector can look for brighter days. However, more important for the near future is to see how the government would make sure that the stalled projects take off and break the deadlock on the GST, notes Areef Patel, Vice Chairman, Patel Integrated Logistics Ltd

by Omer Ahmed Siddiqui

Areef Patel, *Vice Chairman, Patel Integrated Logistics Ltd*

Q The government is planning to divert the cargo movement from road to inland waterways and coastal shipping. Do you see this as an opportunity or a threat to your business?

Definitely it is a brave move, given the potential of the project and the ease it could make on our already chocked-up and sub-quality labyrinth of roads. Waterways currently account for just 3.5 per cent trade against 47 per cent in China and 40 per cent in Europe. 60 per cent of our freight movement happens through roadways. But it is a challenging and time consuming task for the government which has raised huge funds for the same. An elaborate and complementary multi-model transportation system, as a whole, is an opportunity, more than a threat for logistics industry. Our priority is movement of goods, a brisk pace but at the lowest cost. As long as it does not add to our logistic costs, it will be an opportunity for the stakeholders and also for the national economy as whole, since it can improve the maritime trade.

Q How do you see the new budget impact the logistics sector?

The quality of infrastructure has its most perceptible impact on the logistic sector. So, our roads could be the best yardstick to measure the interest-level of a government in the infrastructure. So, this sums up everything about our current predicament. Budget is one of the most prominent indicators to the government vision and direction. The pro-Bharat budget has given some attention to infrastructure, especially in the rural India, with a higher allocation for creating road transport network which is key driver for the overall development of the transportation sector. National highways in the country only account for 2 per cent of the total roads and carry almost 40 per cent of the freight. Upgradation of 55,000 km of the state highways to NH and the proposal for 10,000 km roads will make a big difference to the sector, if executed in the letter and spirit. The move towards better utilisation of ports, and rural infrastructure backed up with abolishment of multiple tax system, the transportation sector can look for brighter days. However, more important for the near future is to see how the government would make sure that the stalled projects take off and break the deadlock on the GST.

Q How has the slump in global trade affected the logistics sector?

We cannot still be in denial mode, as studies and surveys reveal some bare facts about the slump in global trade. The Organisation for Economic Cooperation and Development (OECD) reports that exports across the G20 countries plummeted by 11.3 per cent, while imports dropped even more, by 13 per cent during 2015. The impact is across the geographies in the logistics sector which has to bear the brunt of trade head on. The Stifel

Logistics Confidence Index shows that the scores are at the lowest level in the three years. India is still trying to put up a brave face with ambitious goals and the government selling pipe dreams like we would grab 5 per cent share in the global trade by 2020, from the current level of 1.7 per cent. But the fact is that we are passing through depressed phase, as far as the global trade prospects are concerned. The only silver line is that still our logistics costs are high because of the below-par infrastructure and inefficiency. We can offset the global impact on the logistics to a certain extent, by improving our domestic infrastructure.

Q The e-commerce market is gaining momentum in India. How do you plan to capitalise on this emerging opportunity?

E-commerce is still in its nascent stage in India considering the potential it has to offer and the existing reach of the sector. As the sector matures, there will be consolidation and streamlining in various segments including the allied arenas. We at PILL do find this to be an exciting opportunity because of our inherent strengths like the geographic reach, technology and upper hand in the air cargo. So far we have played a waiting game and as I said it's a new business. But now it is time for us to take a plunge fully and we have launched our B2C arm to serve the growing list of e-commerce players.

We started servicing our clients almost six decades back and our vision was to be global by becoming the single largest player in Asia. Today we are an integrated logistic leader with global footprints. In tune with the times, we wanted to tap the emerging opportunities and stay as a modern logistic player in all senses, from technology to skills, from thinking to execution. Hence we started tapping the opportunities in the evolving e-commerce sector as a B2B player. Now, as the natural progress of the same, we entered into B2C. We have raised ₹18 crore to drive this venture. With the initial funds we have rolled out almost 60 branches across the country and the numbers will rise as we go on understanding the requirements and reach. In the next 12-18 months we will look to have 120-150 more branches for our new ecommerce delivery company.

To put things in perspective again, I want to reiterate that we have not transformed into a B2C company. It is our natural growth in tune with our own innate potentials and the emerging external possibilities. We will always remain as the leading integrated logistics company in India.

WE STARTED TAPPING THE OPPORTUNITIES IN THE EVOLVING E-COMMERCE SECTOR AS A B2B PLAYER. NOW, AS THE NATURAL PROGRESS OF THE SAME, WE ENTERED INTO B2C. WE HAVE RAISED ₹18 CRORE TO DRIVE THIS VENTURE. WITH THE INITIAL FUNDS WE HAVE ROLLED OUT ALMOST 60 BRANCHES ACROSS THE COUNTRY.

Q The logistics cost in India is said to be the highest among the developing countries. What in your opinion needs to be done to bring it down?

Indian transportation system operates with high cost, accounting for 14 per cent of the GDP of the country when you compare it with other developing countries which operate at 7-8 per cent. Much of this is to do with our quality of infrastructure, as I explained above. A cohesive multi-transport system, more stress on new infra projects, reviving the stalled projects, pro-industry policies and above all a strong political will to implement brave projects can bring down the costs.

Indian truck drivers clock an average of 280 km per day, much below the world average of 400 km per day and far below the 700 km the average truck driver in the US does every day. The underperformance of Indian truckers has to do with multiple facts from bad roads to less fancy trucks, from number of check-posts to the prevailing laws.

Q How do you control your cost of operations and maintain it low?

Cost control in logistics operation hold the key for better bottom-line. We at PILL have managed to keep our bottom-line stable over for the last few years, mainly because of our effective control over the operation costs. Fuel only accounts for almost 50-55 per cent of the total cost. The best way to control is to have network which are viable for generating revenue & incur low cost, and improve technology. We have an integrated technology system running which gives us an advantage to have better control over our operations. Training is very crucial when it comes to loading and unloading, it facilitates efficient handling of goods which reduces damage of goods thus lowering the cost on damages and insurance.

Q Has there been any significant improvement in the logistics infrastructure in the past two years of the Modi government?

Two years is a brief period to measure the impact in real terms in the logistic sector. Given the expectations around the change of the government, the results are scratchy. More than the political will, it was the hype that created headlines in the sector so far. Announcements are yet to be implemented and numbers still remain mere targets. The investment cycle missing across the board also reflects in the sector. Real action is yet to begin. At the same time, we also need to take into account the huge deficit of growth in the sector and enormous challenges any government would face.

Pain points of logistics infra:

- Waterways currently account for just 3.5 per cent trade movement in India, against 47 per cent in China and 40 per cent in Europe.
- 60 per cent of our freight movement happens through roadways.
- National highways in the country only account for 2 per cent of the total roads and carry almost 40 per cent of the freight.
- Indian transportation system operates with high cost, accounting for 14 per cent of the GDP of the country when you compare it with other developing countries which operate at 7-8 per cent.
- Indian truck drivers clock an average of 280 km per day, much below the world average of 400 km per day and far below the 700 km the average truck driver in the US does every day.

  Upgradation of 55,000 km of the state highways to NH and the proposal for 10,000 km roads will make a big difference to the sector

Ships do not move Cargoes - Seafarers do

Thanks to ratification of MLC, 2006 by Indian government, Indian seafarers can expect better living and working conditions on Indian ships

by Reshmi Chakravorty

India has become a proud 31st ILO Member State to ratify Convention No. 185 and the 66th to ratify the MLC, 2006. The Convention No. 185 came into force for India on April 9, 2016 and Convention No. 66 will come into force on October 9, 2016. "The Indian seafarers were losing out to the seafarers of the neighboring countries, such as Philippines, as the Convention No. 185 was not in force in India earlier, whereas these countries had ratified it years back. Nonetheless, the Indian seafarers will hopefully not lose out now," said Daniel Chopra, Managing Director of Elektrans.

It is not that the Indian seafarers are not trained according to global standards that they were losing out on work opportunities. India has successfully embraced training methods and modules to prepare their seafarers to deliver as per global standards. Indian seafarers are highly acclaimed globally for their competent services. However, the government and the shipping industry must collectively work towards consistently refining the training facilities to meet global requirements. The problem lies within the system. Abdulgani Y Serang, National Union of Seafarers of India (NUSI) General Secretary-cum-Treasurer, who is strongly opposed to the move by Indian shipowners to employ foreign seafarers on Indian ships and have already communicated its stand to the Ministry of Shipping through a representation to the National

Shipping Board, said, "Indian seafarers have proved their mettle for decades, both on national and international flag ships. There is lot of competition amongst different nationalities of seafarers. Prudent shipowners want quality seafarers to work on their ships. It is also important to retain and improve on the existing job positions of Indians seafarers."

According to Chopra, MLC, 2006 was largely supported by not only the ITF (International Transport Workers Federation) which represents the employees, but also the ISF (International Shipping Federation) which represents the employers. Thus, with MLC, 2006 coming into force there are prospects of better living and working conditions for the Indian seafarers on the Indian flag since the purpose of MLC, 2006 is to improve the working and living conditions on these ships. Seafarers are the backbone of the shipping industry and their welfare is just as important as shipping economics and other essentials of shipping. The Indian shipping industry enthusiastically welcomes these moves. Mr. Abdulgani Y Serang, pointing towards the Indian shipping fraternity scenario too welcomed the change. "The convention is considered as the "Bill of Rights" for the seafarers across the world."

Seafarers are the backbone of the maritime industry and when it comes to Indian seafarers, the demand and supply are not much in sync as the global fleet especially container ships are growing in size and not in quantity. "There appears to be some shortage, albeit only of senior engineers. The shortage in the past which occasionally prevailed, of the junior categories as well, has more or less vanished due to the added training initiatives undertaken by India and many other countries. The shortage of senior officials, particularly senior engineers, is likely to prevail for some more time. Further, the growth is more in terms of tonnage than in numbers because the average size of the ships is growing across many segments.

Daniel Chopra
Managing Director of Elektrans.

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Fortunately for shipowners, the demand for seafaring officials and ratings is not growing at the same rate as the tonnage because of the increasing sizes of the ships," clarified Chopra.

The wellness and safety of the seafarers are also of the same concern as its demand. With more demand comes work pressure and strenuous routine. More than the government, the well being of the seafarers should be more influenced by their employers, the shipping companies. Indian seafarers, in terms of competency, are largely regarded as second to none in the world. Having less than 1 per cent of the global tonnage, India supplies more than 7 per cent of seafarers to the global fleet. The training initiatives adopted in India are at par with the global standards. But according to Serang, "The Indian Government should create and maintain a safe working environment and promote safe behavior through a programme of proactive accident prevention by identify hazards, assessing risks and implementing necessary preventative measures, before accidents and ill-health arise. They should also provide advice to seafarers and their families on the benefits that are available to them particularly with regard to medical care, sickness benefits, unemployment benefits, old-age benefits, employment injury benefits, family benefits, maternity benefits, invalidity benefits and survivors' benefits."

It's a well known fact that it's not all mushy in the seafarer kingdom. The slowdown in economy has forced several shipping companies or shipowners to cancel some of the routes or reduce their calls, creating a volatile situation. But being an industry insider and general secretary of seafarer union, Mr Serang wants to see beyond the silver lining. According to him, "Shipping has sailed through highly volatile economic downturns in the past too. The profitability has been affected but transport through shipping has not completely seized. We expect the challenges to persist but the shipping companies have not given up in the face of market adversity. The industry must launch comprehensive transformations and address the issues. This can be one way to step ahead of competition and achieve profitability."

Mr Chopra with his experience as a seafarer himself tries to break it down to basics, "Shipowners are rationalising in terms of the capacity to cope with the glut. Thereby, they are creating an artificial decline in the supply by idling ships and thus blanking sailings. This is one of the moves to which the shipowners resort to stabilise the freight. To that extent, the opportunities available to the shippers to have more alternatives also reduce and this in turn increases the freight. Nonetheless, the prevailing freight is low which leads to shipowners mostly losing in most of the sectors. There are only a handful of shipping giants in the container segment who are successfully tiding over due to measures such as the rationalization of their sailings and economies of scale. However, most of the companies are in the red today. This situation is expected to continue for a while as new ships, of around 20,000 teu, are still being delivered. Additionally, the slow economic growth has also had an adverse effect on the growth of the international trade. This will also influence the demand- supply equilibrium."

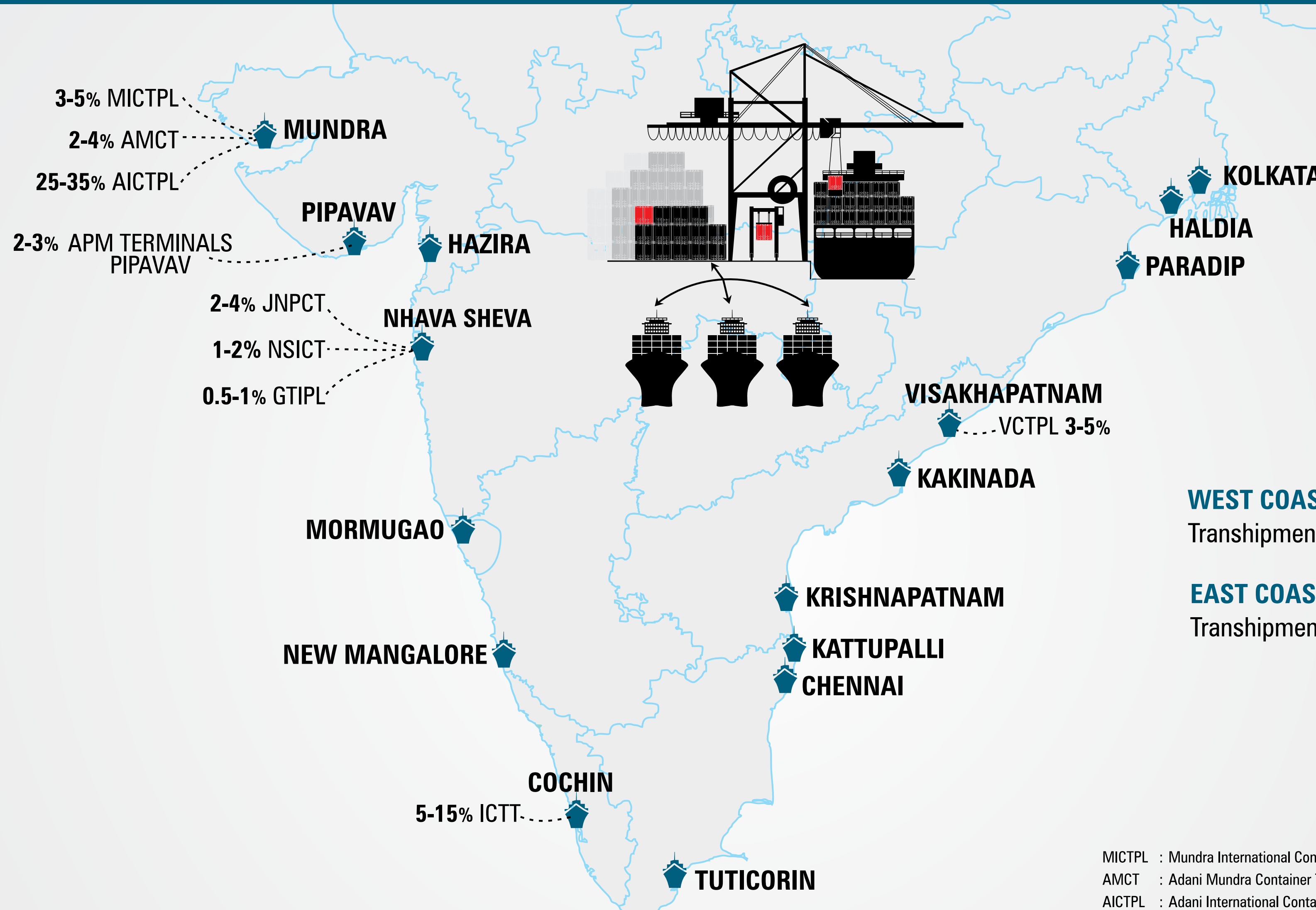
Abdulgani Y Serang
General Secretary-cum Treasurer, NUSI

> INDIAN SEAFARERS HAVE PROVED THEIR METTLE FOR DECADES. THERE IS LOT OF COMPETITION AMONGST DIFFERENT NATIONALITIES OF SEAFARERS. SHIPOWNERS WANT QUALITY SEAFARERS TO WORK ON THEIR SHIPS. IT IS ALSO IMPORTANT TO RETAIN AND IMPROVE ON THE EXISTING JOB POSITIONS OF INDIANS SEAFARERS.

Talking about industry transformation, one of the main things that the maritime industry will be bracing towards is the STCW 2010 convention which will phase out this year and Manila amendments will come into implementation. Is the industry and government prepared? "The global shipping industry has largely taken these global amendments in its stride. The nations have taken measures to ensure that the seafarers, across the global fleet, conform to the regulatory requirements that originate from these amendments. Thus, there are no key difficulties expected from the compliance arising out of these amendments that will be enforced in the year 2017," said Chopra brimming with confidence.

It is the sheer belief and confidence that the seafarers exude while maneuvering both their life and ships which makes them the backbone of a nation's economy and it is correctly said, ships do not move cargoes, seafarers do.

TRANSHIPMENT AT INDIAN CONTAINER TERMINALS



WEST COAST
Transhipment – **5-10%**

EAST COAST
Transhipment – **<.05%**

*map not to scale

MICTPL : Mundra International Container Terminal
AMCT : Adani Mundra Container Terminal
AICTPL : Adani International Container Terminal
JNPCT : Jawaharlal Nehru Port Container Terminal
NSICT : Nhava Sheva International Container Terminal
GTIPL : APM Terminals Mumbai – Gateway Terminals India
ICTT : Vallarpadam International Container Transhipment Terminal
VCTPL : Visakha Container Terminal

Indian containerized EXIM cargo is mostly depending on foreign transhipment hubs which is very high on East Coast with staggering 80-90% compared with West Coast 30-40%. In this scenario, India is losing USD 260 M on East Coast alone for the 2.6 M TEUs of Indian cargo handled at foreign transhipment hubs (approx USD 100 per container).

by: gateway research | www.gatewayresearch.in