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'INDIA WILL DRIVE HARDER THAN OTHER EMERGING MARKETS'
DAVID WILLIAMS, CEO, SAFMARINE

VGM: THE BLIND SPOT

Industry is still grappling to understand the new SOLAS regulations

A Fillip to trade

Earlier this week, the government sprang two positive surprises on us. The first was on introducing a timetable for freight trains and the second on opening up seven sectors to foreign direct investment with a view to welcome more overseas participation.

This move to create more jobs alongside boosting economic growth is a welcome step from the government that seems to pull out all stops to speed up the pace of growth. While it will take a few months for the results of this move to reflect on the industry, we sincerely hope many business houses will up their ante in ramping up manufacturing in-house. This will help step up exports and improve the exim trade helping the shipping industry to be a collateral beneficiary.

The government has also decided to permit 100% FDI under government approval route for trading, including through e-commerce, in respect of food products manufactured or produced in India. This should provide an impetus to logistics firms and the cold chain industry that can count on this radical change.

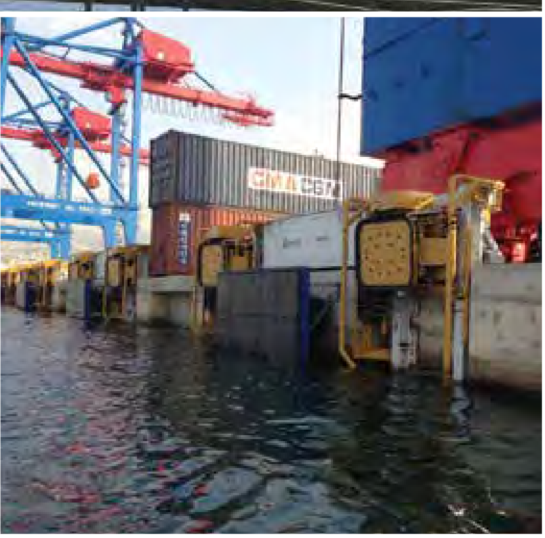
The other important announcement that made everyone sit up and take notice is about introducing a timetable for freight trains. This is almost the first trade-related action taken by the Railways Minister after a slew of measures were taken to improve passenger comfort. A timetable will help not just in ensuring freight trains run on time, but also monitor reasons for delay besides marking the most congested routes. Because of delays, the railways that used to carry about 80% of total goods transported in the country fell to 36%, with the rest shifting to roads.

This action by the government is indeed a stitch in time as it sets a precedent for freight movement once the dedicated freight corridors are functional. The movement of goods will be faster and will ensure the goods reach within 20 hours from Delhi to Mumbai or Kolkata, once the two corridors become fully operational.

Both these decisions by the government will have a significant bearing on the way the transport, railways and shipping industry works. If the first move is more to do with policy, the second ensures better functioning of the existing network. While the industry is still a tad cautious about many OEMs making a beeline as they wait for clarity on local sourcing norms, firms must seize the opportunity to partner with firms that have made advancement in technology. Having opened up a 100% FDI in the defence sector, ship building firms should enter in to win-win partnerships and gain access to modern and state-of-the-art technology.

R Ramprasad
Editor and Publisher
ramprasad@gatewaymedia.in

“These decisions by the government will have a significant bearing on the way the transport, railways and shipping industry works.”



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Shipping container based winery

A group of vineyard buildings by Cumulus Studio shows that in the right hands the humble container can look pretty damn good too. Located within a vineyard on Tasmania's east coast, the Devil's Corner project comprises a cellar door (sales area), market, and a lookout point. The project covers 572 sq m (6,156 sq ft) and comprises a total of 10 recycled shipping containers: five were used for the lookout and an equal number were used to create the market area. Australian firm Cumulus Studio painted some of the containers black and clad others in timber, producing a uniform look. The construction process required modifying some of the containers so that they would slot into place, while the lookout tower involved positioning the containers by crane.

NOL appoints new CEO

The NOL Board, chaired by Rodolphe Saadé, named Nicolas Sartini as NOL's Chief Executive Officer and Serge Corbel as NOL's Chief Financial Officer. Both executives, in addition to leading the global container shipping business, are also Executive Directors of the newly constituted 10-member NOL Board. Rodolphe Saadé is also the Vice Chairman of CMA CGM and succeeds Kwa Chong Seng who has served the NOL Board as Chairman for five years.

RFID at Chennai Port

Chennai Port is India's first major port to have a paperless container movement using RFID to enable container trailers enter port without any manual intervention. The RFID tag will have all relevant details that were hitherto carried in paper form. Najib Shah, Chairman, Central Board of Excise and Customs, launched the facility at the DP World container terminal inside Chennai Port. At present, manual verification of documents takes nearly six minutes per trailer at the gate. This will be reduced to one minute. The project is a collaborative effort of the National Association of Container Freight Stations, Customs and Chennai Port.

Adani to set up copper plant in Mundra

Adani Enterprises is in the process of setting up a copper smelter project with a capacity of one million tonnes per annum at an investment of ₹10,000 crore at Adani Port Special Economic Zone in Gujarat.

The electricity load required by the plant is 300 MW. Out of this, 40 MW would be generated from internal process steam by waste heat recovery and the remaining 260 MW power would be sourced from Mundra Utility Pvt Ltd. Raw materials copper concentrate and rock phosphate required for the project would be sourced by importing as well as from domestic market.

Shreyas to strengthen coastal shipping

Shreyas Shipping and Logistics has entered into an agreement with Shipping Corporation of India to strengthen costal shipping and expand its presence on east-west trade lane. The agreement is a vessel sharing arrangement with SCI on two of the services connecting east coast of India to west coast of India and vice versa along with Persian Gulf with addition of new ports commencing with effect from June 09, 2016. Additional tonnage has been deployed on this trade lane providing improved frequency and transit time between the ports.

Integrated Check Post at Indo-Nepal border

India has started an Integrated Check Post (ICP) along the Nepal-India border at Birgunj-Raxaul check point, whereas Nepal is yet to prepare necessary infrastructure for the ICP on its side. Nepali businessmen are unlikely to benefit from the Indian ICP due to failure of Nepali authorities in completing necessary infrastructure which is expected to take six months to complete.

DG Shipping develops a feedback module

The Directorate General of Shipping has developed a system for posting feedback on various services that it offers. The system has been placed on its website and allows users to give feedback on the overall performance of the Directorate General of Shipping on individual services offered by it or its subordinate offices.

In addition, a system for providing concurrent feedback has also been placed at the end of the 14 e-governance modules offered by the Directorate General of Shipping.

Shapoorji Pallonji to pick stake in Karaikal Port

Shapoorji Pallonji Group is in an advanced stage of talks to pick up 51 per cent stake in Karaikal Port in Puducherry for around ₹900 crore. Shapoorji will also take over a part of the outstanding debt of Karaikal Port Private Limited, which currently stands at ₹1,800 crore, as part of the transaction.

IKEA seeks 450 acres at Kandla Port

Swedish furniture giant IKEA has evinced keen interest in a proposed cluster at Kandla Port and sought 450 acres for the same. The retailer is ready to provide technology, know-how and expertise to the cluster and buy the entire finished product. IKEA will source from the cluster for both India as well as overseas supplies. IKEA will not invest, but it will provide design and source from the manufacturers at Kandla. IKEA is scheduled to open its first store in India in Hyderabad in the second half of 2017 even as it scouts for more sites in Delhi-NCR, Mumbai and Bengaluru.

No piracy insurance premium at Indian ports

Ships entering or leaving Indian ports need not pay additional war risk premium (ARWP) any more, after seas close to India's western coast were removed from the list of the high risk areas for piracy. The ships are also exempted from paying piracy-related additional insurance premium. About 22,000 ships, that called on Indian ports between 2010 and 2015 paid an estimated additional war risk premium (AWRP) of about ₹8,500 crore. Merchant ships are currently being escorted along the entire length of the internationally recommended transit corridor which is heavily patrolled by Indian Navy vessels.

VTPMS in Goa to check illegal offshore activities

Goa will soon have a Vessel Traffic and Port Management System (VTPMS) that will keep a watch on every vessel to counter terror and smuggling activities off shore. The captain of ports department, which works for development of inland waterways and minor ports, has submitted a proposal to the state government for installation of VTPMS. The VTPMS will also provide safe navigation to international vessels loaded with hazardous cargo transiting off Goa coast. The system will monitor both seashore and riverbanks.

Mumbai Port Trust cuts wharfage charges

In order to encourage the domestic coastal movement of cargo, especially automobiles the Mumbai Port Trust (MPT) announced reducing wharfage charges by about 60 per cent and further reduction of 10 per cent in shipping charges. This will help in bringing down the cost of cars/truck which may be passed on to the consumers.

Cars/truck manufactured in south Indian cities like Chennai can be shipped to Mumbai, and from Mumbai to other nearby cities by other modes of transport. Similarly, Pune and Nashik have four big car manufacturing units from where it can be transported to South or eastern Indian cities.

Work on Sagar Port to start by year-end

The centre plans to start building the much-delayed Sagar Port in Bengal by this year end. The project will require an investment of ₹4,000 crore and the centre has formed a joint venture along with the state government for the purpose. The port will handle part of India's trade with Bangladesh. At present, 95 per cent of India-Bangladesh trade, pegged at 6,000 tonnes a year, takes place through land.

APM Pipavav expands capacity

APM Terminals has expanded capacity at Port Pipavav in Gujarat, increasing its container throughput handling capacity here from 850,000 teu to 1.35 million teu. Five new berths are likely to be added to the port in the next three years. The expansion was carried out at an investment of ₹400 crore and included buying new STS cranes, strengthening the existing berth, dredging, and the improvement of the container yard and internal roads at the port. It was necessitated by up to 85 per cent utilisation of existing capacity since last year.

APM Terminals wins warehouse contract from Volvo in India

APM Terminals Inland Services, South Asia has signed an agreement to provide a specialized warehouse facility for Sweden-based Volvo Cars. The 102,000ft^2 facility will offer an integrated inland services solution for the Volvo completely built up units imported from Europe to India through the Port of Chennai. Chennai warehouse will comprise of bonded and non-bonded areas with an overall capacity of 500 vehicles.

"The fall in crude oil prices has hit the dollar revenue of many countries in Africa. They now prefer to use dollar for import of essential items. We have requested the government to allow rupee trade so that exports to these countries improve. "

– Sugato Sen
Deputy director-general
Society of
Indian Automobile
Manufacturers.

"The shipbuilding companies, along with creditor banks, should make bone-crushing efforts to revive their businesses. If we don't carry out a bold restructuring, the future of not only the shipbuilders but also the whole economy will be in jeopardy."

– Park Geun-Hye
President, South Korea.

"Greater trade through land border will positively affect the economy of the country's North Eastern region, and also enhance people-to-people contact. Myanmar has the distinguished geographical advantage and can serve as a land-bridge between Southeast Asia and India."

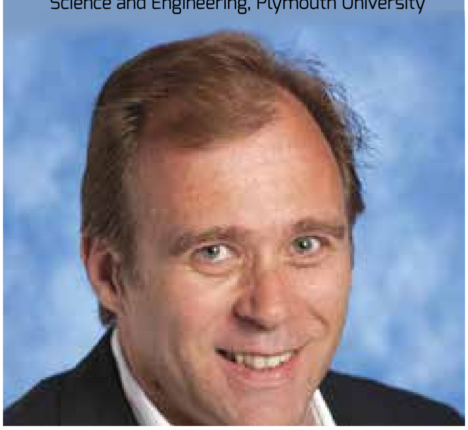
– Rita Teaotia
Commerce Secretary

"Less than two dozen of the IMO member nations are putting forth guidance and the regulations are all different depending on the country, despite an announcement in May from the IMO urging leniency in enforcement of the VGM rule under SOLAS in the first three months."

– Jonathan Gold
VP, Supply Chain and Customs, National Retail Federation

"It's an ageing demographic and you are going to have a generation which will retire. The average age of seafarers is 41. That is a problem to be addressed. There is generally a lack of awareness in schools and with careers people of the work opportunities at sea."

– Tom Crichton
Associate Head of the School of Marine Science and Engineering, Plymouth University



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Theme

Moving forward in challenging times

Containers India is a forum for the major stakeholders of the container supply chain to come together and debate critical issues affecting the time and cost effective transportation of containerised cargo from shipper to destination. Containers India 2016 will give you the latest key trends in international & regional container trade, port development and terminal operations over stimulating debates.

What is new in 2016?

Following a very challenging 2015 with weak demand and over supply creating very tough market conditions and as the continuing uncertain and lower level of support from China, the hope of a recovery in 2016 looks to be fading. In this conference, leading analysts and industry figures will share their thoughts on the global and India container trade and supply chain outlook and how to move forward – and lead – through difficult times.

Where the most interesting conversations on containers happen

STEERING THROUGH TOUGH TIMES- GLOBAL AND LOCAL CHALLENGES

NEW OPPRTUNITIES AND DESTINATIONS: WHERE WILL SUN SHINE?

COASTAL MOVEMENT OF CONTAINERS: THE NEXT BIG THING?

Where is container market heading?

Hinterland: Identifying new growth regions

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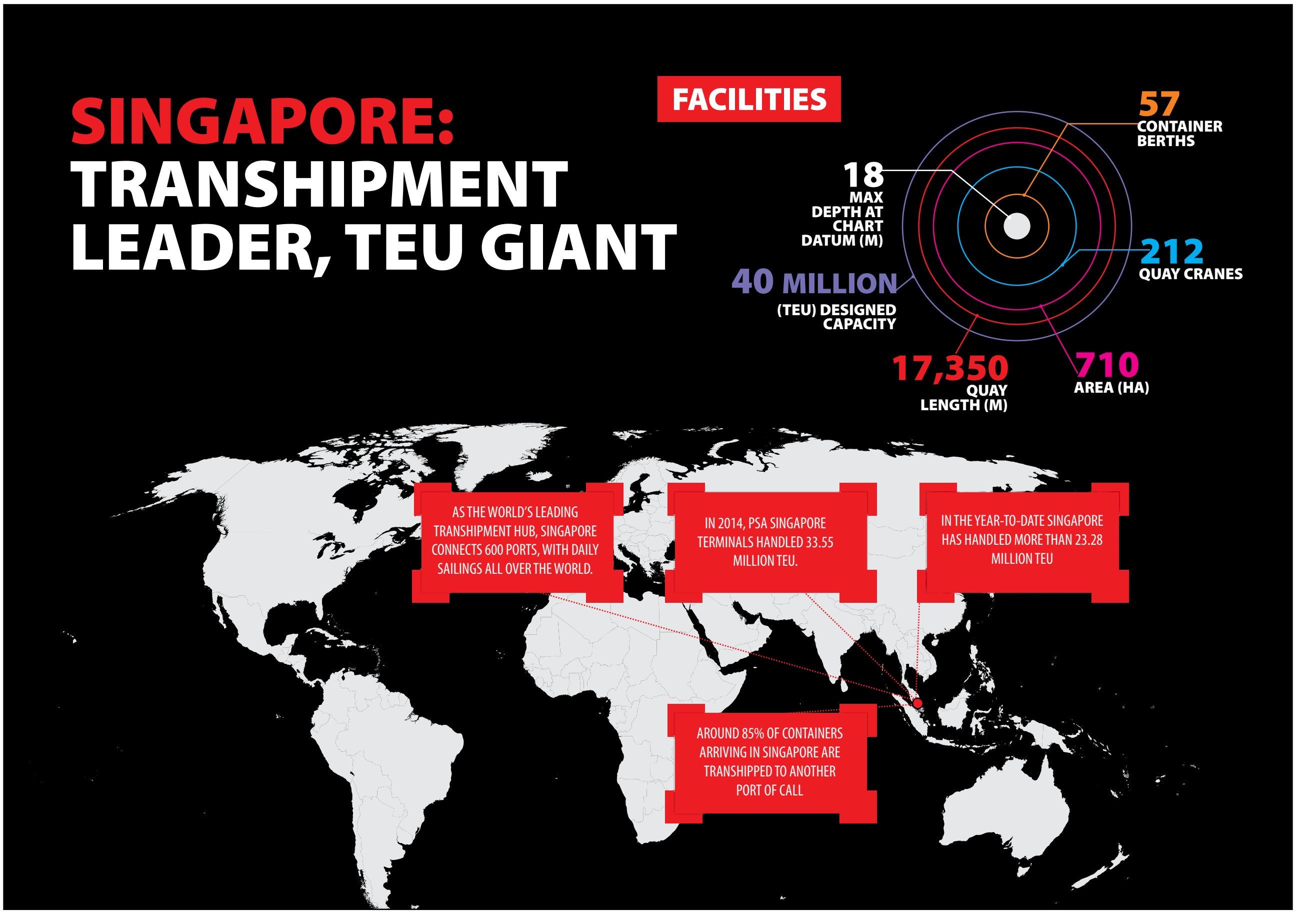


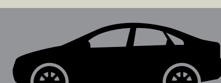
Sources: Port Technology

DRIVING TO NEW DESTINATION

	2014-15	2015-16	% Change
Total Exports from India	310.34	262.03	-15.6
Vehicle exports from India	8.84	8.86	0.2
India's vehicle exports to Africa	2.56	2.01	-21.5
Share In total vehicle exports from India	29%	23%	
India's vehicle exports to Latin America	1.89	2.26	18.9
Share in total vehicle exports from India	21%	25%	
India's vehicle exports to EU	1.11	1.28	15.1
Share in total vehicle exports from India	13%	14%	

Figures In $ billion

Key Takeaways



- As much as 90% of Volkswagen's and 29% of Hyundai's exports out of India were to Latin America
- Vehicle exports to Africa declined for the first time in a decade by 21.5% to $2 billion last fiscal year
- Falling crude oil and commodity prices helped rev up demand and Improve profitability of auto cos in the domestic mkt
- It has hit exports to African countries which are dependent on Income from crude exports

Sources: PortEconomics

CAPACITY ADDITION AT MAJOR PORTS

PORT	AS OF MARCH 2014	AS OF MARCH 2015	AS OF MARCH 2016*
KOLKATA	17.14	21.1	21.1
HALDIA	49.75	49.75	65.80
PARADIP	108.8	119.8	126.94
VISHAKHAPATNAM	88.92	96.76	107.75
ENNORE	31	37	45
CHENNAI	86.04	86.04	93.44
TUTICORIN	42.06	44.55	59.26
COCHIN	49.66	49.66	49.66
NEW MANGALORE	77.77	77.77	77.77
MORMUGAO	36.65	43.76	48.79
MUMBAI	44.53	44.53	49.33
JNPT	65.88	79.37	89.37
KANDLA	102.32	121.43	131.06
TOTAL	**800.52**	**871.52**	**965.36**

All figures in million tonnes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SHIPPING

Bangladesh, India launch transshipment operations

India and Bangladesh launched transshipment operations at the Ashuganj Port to boost trade and facilitate seamless movement of goods in the landlocked region, with a cargo vessel unloading the maiden consignment to be transported to Tripura through Bangladeshi territory.

Bangladesh's Shipping Minister, Shahjahan Khan, launched the operation at Ashuganj Port, where 1,000 tonnes of iron and steel sheets were unloaded to be transshipped to Tripura through Bangladesh territory in trucks.

Under a revised protocol on Inland Water Transit and Trade as part of a bilateral agreement signed during Prime Minister Narendra Modi's visit to Dhaka in June last year, India and Bangladesh agreed to let each other use their territories for transiting goods to a third country.

The deal would enable Bangladesh to use Indian territory to transport goods to Nepal and Bhutan while on the other hand India would access Myanmar by crossing through Bangladesh.

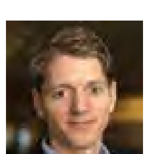
Under the arrangement, vessels carrying Indian cargos would unload at Ashuganj Port, from where Bangladeshi trucks will carry the goods to Tripura to be delivered at the Akhaura checkpoint, the second largest trading point between India and Bangladesh after the Benapole-Petrapole post with West Bengal.

Latin America – India's largest auto export market

Latin America, the furthest export market for India, has overtaken Africa to become the largest for vehicles shipped out of India. As much as a quarter of vehicles exported out of India in value terms went to Latin America in the last financial year, compared with 21 per cent the year before. India exported buses, trucks, cars, motorcycles and chassis fitted with engines worth $8.86 billion in the year ended on March 31, 2015. While overall vehicle exports remained almost flat, shipments to Latin America jumped nearly 19 per cent to $2.26 billion.

There is a huge logistics cost involved in shipping vehicles to Latin America, some 15,000 km away from India. But India's highly cost-effective manufacturing capabilities and government incentives are helping offset some of the impact.

Maersk heir appointed as CEO



Robert Maersk Uggla, Grandson of Maersk Mc-Kinney Moller, has been appointed as the CEO of holding company A.P. Moller Holding, which owns 45.1 per cent of shares and 51 per cent of voting rights in A.P. Møller–Mærsk. Uggla will replace Martin Gottlob and step into the role of CEO of A.P. Moller Holding on September 1, 2016, having previously taken up the position of CEO of Maersk-owned tugboat operator Svitzer.

New guidelines for shipbuilding industry

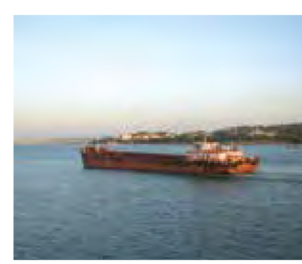
Indian shipyards must have a positive net worth if they are to become eligible for exercising a so-called right of first refusal to build/repair ships for government departments/agencies including state-run firms, according to new guidelines issued by the shipping ministry.

In case an Indian shipyard does not have a positive net worth as required during the immediate preceding financial year, it should provide a so-called comfort letter from scheduled banks/ reputed lending institutions indicating to provide necessary financial support (at least 60 per cent of the value of the contract for shipbuilding and 50 per cent of the value of the contract for ship repairs) to execute the project.

LNG barges on Ganga by 2018

To encourage fuel-efficient cargo transportation and minimise pollution, the government has initiated the process to ensure LNG barges commence navigation on National Waterway-1 (Ganga) by 2018-end. IWAI and Petronet LNG have been asked to plan and coordinate their work plans accordingly. Petronet LNG Limited will design, construct and operate LNG unloading, storage, bunkering and reloading facilities on the National Waterways. A detailed feasibility report on the project is expected to be completed by December 2016. Petronet LNG plans to set up a base depot at Haldia and fuelling stations at Sahibganj (Jharkhand), Patna (Bihar) and Ghazipur (UP). IWAI will facilitate the switchover of bunker fuel from diesel to LNG by persuading the barge owners and the operators about the benefits of LNG. IWAI will also provide land, wherever possible, for the setting up of LNG storage and will develop jetties to facilitate bunkering.

Inland waterways in Goa to be developed



The work on development of two inland waterways Mandovi and Zuari rivers in Goa will begin from October. Dredging work for the waterways has already been undertaken at an estimated cost of ₹115 crore. The ministry has also drawn up a detailed project report for terminals along the inland waterways at various points, including Betim, Brittona, Aldona, Corjuvem, Pomburpa, Durbhat, Old Goa, Panaji, Chorao and Ribander.

Anti-competition allegations on Maersk

The Indian Competition Review, a policy advisory organisation, has sent a complaint to the Competition Commission of India, claiming that Denmark's A.P. Moller Maersk Group is using its dominant position at JNPT to dictate prices by limiting competition in the container freight station market.

"Vessels wanting a berth at Gateway Terminals India Pvt Ltd (GTIPL) are being coerced by APM Terminal Mumbai to obtain its CFS services or services by its select partners operating at JN Port. Vessels wanting to berth at GTIPL in future are also coerced by APM Terminal Mumbai to obtain CFS service by one of the two Maersk CFS or two more, with which the firm has tie ups," the policy advisory firm has claimed.

Waterways Station Hub at Bhagalpur

Aimed at facilitating cargo shipment through river system, a 'Waterways Station Hub' along with lighthouse and other infrastructures for the movement of cargo-ships would be established by the IWAI soon at Bhagalpur. It will be a part of Ganga-Bhagirathi-Hooghly river waterways system between Haldia (West Bengal) and Allahabad (Uttar Pradesh) via Bhagalpur-Patna (Bihar), known as National Waterway (NW) number-1.

The Waterways Station Hub would have facilities of loading-unloading of goods and containers besides smooth ferrying of ships as well as for handling and berthing of cargo vessels. The total cost of establishing the hub would be more than ₹300 crore. The Differential Global Positioning System (DGPS) at Bhagalpur has already been made functional, whereas three more in between the stretch are under construction.

Coal and fly ash movement for thermal power plants, cement, stone chips, edible oil and other bulk goods could be easily ferried through the waterways. Many thermal power plants, situated alongside the riverbanks would be immensely benefitted with better supply of coal.

PORTS

India plans major port transformation

In a bid to accelerate its reform programme as a way to increase economic growth, Indian lawmakers have revealed new draft legislation which is designed to turn major port trusts into independent companies. The Ministry of Shipping said, "Each port authority of a major port shall be operated, regulated and administered by the board. The new independent review board will reduce the extent of litigation between public-private-partnership operators and ports." This follows news that India had announced a fresh port privatisation project involving the establishment of a new department in order to more effectively attract private funds.

Dry port to come up at Naya Raipur

With the expansion of industrial cluster and rising demand of exports from Chhattisgarh, state's second dry port and a Multi-Modal Logistics Hub (MMLH) is being developed by Concor at Naya Raipur. It will be developed in an area of 45 acres and will start functioning within next six months. The facilities are located at about 23 km from the existing dry port at Kapa.

This is a ₹200-crore project with hi-tech infrastructure and attractive features of huge warehouses and railway tracks to boost the commercial output of major export commodities including rice, silico-manganese, Ferro manganese, steel pipes, silk, forest produces and other products from across the state.

DP World Chennai launches mobile app

DP World operated Chennai Container Terminal (CCT) launched a mobile app for tracking of containers on a real-time, anywhere, anytime basis for the convenience of customers on the go. This user-friendly Android app has been developed exclusively for DP World and the app can be downloaded via Google Play Store. As a special feature, information regarding the temperature of a reefer unit will also be highlighted for the benefit of customers.

Satellite port at Betul

Shipping Minister Nitin Gadkari has put forward a proposal to the state government to develop a satellite port for Mormugao Port Trust (MPT) at Betul, South Goa. Estimated to cost ₹1,500 crore, the port would be developed by forming a joint venture company between the state and Union government. The proposed port will handle bauxite and iron ore and will have the capacity to handle 50 lakh tonnes of bauxite and 10 lakh tonnes of iron ore per year. The satellite port's infrastructure will include belt, ship loader, dust suppression system, rail and road connectivity. The draft at the port would be 17.5 metres.

Chennai Port handles record containers

Chennai Port handled 1.566 million teu in 2015-16, which is the highest number of containers handled by the port till date, surpassing its own performance of 1.55 million teu in 2011-12. The port handled 50.06 MT of cargo during 2015-16. The port has improved efficiency in cargo handling recording an operating income of ₹758.71 crore. The port has signed an MoU with Southern Railway for optimising rail throughput of automobile traffic.

Capacity addition at major ports

The government wants to increase total port capacity from 1,400 million tonnes to 3,000 million tonnes by 2025. A closer look at the traffic and port infrastructure capacity shows that while there has been a rise in cargo traffic, the government has already added more than 20 per cent capacity across the 13 major ports over the last two years from a capacity of 800 million tonnes in the year ended March 2014 to 965.3 million tonnes by March 2016.

The biggest increase in capacity over the last two years has taken place at Ennore and Tuticorin ports and the additions have been 45 and 40 per cent, respectively. Even the Mormugao Port, which has seen the biggest year-on-year increase in cargo traffic in April, has seen a capacity enhancement by 33 per cent. In April 2016, the cargo traffic at the port jumped to 3.3 million tonnes, up from 1.3 million tonnes in April 2015.

In 2014, Paradip was the largest port with a capacity of 108.8 million tonnes as against 102 million tonnes of Kandla Port. However, as of March 2016, Kandla is the largest with a total capacity of 131 million tonnes against a 126.9 million tonnes of Paradip. Two major ports at Cochin and New Mangalore did not add any capacity over the last two years.

Massive investments for Paradip

The Shipping Ministry has proposed to invest ₹28,321 crore for development of Paradip Port and improve its connectivity in Odisha. Projects planned include development of Inland Water Transport terminal (₹300 crore), expansion of mechanised stack yard for additional cold storage (₹150 crore), development of outer harbour at Paradip Port (₹4,250 crore) and conversion of iron ore berth into coal exporting berth (₹600 crore). Pipeline from Paradip to Hyderabad (₹3,000 crore), doubling of railway line between Bhadrak and Dhamra (₹650 crore), new ICD at Bhubaneswar (₹85 crore), heavy haul railway corridor between Talcher and Paradip will be taken up.

Deepak Arora appointed MD of Elektrans Shipping

Elektrans Group is pleased to announce the promotion of Capt. Deepak Arora to Managing Director of Elektrans Shipping Pvt. Ltd. Capt Arora has been with the Elektrans Group for 4 years during which he has served in several executive positions within Elektrans, proving himself as a committed company advocate.

LOGISTICS

First cargo train from India to Russia

The first cargo train from India to Russia passing across the territory of Azerbaijan will be launched in late August 2016 as part of the North-South Project. The freight train will take off from Mumbai, then the goods will be transported by ferry to the Iranian port of Bandar Abbas in late August. The goods will then head to Iran's Rasht city by rail. The goods will be transshipped by trucks from Rasht city to Azerbaijan's Astara city. Then the cargo will be transported to Moscow by railway. This multimodal transportation will be carried out together with the railways of Azerbaijan and Russia.

SR targets automotive cargo

Southern Railway has come out with a vision document which sets a target of ₹500-crore revenues over the next 10 years from the automotive sector. But with the huge gap between road and train freight rates, lack of infrastructure, lack of rakes, there are doubts on its feasibility. Currently, to send cars by truck it costs around ₹1,000 per car,whereas the cost can go up to ₹1,500 per car by train. However, Southern Railway has signed MoUs with Chennai and Kamarajar Ports to bring down costs. This is said to be a first of its kind deal in the country. The ports have agreed to bring down the cost in wharfage and handling charges which will bring the cost close to road transport.

More freight corridor contracts awarded

Dedicated Freight Corridor Corporation of India (DFCCIL) has awarded a consortium led by GMR Infrastructure, India, a ₹22.8-billion design-build contract for civil works and track work on a 221-km section of the 1,839-km Eastern Dedicated Freight Corridor (DFC), which will connect Kolkata with Ludhiana.

The work has been divided into two packages: design and construction of the 175-km Sahnewal-Pikhani section, which passes through the northern states of Uttar Pradesh, Haryana, and Punjab, and the 46-km Dadri-Khurja stretch in Uttar Pradesh.

L&T bags DFC contracts

A consortium of L&T and Instalaciones Inabensa, S.A., Spain has won a major design and build order worth ₹847 crore from Dedicated Freight Corridor Corporation of India Limited. The order involves electrification works for 417 km section of the Eastern DFC from Mughalsarai to New Bhaupur in Uttar Pradesh. The scope of works includes construction of 7 traction sub stations, 18 switching stations, 881 track kilometres of overhead equipment, SCADA and electrical and mechanical works along with supply of all associated equipment.

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 SEA-Tech under this feature.

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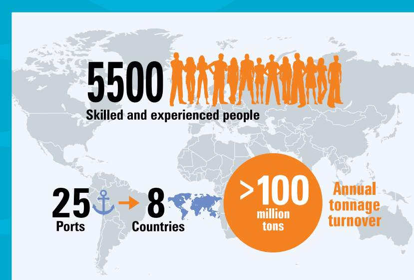
The customers' needs need to be in focus while designing a terminal, hence SEA-Tech puts to use its full expertise (technical, environmental, operational and cost efficiency) at the very heart of every design and development of ports/terminals. SEA-Tech offers the right balance between innovation and proven solutions in terminal development it undertakes.



Engineering expertise of SEA-Tech includes:

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SEA-Tech plans to put its vast experience and knowledge in port sector at disposition to either established Indian ports looking to ramp up their capacity or upcoming ports seeking for assistance in building the port A to Z, and equally for private clients looking for efficient solutions to import/export their products. SEA-Tech with its conglomerate partner SEA-invest is keen on investing and operating in the vibrant port sector in India. mg

contact: seatech@sea-invest.fr www.sea-invest.com

Allcargo introduces direct LCL service

Allcargo Logistics Ltd has introduced the first ever direct LCL service to Mangalore under its NVOCC division. Allcargo names it 'Made to Call.' Vessel named *Godavari* departed from Colombo on June 2, and reached Mangalore on June 4, which makes Allcargo the first mover in trade to cut down the route time to Mangalore. Usually, LCL consolidators adopt a longer route by bringing the shipment to Chennai and then transfer it to the ICD in Bengaluru from where customer collects his cargo and carries it to Mangalore via road. The entire procedure is very time consuming.

Snowman to set up new facility at Krishnapatnam

Snowman Logistics Limited is setting up a new facility at the Gateway Distriparks Logistics Park in Krishnapatnam which will have a capacity of 3,500 pallets of temperature controlled and dry warehousing. This facility can be further scaled up to 10,000 pallets in a phased manner within the next two years. The location is 7 kms from Krishnapatnam port, which services the Southern and Central Andhra Pradesh (Sri City industrial region) and Eastern Karnataka.

MSC redeploys 13,000 teu vessels onto secondary trades

MSC is experimenting with new deployment options for its traditional 13,000 teu Asia-Europe workhorses as they are rapidly displaced on the route by deliveries of the 'new normal' lower unit cost 18,000-20,000 teu ultra-large container vessels (ULCVs). MSC is starting to send the 13,000 teu ships to India, West Africa and the South American west coast.

The obvious cascade strategy for surplus 13,000 teu tonnage is the transpacific Asia-US west and east coast tradelanes, but weak US demand has obliged carriers to look to deploy these ships elsewhere.

MSC has assigned two 12,552 teu vessels to its standalone Asia-South Africa-West Africa 'Africa Express' service and the carrier furthermore intends to shift several 13,000 teu ships to both this service and to the Asia-west coast South America 'Andes Express' service in the coming weeks.

Coldman Logistics sets up warehouse in Sri City

Coldman Logistics laid the foundation stone for construction of a new temperature controlled warehouse in Sri City. Sri City is an ideal location offering superior connectivity to Chennai, Ennore and other ports and infrastructure required for business. The warehouse will be built on an area of 5 acres at an investment of ₹60 crore. It will have five variant temperature zones along with dry warehousing and vegetable processing area. It can cater to the storage needs of food, pharma, processing of pre-cut vegetables for export and domestic consumption and other industrial products. The facility is expected to be ready by early April 2017.

Jacques Vandermeiren is new CEO of Antwerp Port Authority

Jacques Vandermeiren has been appointed CEO of Antwerp Port Authority as of January1, 2017. He succeeds Eddy Bruyninckx who after 25 years at the head of the Port Authority is retiring on December 31, 2016.

Until January 2015 Vandermeiren held the position of CEO of Elia, the listed company that operates the national electricity grid in Belgium. He can draw on extensive experience in the energy sector, which will stand him in good stead with the industrial operators in the port. He also has the necessary experience with complex stakeholder management and in dealing with a publicly-owned shareholder. "These two aspects, combined with the necessary experience, strong communication skills and inspiring people management, convinced the board to appoint Vandermeiren as the new CEO," declared Port Authority chairman Marc Van Peel.

Challenges for Concor

Concor could face short-term challenges due to rising competition from the roads sector, sluggish volumes and increased running costs due to import-export mismatch. All this is weighing on the company's margins, which fell steeply by 730 basis points y-o-y to 14 per cent in the March 2016 quarter due to dip in originating traffic, empty haulage costs, fall in handling margins in ICD and limited double-stacking of container cargo. Lower double-stacking at 37 trains in the quarter, compared with 142 trains in the year-ago quarter, was one of the reasons for muted margins. Margins, however, are expected to improve given the start of the Khatuwas ICD which should lead to higher double-stacking to the tune of 150 a quarter.

New policy for dry bulk cargo at major ports

To increase efficiency of major ports, a new berthing policy for dry bulk cargo will be in place from August 20. The new policy provides a standardised framework for calculation of norms, specific to the commodity handled and the infrastructure available on the berth besides driving higher productivity and achieving near-design capacity of the available equipments/ infrastructure. It will reduce berthing time and overall turn-around time of ships.

Railways plans to boost revenues

Railway Minister Suresh Prabhu has revealed the steps taken by his ministry to increase revenues: By reducing the freight rates, railways is trying to diversify the freight basket. The focus is on long-term contracts for more stability in volumes as well as prices. The department is interacting with representatives from each sector – cement, coal, iron ore, food grains etc. – individually, for the first time in the railway's history to discuss the specific needs of each sector. Customer orientation of the entire operations is the main focus. The idea is to accelerate the increase in volume and thereby income.

Trial studies will be conducted for double stack dwarf containers which can accommodate goods such as house-hold appliances, clinkers, stone chips, textile products etc. Empty land is being developed for warehousing, private freight terminals and private sidings.

Cochin Shipyard, Global United bid for LNG tender

Cochin Shipyard and Global United Shipping India have proposed a joint bid under the build–operate–transfer model for six new LNG vessels for GAIL, making it the only Indian bid for the country's biggest shipping tender. This tender worth $7 billion has already received bids from two Japanese consortia: Mitsui OSK Lines-Nippon Yusen Kabushiki Kaisha and Mitsui & Co Ltd form one consortium; and the other comprises Mitsubishi Corporation-Kawasaki Kisen Kaisha and GasLog. The LNG vessels with a capacity of 150,000-180,000 cubic metres are meant to ferry gas cargo for GAIL from the US. Two out of six vessels would be built in India at Cochin Shipyard, while four would be made outside the country.

India keen to develop oil and gas blocks in Qatar

India has evinced interest in joint exploration of new oil and gas fields as well development of discovered assets in Qatar. India also invited Qatar to invest in the country's exploration and production sector by bidding for the blocks under the new 'Hydrocarbon Exploration and Licensing' Policy and take part in disinvestment of Indian PSUs.

An MoU was signed with Qatar Investment Authority for facilitating Qatari investment in the ₹40,000-crore National Investment and Infrastructure Fund. India highlighted the interest of its energy companies to pursue opportunities of mutual interest in Qatar, with Qatar Petroleum and other companies, in order to jointly explore new fields and for development of discovered oil and gas assets and exploit the existing resources of natural gas and crude oil in Qatar.

Indian cotton exports drop

Cotton exports from India have nearly halted as local prices have rallied due to tight supplies because of drought, forcing key importers like Bangladesh, Pakistan and Vietnam to turn to other suppliers. The freeze in Indian export will prompt Brazil, Australia and United States to raise shipments and has pushed global prices to near their highest since August. The landed cost of Indian cotton for buyers in Pakistan and Bangladesh is at 75 cents to 76 cents per lb compared to around 73 cents for Brazilian cotton. Pakistan and Bangladesh prefer Indian cotton due to lower freight charges.

Call for a unified tax system

A group of transport ministers from 20 states has called for a unified system for paying taxes and charges levied by different state governments. The idea is to have a one-stop payment system for all charges that different states collect on a particular route. Once the operator decides the route, the payment details would be given and only when the requisite payment is done, the seamless movement of cargo would be allowed. All physical checking could be done at one point instead of stoppages for the same at intervals of every 50-km or so.

PSA secures two major wins at AFLAS

PSA International Pte Ltd was voted "Best Global Container Terminal Operating Company" for the second consecutive year, while PSA Singapore Terminals once again received the "Best Container Terminal – Asia (over 4 million teu)" title at the second Asian Freight, Logistics & Supply Chain Awards (AFLAS). AFLAS is hosted and organised by maritime trade publication Asia Cargo News.

Revamped scheme for traders

The finance ministry unveiled a revamped scheme for importers and exporters, offering direct port entry, deferred duty-payment facility, fast-tracking adjudication and refunds and risk-based assessment, among others. The Central Board of Excise and Customs clubbed the two existing schemes, the Accredited Clients Programme (ACP) and the AEO. AEO holders will be allowed to move their cargo, as it arrives at the land or sea port to the warehouse without any checks. The government is aiming at least 40 per cent of imports occur through the revamped programme, with more than 1,000 members. For the economic operators other than importers and the exporters, the new programme offers only one tier of certification whereas for the importers and the exporters, there will be three tiers of certification.

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The new industrial policy lays emphasis on providing good infrastructure support for promotion of industries. It has proposed to form at least five industrial areas. The policy encourages private investment in establishing industrial areas and estates.

In this backdrop the first edition of **Karnataka Logistics Summit** will provide unmissable insights and analysis from leading speakers from government and industry through engaging, thought-provoking sessions.

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A boon to trade in central Asia

Boosting economic activity in Central Asia, Chabahar Port provides Afghanistan, a landlocked country, an alternative access to a sea port. Iran would benefit from increased trade, earn transit fees and witness major infrastructural investments and developments. India stands to gain an alternate access to Afghanistan and central Asia via Iran, considerably cutting on transportation costs and time

by Shareef MP

Hailing it as a major breakthrough for India's trade with West Asia, the Chabahar Port deal comes into reality. The major strategic initiative of India Port Global Private Limited is a big leap in the enhancement of trade with Iran, Afghanistan and CIS countries.

Talking at length about the strategic initiative, Arun Kumar Gupta, MD, India Ports Global, said India would develop two terminals at Chabahar, one container terminal and another multipurpose terminal. "While the container terminal would handle almost all containerized goods, the multipurpose terminal will be built primarily to handle the project cargo which would be required for setting up of various projects in the West Asian region. Apart from the development of the port, IRCON International intents to built 500 km of rail link from Chabahar to Zahedan, in Afghanistan. Similarly state run NALCO also plans to set up an aluminum smelter plant at Chabahar free trade zone."

Strategically located

Chabahar is the only Iranian port with direct access to the ocean. This port offers easey access to Oman Sea, Persian Gulf, Afghanistan and Central Asia through land route. It is close to the mainline shipping routes to Africa, Asia and Europe and can act as a gateway to the Eastern Transit Corridor to Afghanistan as well as the landlocked countries of Central Asia.

India had spent about $100 million to construct a road from Delaram in Afghanistan to Zaranj at the Iran-Afghanistan border. Iran has established the road contact with Afghanistan through 'Garland Road', which links to Central Asia, Europe, Russia and the international North-South transport corridor (INSTC) via the Chabahar Port. "Chabahar

Port offers the shortest land access to Afghanistan and central Asia and the Port and Rail link will provide sea connectivity to the road built," adds Gupta.

Project and investment

The meeting between Prime Minister Modi and the Iranian president Hassan Rouhani in Ufa, Russia, in July, 2015 had provided impetus to the protracted negotiations. After lifting the ban on Iran the development of Chabahar Port received further boost.

India Ports Global, a joint venture of Jawaharlal Nehru Port Trust and Kandla Port Trust, have signed a contract with Iran's Aria Banader Company to operate the port. The contract is for ten years and can be extended when second phase evolves.

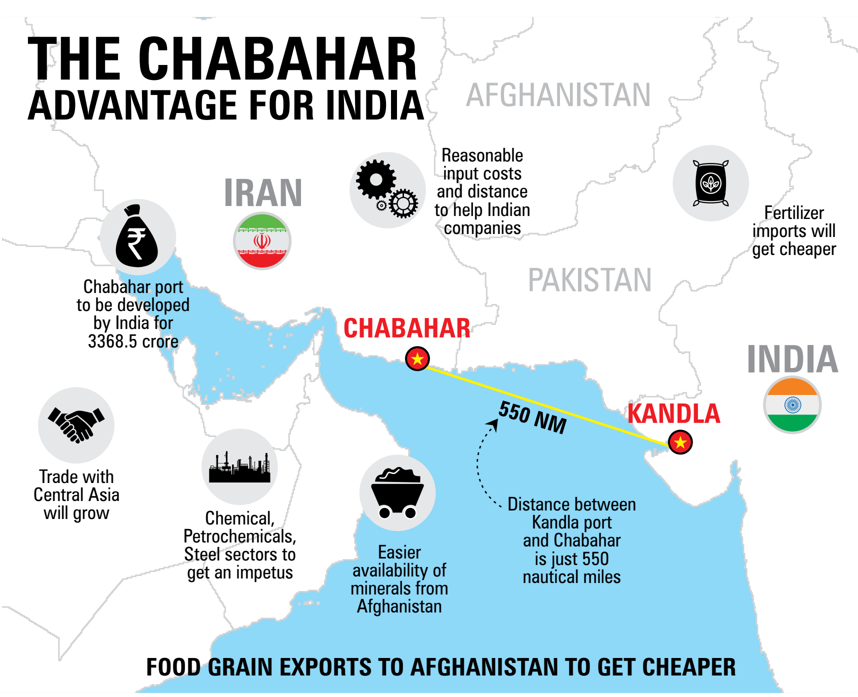
The joint venture company will invest $85 million in equipping the terminals. EXIM Bank of India will offer a $150 million line of credit. The bank has extended credit lines worth ₹3,000 crore under the Export Development Fund to seven Iranian banks for using the funds to import steel rails from India. India will supply $400 million worth steel for construction of rail line between Chabahar and Zahedan. IRCON will build a rail line at Chabahar to move goods right up to Afghanistan. India's aim is to provide goods to Afghanistan through an efficient multimodal transport.

Arun Kumar Gupta
MD, India Ports Global

> "CHABAHAR PORT OFFERS THE SHORTEST LAND ACCESS TO AFGHANISTAN AND CENTRAL ASIA AND THE PORT AND RAIL LINK WILL PROVIDE SEA CONNECTIVITY TO THE ROAD BUILT."

Win-win situation for all

The trilateral agreement on transport between India, Iran and Afghanistan will use the port's strategic location to boost regional economic cooperation and connectivity. The agreement provides Afghanistan an alternate access to sea port, boosting its economy by connecting to international markets. Iran benefits from increased trade, transit fees and major infrastructural investments and developments. India will gain an alternate access to Afghanistan and Central Asia via Iran, easily accessible from Mumbai and Kandla.



Counter to China

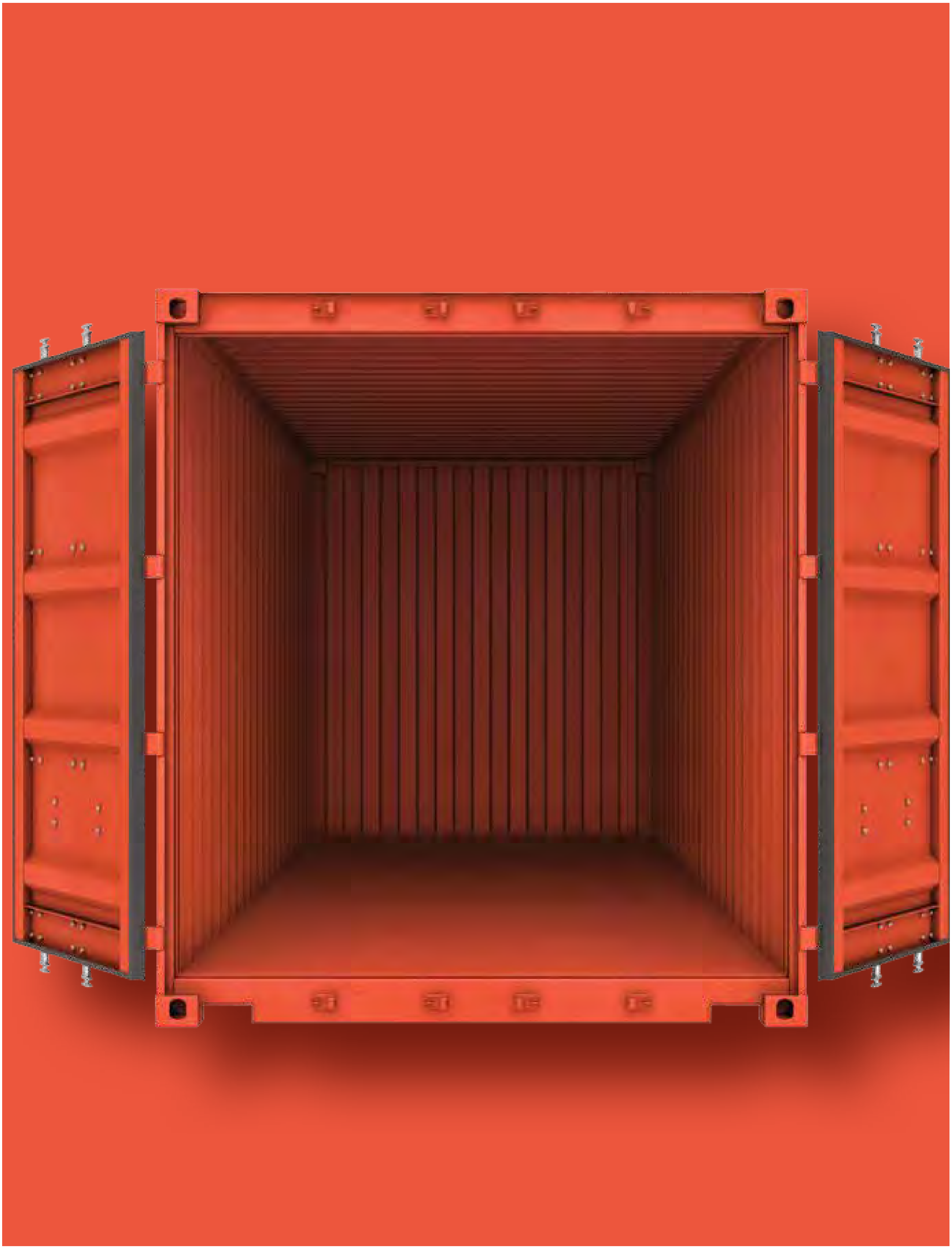
The Chabahar Port will also allow India to counter China's expanding influence in the Indian Ocean region. The port is just 100 km from Pakistan's Gwadar Port, which is being developed by China. Chabahar Port will definitely dent the traffic at Gwadar Port as it will offer a viable alternative, particularly considering that the hinterland access from Chabahar far outweighs that from Gwadar. The Gwadar port's competition for trade and transport will come from Chabahar, as a port outside of the Persian Gulf makes sense from a strategic and logistical view point for Iran for trade with Afghanistan and Central Asia.

Chabahar to divert traffic from competitors

Once Chabahar Port is fully commissioned, there could be at least diversion of 1 per cent traffic from other ports in Iran. This is because of geo-strategic location of Chabahar being at the mouth of the Persian Gulf, offering advantage in terms of shorter maritime transit, ease of navigation and adequate infrastructure (land and water side) to accommodate vessels up to 14 m draft. Thus for all estimations, diversion volume of 5 per cent has been estimated, particularly from Bandar Abbas Port since it is the single major port handling cargo in high volumes.

Gateway to mineral rich landlocked CIS countries

Afghanistan, Central Asian states, particularly, Turkmenistan, Uzbekistan and Kazakhstan hold huge reserves of natural resources, particularly coal, iron ore, mineral ores and fertilizer. India can source minerals from these markets, so it is expected to serve the two-fold purpose of opening up these land-locked economies to the world, enabling them to move their import requirements at least cost and also exploiting their vast untapped natural resources. Thus as an economic edifice, Chabahar will trigger vibrant economic activity in Central Asia. In the long run, Chabahar can open up a new and shorter land bridging option to European market.



VGM: THE BLIND SPOT

Industry is still grappling to understand the new SOLAS regulations

by Ritu Gupta

The deadline is round the corner, and the maritime industry worldwide is gearing up towards meeting it. Indeed, the shipping sector is abuzz to implement the amendment to the International Convention for the Safety of Life at Sea (SOLAS) from July 1, 2016. Some time back, the Maritime Safety Committee of the International Maritime Organization (IMO) adopted an amendment to the convention for SOLAS, leading to a requirement for shippers to declare the verified gross mass (VGM) of a packed container and to communicate the same to the carrier. This move was made as misdeclared container weights have been historically a problem for the industry and present problems such as serious ship instability, which can be a hazard for crews and cargo. Port and terminal personnel are also at risk when moving the containers. The SOLAS amendment intends to ensure the safety of the ship, workers, cargo at the sea. According to the amendments, shippers and forwarders (when they are named as the shipper on the bill of lading) need to verify and provide their container's VGM to the carrier and terminal prior to it being loaded onto a ship. All containers (including transhipped ones) shall not be loaded aboard ships (excluding ro-ro ships engaged on short international voyages) if the shipper has not verified its gross mass, expressed it in the documents, and communicated it sufficiently in advance so that the ship's stowage plan can be prepared. The requirement requires the shippers to verify VGM by the following methods:

Using certified and calibrated equipment to weigh a packed container with cargo. The shipper may also use a third party to perform the weighing of the container; or

Weighing all cargo contained in packages, which includes the mass of pallets, dunnage and other cargo securement materials to be packed in the container and adding the tare mass of the container to the sum of the single masses. This method can be used by using a certified method which has been approved by the competent authority of the State in which packing of the container was completed. Any third party entity that has conducted some or all of the packing of the container should notify the shipper of the mass of the cargo items and packing and securing material that the party has packed into the container in order to properly facilitate the shipper's verification of the gross mass of the packed container under this method. Cargo weight information between third parties and shippers needs to be effectively communicated under an agreed systematic form of communication.

The IMO has agreed to a practical and pragmatic approach for the three months after the July 1, as concerns had been raised about how to manage containers loaded before July 1 which would reach their final port on or after that date, as well as any possible teething problems with necessary software updates, data sharing, and communication systems. The IMO decision was also made after a survey by Drewry found that many shippers and forwarders are still not sure how they should comply with the new rules across their global networks. As reported in Lloyd's Loading List, many liners, forwarders and shippers remain confused or are unprepared for the new rules, prompting fears of ocean supply chain disruption and port congestion. The Drewry survey concluded that confusion continues to surround the new VGM rules, and most stakeholders expect some delays when they enter into force. "As the countdown continues, it is clear that many shippers and forwarders still do not know how to comply," said a Drewry analyst. "Better information on compliance requirements and options is starting to be communicated but there is still a lack of standardisation and coordination." The Drewry survey covered 180 respondents – 88 were either shippers or forwarders, 31 identified themselves as ocean carriers, and 61 as 'others'. While virtually all of the respondents were aware of the new container weighing rules, 45 per cent of shippers said that their service providers had not given sufficient information on the new VGM rules. Some 55 per cent of shippers said that they expect some delays to container shipments and/or cargo rolls as a direct result of the VGM rule. The ratio of forwarders and ocean carriers expecting delays was even higher. Drewry concluded that with just over a month to go before implementation, some progress was being made but it was clear that not all shippers would be ready to comply with the IMO rules. "We urge any shipper or forwarder to talk to their carriers as a matter of urgency to clarify and finalise their compliance processes and to plan for likely port and logistics delays from July,1," said Drewry.

Indeed, still a number of grey areas exist worldwide. Incomplete implementation of VGM would unquestionably result in issues such as increase in risk exposure due to disturbances in the supply chain; unweighed/misdeclared containers being refused on board with delays for perishables or time-sensitive cargoes and the consequent accumulation risk associated with more containers languishing in ports. Additionally, liability underwriters will have short term issues with clients in the logistics sector as their exposure increases.

What is happening in India

In India things are no different, with the industry honchos being skeptical about how SOLAS amendments will be implemented. During May 2016, following several rounds of consultations with stakeholders, the Directorate General of Shipping (DGS), finally fixed the tolerance level of variation between the VGM of a container declared by a shipper and its actual weight obtained from a terminal operator at plus or minus of 1,000 kilogrammes, from a previously recommended threshold of 500 kilogrammes. The authority said provisions under the Indian Legal Metrology Act will apply if parties in the supply chain disagree with a VGM for whatever reason. It also categorically stated that containers that show up at terminal gates without the VGM having been provided by the shipper or their authorised representative will not be accepted for loading on to ships. "Verification of gross mass of the container shall be carried out at a location away from the port/terminal to avoid congestion at the port/terminal area. DGM, however, unlike its counterparts in several other countries, did not specify the penalties that shippers could face for non-compliance. "The name of the shippers defaulting in the declaration of the verified gross mass of containers may be displayed on the website of the Directorate General of Shipping," the ordinance states.

According to the guidelines, the container should preferably be weighted at the container stuffing point/container freight station/ inland container depot or en-route to the port/terminal. The weighbridge/ weighing appliances participating in the programme shall be electronic type and shall be calibrated and be in possession of a valid certificate from the department of legal metrology. The VGM...shall be provided ...in a tamper proof document to the shipper. It shall be the responsibility of the shipper to upload the relevant information...on a dedicated secure website that can be accessed by all concerned including the master of the ship, or his representative, said the guidelines.

According to some industry players, what is missing in these rules is the fact that the terminals can be the second check point for VGM. Terminals like the ones at the Jawaharlal Nehru Port Trust (JNPT) had lobbied hard for the inclusion of a clause that would allow them to sell their on-site container weighing services. "What is the difference between the previous system and the new one? There is no check point for the VGM figures declared by the shipper, as per the Indian guidelines. Ideally, the terminals should have been made as the second point of check," says Ashok Kumar Bhattacharjee, secretary general, Indian Private Ports and Terminals Association. GTI, which accounts for roughly 40 percent of JNPT's total throughput, said it won't be offering weighing services at the terminal as the shipper or shipping line will be responsible for declaring the VGM in cargo gate-in documents (Form-13/Form-11) filed electronically with the terminal. "We will record the weights of containers received at the yard for exports. If there is a variation, then a charge for change in weights will be levied as per our scale of rates," the company was quoted as saying by the media. Other terminals such as APM Terminals-operated Gateway Terminals India and DP World's Nhava Sheva International Container Terminal say that they too are fully geared up to comply with the IMO regulation.

The terminals may be prepared but the industry seems not very optimistic about the smooth implementation of the SOLAS amendment. "The industry is gearing up for the change but the preparations still need to be much more. There is a lot of confusion among the various

"WE DECLARE WEIGHT DURING THE BOOKING DONE BY THE CHA BUT WE DO NOT KNOW A THING ABOUT THE NEW REGULATION OR THE VGM. NOBODY FROM THE PORT OR TERMINAL AND NEITHER THE FREIGHT FORWARDER HAS INFORMED US ABOUT IT."

Nachi Muthu
MD, Apex Exporters

"TILL DATE ONLY MAERSK LINE HAS COME OUT WITH A DETAILED PROCESS NOTE; NO TERMINAL OR PORT HAS CONTACTED US REGARDING THIS. THERE NEEDS TO BE PROPER COMMUNICATION BETWEEN ALL THE STAKEHOLDERS BUT THAT IS NOT THE CASE."

Ramana Murthy
GM, Logistics, ITC.

Deepak Tewari
Chairman, Container Shipping Lines Association.

"THE CARGO THAT ARE HISTORICALLY NOT RIGHTLY DECLARED INCLUDE COMMODITIES SUCH AS STEEL, GRANITE AND AGRICULTURAL PRODUCTS. BY DOING RANDOM CHECKS OF SUCH COMMODITIES WE CAN ENSURE THAT SHIPPERS DO NOT DECLARE THE VGM WRONGLY."

players as regards to how it will be implemented. The government needs to spread awareness among the shippers," says Vivek S Anand, president, Mumbai And Nhava-Sheva Ship-Agents Association. "Till now much awareness has not been spread and we would be facing some teething problems initially and we will try to face them at best. shippers need to be proactive and various organisations are conducting seminars for disseminating information," said L K Panda, nautical advisor to the government of India, and additional director general shipping, Ministry of Shipping.

A survey done by Maritime Gateway of the major exporters in the textile industry showed the sensitisation level of the SOLAS regulation hasn't percolated to the hinterlands as most exporters interviewed had not even heard of the new regulation. "I am not aware of the new regulation. Where do I get to know about this? We declare weight during the booking done by the CHA but we do not know a thing about the new regulation or the VGM. Nobody from the port or terminal and neither the freight forwarder has informed us about it" said Nachi Muthu, managing director, Apex Exporters, who exports as many as 50 to 60 containers of garments to Europe via Tuticorin Port. "The implementation of the new rules in India may take some time because it is just the nascent stage and at every level of implementation there seems to be lack of clarity," says Shailesh Bhatia, managing director at Bhatia Shipping Pvt Ltd. According to him, one of the biggest problem will concern the fact that the guidelines state that weighbridge/weighing appliances participating in the programme shall be electronic type and shall be calibrated and be in possession of a valid certificate from the department of legal metrology. "It may not be possible for all shippers to comply with this," says Bhatia, adding:"Another problem will pertain to the LCL cargo, as in this case VGM will be declared by forwarder, who may again not be able to calculate the same in the most appropriate manner." There seems to be no dearth of the teething issues and confusion is galore as regards to most aspects of the rules. "All the terminals and ports have come up with different SOPs to handle the new rules. How can shippers comply to different set of SOPs?," avers Ashok Janakiram, president, Association of Shipping Interests in Calcutta.

Indeed, amidst this confusion, a lot of preparation is needed by the shippers. "The new rules will create some kind of a burden on the shipper with the separate process where in we have to declare the VGM. The process would be time taking and there is going to be an extra cost. We are expecting about ₹200 to ₹300 for the charges of weighing a container. Though modalities have been listed out by the DGS, there needs to be proper communication between all the stakeholders but that is not the case as of now. Till date only Maersk Line has come out with a detailed process note; no terminal or port has contacted us regarding this," says Ramana Murthy, GM, Logistics, ITC.

Furthermore, international liners like Mearsk and all have their own software for booking a cargo but Indian liners mostly use INTRA for the booking and industry players aver that they will not have the customised option to declare weight of individual containers if they are booking more than one container. Moreover, many exporters depend on CHAs for their work and this means that the chances of goof-ups from their side regarding filing of VGM are high during the initial phase, aver industry experts. There are other challenges also the port and terminal operator has to chalk out plans as to when the information has to be made available and they need to come out with a process note on this, which has not happened to date. Furthermore, in case a shipper declares the VGM wrongly and this is found out when the container is being loaded on the ship and passes through the weigh bridge of the terminal, then no comprehensive contingency plan has been prepared for this kind of situation.

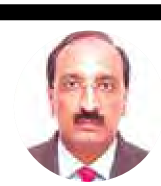
Indeed, it will take some time for the SOLAS guidelines to be understood by the trade, but industry players feel that the teething problems do need some solutions, especially as regards to cross verifying the VGM. "As a second check point, the shipping lines can ask the terminals to do a random check. We know which

Ashok Kumar Bhattacharjee
Secretary General,
Indian Private Ports and Terminals Association.

"THERE IS NO CHECK POINT FOR THE VGM FIGURES DECLARED BY THE SHIPPER, AS PER THE INDIAN GUIDELINES. IDEALLY, THE TERMINALS SHOULD HAVE BEEN MADE AS THE SECOND POINT OF CHECK."

Vivek S Anand
President, MANSA

"THERE IS A LOT OF CONFUSION AMONG THE VARIOUS PLAYERS AS REGARDS TO HOW IT WILL BE IMPLEMENTED. THE GOVERNMENT NEEDS TO SPREAD AWARENESS AMONG THE SHIPPERS."



Ashok Janakiram
President, Association of Shipping Interests in Calcutta

"ALL THE TERMINALS AND PORTS HAVE COME UP WITH DIFFERENT SOPS TO HANDLE THE NEW RULES. HOW CAN SHIPPERS COMPLY TO DIFFERENT SET OF SOPS?"

commodity containers are more liable to be misdeclared. These are the ones which have high export taxation.

The cargo that are historically not rightly declared include commodities such as steel, granite and agricultural products. By doing random checks of such commodities we can ensure that shippers do not declare the VGM wrongly," says Deepak Tewari, Chairman, Container Shipping Lines Association. "As far as the second check point is concerned, terminal operators should make sure that their contracts with shipping lines include a clause which ensures that this information is provided by the shipping line before or by the time that the container is delivered to the terminal. The terminal contract should also contain a clause stating that any and all consequences of the inaccuracy of the gross mass verification by the shipper will be at the shipper's or the shipping line's risk, with an indemnity and hold harmless clause included for such events. The consequences of misdeclaring the gross mass of a packed container can be far-reaching. If a discrepancy between the declared gross mass and the actual gross mass of a packed container go unnoticed, it could have an adverse impact on the safety of the ship, seafarers and shoreside workers, by leading to incorrect vessel stowage decisions and potentially collapsed container stacks or loss of containers overboard," says Harpreet Singh Malhotra, CMD, Tiger Logistics (India) Limited.

According to Bhatia, big shippers like Maruti should be allowed to declare VGM on the basis of self certification, as such shippers have the equipment in place to rightly measure the VGM. This will ensure much more smoother implementation of the process. "A good alternative would be that all containers should come via an ICD or CFSs. The DGS should ensure that there is a single regulation that should apply to all the terminals," says Janakiram.

Indeed, there are still a great deal of unresolved issues surrounding the new VGM rules. The full extent of the implications will only be felt upon their implementation. The potential problem areas highlight the urgency of the situation. In order for these SOLAS changes to work, total transparency from carriers and national authorities is vital. "Authorities need to detail their policies to implement these new rules, and should take an active role in their coordination. In doing so, they will create a level playing field between nations. Shipping lines should also provide their customers with relevant information on their policies for acceptance of VGM from forwarders acting as carriers, as well the means and timelines for transmission," says Dinesh Gautama, president, Navkar Corporation Ltd. The key takeaway is that forwarders and shippers have a large amount of work to do in order to fully prepare for the SOLAS rules. Greater clarity is needed amongst all parties so that goods can be shipped without undue delay. Though the main players haven't yet reached a solution, it's evident that steps are being made and will hopefully be put into place in time to ensure that SOLAS amendments benefit the entire Indian maritime industry. mg

Basics of VGM reporting

- Before a packed container can be loaded onto a ship, its weight must be determined through weighing. The shipper named on the ocean carrier bill of lading (or by arrangement of the shipper, a third party) has a responsibility to weigh the packed container or its contents. In the absence of a shipper providing a verified gross mass (VGM) of a packed container, it "shall not be loaded on to the ship."
- The "master" forwarder named on the ocean carrier's bill of lading is responsible for the accurate cargo weight verification of all the cargo from all the co-loading forwarders using the container, and may not simply pass on cargo weights that may have been declared by those other forwarders.
- The IMO Guidelines also state: "A container packed with packages and cargo items should not be loaded onto a ship to which the SOLAS regulations apply unless the master or his representative and the terminal representative have obtained, in advance of vessel loading, the verified actual gross mass of the container."
- Packed containers for which a verified weight was provided prior to loading in a preceding load port may be loaded in transshipment ports without having to have their weights re-verified if the port terminal in the transshipment port has been advised of this by the operator of the arriving vessel.
- Weighing methods: (1) Weighing the container after it has been packed. (2) Weighing all the cargo and contents of the container and adding those weights to the container's tare weight as indicated on the door end of the container. The weighing equipment used must meet national certification and calibration requirements. Estimating weight is not permitted.
- The party packing the container cannot use the weight somebody else has provided, except in one condition: "Individual, original sealed packages that have the accurate mass of the packages and cargo items (including any other material such as packing material and refrigerants inside the packages) clearly and permanently marked on their surfaces, do not need to be weighed again when they are packed into the container."
- A carrier may rely on a shipper's signed weight verification to be accurate. The carrier does not need to be a "verifier" of the shipper's weight verification.
- For the shipper's weight verification to be compliant with the SOLAS requirement, the shipping document must be signed by a specific person (representing the shipper) who must verify the accuracy of the weight calculation on behalf of the shipper. The lack of a signed shipper weight verification can be remedied by weighing the packed container at the port.
- When a marine terminal receives a packed export container that does not have a signed shipper weight verification, there will need to be processes in place at the terminal for obtaining the weight of such containers. Vessel stow plans should use verified weights for all packed containers loaded on board.

Port of Antwerp adds another feather to its cap

The Kieldrecht Lock is the biggest lock in the world to accommodate the biggest sea-going vessels. It will strengthen the competitiveness of the Port of Antwerp and will attract new economic activity to Flanders

His Majesty the King of Belgium recently inaugurated the Kieldrecht Lock for commercial shipping at Port of Antwerp in Belgium. Built with an investment of €382million, the lock strengthens the competitiveness of the Port of Antwerp and will attract new economic activity to Flanders.

The lock is 500 metres in length, 68 metres in width and has an operational depth of around 17.80 metres, which also makes it the biggest lock in the world to accommodate the biggest sea-going vessels. The Kieldrecht Lock enables smooth access to the Waasland harbour in Antwerp. Until now, the smaller Kallo Lock was the only gate to the Waasland harbour. This meant that the ships could have to wait for more than three hours. Any problem with the Kallo Lock could paralyse the whole Waasland harbour. The Kieldrecht Lock now enables a second, bigger, more upstream access to the docks on the left bank of the Scheldt river. In future, the ships can expect faster and smoother access to the harbour.

The first ship to use the lock was Grande Lagos owned by Grimaldi shipping company. Marc Van Peel, Chairman, Antwerp Port Authority said, "The Kieldrecht Lock forms a necessary key to the further development of the port on the left bank of the Scheldt River. In recent years, our port had successfully overcome many hurdles, now ranking as number two in Europe."

In order to retain that leading position, Antwerp must have a highly necessary basic infrastructure such as well-functioning locks that are adapted to the increased scale of international shipping.

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From L to R: **Marc Van Peel, King Filip, Ben Weyts** and **Werner Hoyer,** German politician and the President of the European Investment Bank

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The newly opened Kieldrecht Lock provides easy access to the Waasland harbour in Antwerp and enables a second, bigger, more upstream access to the docks on the left bank of the Scheldt river.

Both the government of Flanders and the Port Authority of Antwerp have invested in the Kieldrecht Lock, with Flanders assuming 75 per cent of the investment costs. For the project, the European Investment Bank and KBC Bank also provided €160.5 million and €71.3 million respectively. Kieldrecht started in 2011 and was led by THV Waaslandsluis, a cooperation between Jan De Nul NV, BAM Contractors, Herbosch-Kiere and Antwerpse Bouwwerken. mg

INDIA WILL DRIVE HARDER THAN OTHER EMERGING MARKETS

China, India and South Africa together represent about a third of Safmarine business. China is currently restructuring, South African economy is slowing down, but in India the growth is coming back

by MG Bureau

David Williams, *CEO, Safmarine*

Q Tell us in brief about Safmarine global operations?

Safmarine started operations in June 1946 when some South African industrialists and American shippers came together to start service between South Africa and the US. I started my career in Safmarine in 1986, after we launched the containerised services between South Africa and Europe under the SAECS consortium in 1978. We covered trade to the US, Europe and the Far East. In 1999 we were acquired by the A.P. Moller Group. And since the acquisition, the Safmarine brand has grown five times bigger than it was in 1999 and our profits also grew three times. Our volume has grown more than five and half time in the past 17 years. Our core business is trade to and from Indian subcontinent, Middle East and Africa.

Q Does Safmarine own ships?

Safmarine is part of A.P. Moller brand which is an international container carrier, so the ship fleet is owned by A.P. Moller Group.

Q As a business model how does Safmarine differ from A.P. Moller Maersk?

We focus on trade related to Africa and West and Central Asia. We have 26 trades that we operate on and what makes us different is that Maersk line is a global carrier so lot of focus is on East-West trade. Around 40 per cent of our business is from Asia to Europe; Europe to US and Asia to US. Safmarine focuses on core markets of South Africa and West and Central Asia. Another differentiator is we have a very customer focused approach and we will be moving our head office back to Africa.

We moved to Antwerp in 1996 after the acquisition of CMBT and considering the business focus it made sense that we moved from Cape Town to Europe. Subsequently, after the acquisition by Maersk in 1999 and running it separately till 2012 where the global financial crisis was upon us and we had to look back at our business and decide what was relevant going forward. So the best thing we thought was to consolidate our position and reduce the overlap of having two head offices – one in Copenhagen for the Danish organisation and in Antwerp for Safmarine. So we have come through this five-year period where we have a small integrated team for Safmarine in Copenhagen. This is a clear demonstration of the fact that the brand is seen as different – Maersk Line being a European brand and Safmarine an African brand.

Q Shipping business is cyclical in nature but this time business slow down seems to be longer and painful. Your comments?

We have focused on two areas that are seen more positively in terms of economic growth. If you look at our core focus regions – Africa and West and Central Asia, these markets will have 4 to 5 per cent GDP growth through 2020 and beyond. On the whole East Africa is growing very positively and other countries in the west and north western Africa are also showing growth.

Historically container trade has grown as a multiple of global GDP and last year for the first time it fell below to one time of the GDP growth, I think it was 0.8 or 0.9. We see global economic growth at between one and three per cent over the next couple of years. Probably it may not get back to the same growth levels that we experienced in the past, achieving four to five per cent growth in our markets would be a very positive achievement.

Q Are your operations in core markets influenced by developments in China?

I don't think any market exists in isolation anymore, so what happens in China, India or South Africa is interconnected so it depends on the way global trade develops. If the US or European economy slows down then the demand for goods there decreases, which means production in China slows down. China is currently repositioning its economy from investment and export led to consumption led, which is a big transition for them. But China is an agrarian economy so there will be demand from growing population and their economy will see double-digit growth in the days to come.

Q How is the ports sector in Africa?

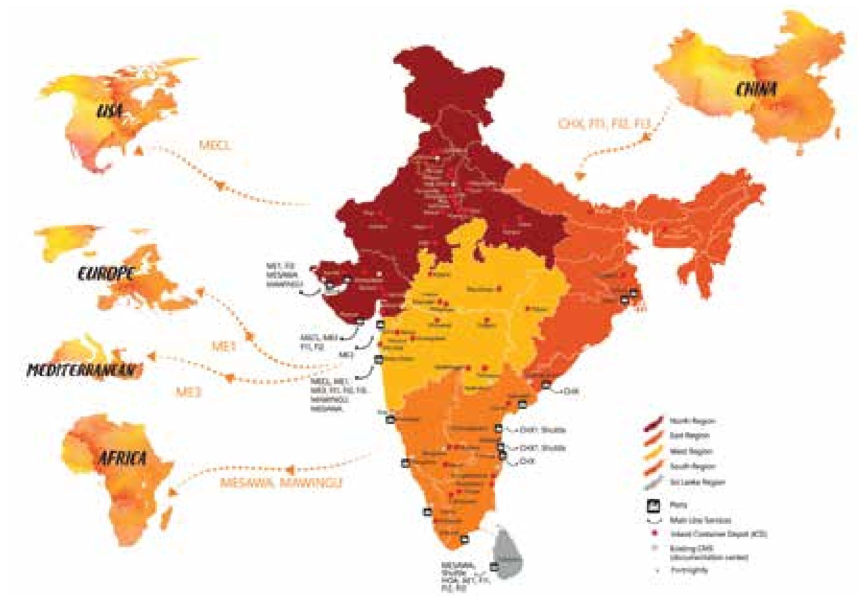
There has been huge improvement in the port infrastructure in the entire African continent with lots of investment coming into both ports and land side infrastructure and this has made it easy for competition to come in. Earlier there were more challenges than vessels lying outside of Nigeria Port. But now the infrastructure has improved and while the callings have declined temporarily they have made movement of goods in and outside the port much easier. The next development we will see is development of infrastructure on the land side to meet the increase in number of vessels calling at African ports.

Q In Africa do you have trade imbalance issue?

In most of the emerging markets you have this situation wherein there is more import of consumer goods in 40 foot containers, while the exports are in 20 foot containers. In South Africa we have an additional imbalance that lot of export is refrigerated food packed in 40 foot reefer containers, while imports are significantly less.

Q What are the major demands you see from the customer?

In the current economic situation everyone is very cost conscious and there is lot of pressure on freight rates and our strategy is to offer the lowest cost in the market, while offering the highest level of service. We are reconciling our operations to have very lean and effective organisation, while delivering customer service that is better than the market.



Bimal Kanal, *Director - India, Sri Lanka & Bangladesh, Safmarine*

Q How important is India for Safmarine?

China, India and South Africa are equally sized in terms of our top three business destinations and together represent a third of our business. In India we operate out of 15 ports and 46 ICDs. We have 4 per cent market share of India's containerised EXIM, which is close to 400,000 teu per annum and is 22 per cent of Maersk Line and Safmarine combined volume. Comparing us with Maersk Line, we are one fourth of their business. Among India, China and South Africa, we expect India to grow faster as China's economy is restructuring and South African economy is slowing down. We have been upgrading our product and have introduced new services to East, west and South Africa. In east Africa we have a service called MAWINGU, which is a direct service to Tanzania and Kenya. MESAWA is a direct service to South Africa, extending to central West Africa. Most of the services are from Mundra, Nhava Sheva, Pipavav and Hazira.

Q Some of the cargo goes to Africa via Europe. European ports are targeting Indian cargo wherein they act as a hub port. So how does this work?

In the international scenario a trading company may have office in Geneva, London or Singapore and they can still ship directly to an African Port. The LCL business from India to Africa has to pick up. Indian exports to West Africa go in full container loads and include small machinery, confectionary, pharmaceuticals, household items and electronics. Imports from Africa comprise of cashew, timber, coffee. From South Africa metal scrap, manganese ore and copper comes to India. Manganese ore is shipped in containers.

Q What are your plans for growing Indian operations?

We have introduced new products into Africa, US east coast and have the best services to Mediterranean and North Europe. A direct service from India to China is CHX that comes into Chennai. We plan to introduce service to the Middle East.

TED MUTTIAH
Chief commercial officer
South Asia Gateway Terminal

" We are complementary to India's growth agenda not competition"

Ask Ted Muttiah, the Chief Commercial Officer of the South Asia Gateway Terminal what his ambition is, he won't take too long to reply that his yearning is for all of Colombo's terminals to do well. For all his moxie, he is well in line to harbor such a charitable thought because SAGT was ranked first last year as the most efficient terminal in South Asia. In an interview with Maritime Gateway, Ted explains on his plans for SAGT, what it takes to be a successful transshipment terminal and how to engage shipping lines.

by Deepika Amirapu

Q What are the significant advantages that Sri Lanka has over Singapore as a transshipment hub?

A. I think the first obvious one is that the Port of Colombo has three options for shipping lines to call- three terminal operators who have a unique value proposition. Both Singapore and Dubai have only one operator – PSA and DP World. The other advantage is the geographic locality. We need to build on these advantages and add more value to the customer by increasing our productivity, speed to market and act according to the needs of the shippers and shipping lines.

Q Is Sri Lanka cheaper than Singapore in many ways?

The real answer to this can be given only by the shipping lines. Certainly, end-to-end we are cheaper as this is the indication we get from our customers. But in terms of why they don't change the network, I can't answer that right now. We have been told that we are more cost competitive and that is a more apt description.

Q You've been ranked # 1 in terminal productivity. Is this what makes you so successful?

Our focus has been on the fundamentals. The strategy to have productivity as our final outcome was formulated at a high level we have ensured it is executed at the front end as well. For example, the incentive for a crane driver to perform consistently shift after shift for six months is what leads to efficiency. We ensure every employee understands what productivity means, sets it as a goal and embraces it too. We also provide the necessary support to make this aspiration come true. Simply telling the crane driver about the number of moves we want to achieve in an hour without providing him adequate training would make us only being short sighted. We make the culture of high performance an everyday feature.

Q What is the greatest incentive you would offer to a line to call your port or terminal?

I think fundamentally it is to do with economies of scale and volume. More volume brings down the operating costs. However, when you talk to a shipping line, if you look at just the transactional cost of stevedoring, the bigger picture is lost. We need to present the shipping line with the end to end costs from when the ship comes to port to the time the ship leaves the port rather than looking at just the transactional costs of loading and unloading cargo. So if I can unload a ship in half the time another terminal takes, I'm already presenting a cost saving to the shipping line. That is to say, by being efficient, I've presented a cost saving to the shipping line.

How much volume would it take for a shipping line to take this decision of moving to Colombo from say Singapore or any other port?

Today I think we cover all the major shipping lines. What volume does it take? We have customers with half a million teu to as low as 5,000 teu. But what's important is the customer and how they see the opportunities and options. We can't adopt a one-size-fits-all approach for every line. Because for some shipping lines, Port Colombo might be a primary hub and for others, a secondary hub. So I think it's important to understand what the customer wants first and work on a solution based on that expectation.

Q What are you doing to increase your hinterland?

There is an across the board incentive included now for customers from Myanmar including other South Asian countries as well. We had some incentives for east coast of India too. We are looking at other opportunities of working with individual shipping lines because let's not forget that it's the shipping lines that influence the network change. We position ourselves as being complementary to India's growth agenda and not as competition. Our strength is transshipment. So, if you look at the FTAs and various trade pacts between India and the other ASEAN block of nations, Sri Lanka and Colombo as a port has a role to play. Therefore, if there's a certain amount of volume being transshipped from India's ports every day, it will not only help India's ports breathe better, but also allow a steady amount of cargo to our terminals.

Q The SLPA has tried to reach out to Bangladesh and Myanmar asking them to move their cargo through Colombo than through Singapore. Is South Asia your widest hinterland?

I think it's just logical for this region to function as our hinterland. We're not trying to widen it per say, but it's what makes sense. So for Myanmar's cargo destined to Europe, it is operationally viable for them to send their cargo to Colombo but may be for their cargo going to China, Singapore may be a better option. So, we will not expand the catchment area much, but increase the opportunities within the catchment area. So, even if there are 100 containers that go in to Singapore from this region, I want to tap into that and see why a customer wants to go there instead of coming here. Speed is not the sole determining factor that urges customers to make a choice. There are customers who say slow steaming is better because they would rather not have the cargo sitting in the warehouse and use the sea as their warehouse. So, in this case, to help the customer, I could offer the customer the option to delay in transit.

Q What kind of partnership are you looking to forge with Indian ports?

We see an opportunity to tie up with some of the ports. We are planning to partner with Indian ports on the east coast and see how much of cargo can be shipped to Colombo, just as there is an agreement between airlines. As a commercial venture, we would like to go and talk to the various terminal operators on the east coast of India where from less than 30 per cent of the cargo comes to Colombo. We'd like to see how our cost structure can be made attractive for a shipper and a shipping line to bring cargo to both ports.

Q What would it take for an Indian port to be a transshipment hub?

When it comes to setting the strategy for India, you need to see where you're going wrong and work in backwards, trying to set things right. As I see it in India, the problem is not with the ports per se, but outside the gates.

But let's look at it this way. Does India want to be a transshipment hub? Who is their market? Given the country's population and the amount of cargo it generates, it should aspire to be a gateway. For being a transshipment hub, you need to have a network of shipping lines calling you and see how you can make that happen. For this, you need to bring in economies of scale for all stakeholders.

For instance, if a shipping line passes by from the main east west shipping channel and calls at Port Colombo, it's going to cost you X. But if the line goes to Chennai or Nhava Sheva, it's going to cost them Y. Today, with the big ships coming through, they are not going to do a milk run-that is touching many ports. They are going to call only a few strategic ports and so the hub and spoke model is well applicable. So, if lines are to deploy above 16,000-teu vessels, there should be smaller vessels too carrying regional cargo back and forth as there is a market for those vessel sizes too. So, while Indian ports enjoy many direct sailings, there is a role for Colombo to be the hub to alleviate the pressure points by taking some of those transshipments. Sri Lanka and India complement each other.

Q In terms of paper work, how easy is it for a shipper or a shipping line to work in India vis-à-vis in Colombo?

Since we implement Electronic Data Interface systems, there's no paper work anymore for import delivery orders. For export delivery orders, the trial run is on now with shipping lines and we expect that to be rolled out in the next three months. But this relates to domestic cargo. On transshipment, we have not heard any single complaint or challenge. This is because the terminal has a load list or a discharge list and a transshipment list to load. However, the liner may have a few issues with the customs but it is beyond the scope of the terminal anyway. mg

" Reduced port charges can attract more coastal cargo"

Even as the world looks up to China for a cue on which way the markets will go, Simatech's MD, CF George says India will be one of the most sought after markets and Simatech will continue to increase investments in India.

by Deepika Amirapu

CF George, *MD, Simatech Shipping LLC*

Q Simatech has launched a competitive coastal service. Which cargo and markets do you target? Indian coastal volume will continue to increase due to various reasons of which most important being the support central and local governments are giving. Decongesting our highways, reducing pollution etc. are priorities for all supporting coastal shipping. Fast, safe, consistent and cheap mode of cargo movement by sea will definitely take over cargo movement by road.

Q What is your outlook for the Indian market?

The very reason we are increasing our investments in India is we believe India is the market for the future. The good things government is doing will start showing results soon.

Q As the oil prices are sliding, what are the two main factors that will guarantee better margins?

High port costs in India are increasing domestic/EXIM shipping costs. Port authorities must seriously consider reducing port charges especially for Indian coastal to attract more cargo.

Q You are one of the few firms that run long haul feeder services. At times when main lines are cutting back on services, what makes you expand your service line?

These days every penny counts. We are able to offer our customers competitive pricing along with quality service by operating long haul feeder services with bigger ships. Reducing unit cost by maximising utilisation is the key. As a common carrier we are able to do this compared to individual lines.

Q The recent Maritime India Summit has led the industry to believe the government is willing to come half way to support the shipping industry. What sense do you make of the government's intent?

I think government is serious in what they are saying. Fixing coastal vessel related and terminal handling charges in Indian rupee recently is an example of the government's intentions.

Port authorities must reduce usage costs for Indian coastal services to attract more cargo.

Q You call many ports in the Indian subcontinent and South Asian ports. What does it take to make a caller's stay comfortable?

Consistency in port productivity and berthing are the key factors for any line to be comfortable. This helps them to plan and execute services as per their customer's needs.

Q Mainline vessels have been referring to hub and spoke system to cut costs and lessen the number of calls. How do feeder ships stand to benefit from it?

A main line will opt for feeder services only if they see cost benefit without compromising on service quality. As long as feeder operator can offer these two consistently their opportunities only will increase.

Q Mainlines such as Maersk are getting into the feeder business. What do you think prompted this?

This is not new for Maersk. They already have MCC as their feeder wing running many services. Many other big lines also operate their feeders wherever they have own critical mass.

10. When do you expect the business to look up?

We hope business will start looking up by fourth quarter of the year. India will definitely be the most sought after market. China's performance will be key to other markets performance. mg

A unified solutions provider

From being one among the several logistics providers to becoming a perfecting solutions provider, Uniworld Logistics is rising to the next level, restructuring itself in the process to meet the business challenges

M. Prem Kumar, *Founder & Chairman, Uniworld Group*

Q How did you bag the Talgo contract?

Talgo train was planning to do a trial for Indian Railways for which they agreed. The advantage Talgo put forward is that no changes would be required in the tracks, platform height, the power supplied and coaches used. Since the project is still in a trial phase, the Railway Board could not import the train, so Skylark Solutions helped Talgo import the train and since Skylark is my client it also approached me as well. Further Talgo is also a corporate customer for my European partner Gefco. So we were given the dimensions of the nine wagons along with other swap parts and components and we imported them from Barcelona to Bombay old Port. The transit time was 20 days, customs clearance took another seven to eight days and the wagons arrived in Bareilly in another eight days, loaded on trailers. Within 15 days of arrival the train and wagons were assembled and the first trial was conducted successfully. The second trial will be between Palwal and Moradabad and the third trial will be between Mumbai and Delhi.

Q What is your experience in project cargo movement?

We are in this business since 2002 and in the inception year itself we handled large cargo for Reliance Telecom and Reliance Oil. In the first year we moved the complete reactor plant for Reliance Oil. For Reliance Telecom, switching stations were moved from China and US to India.

Recently for the GMR power plant near Rajahmundry 6,000 cubic metres of cargo from Antwerp was moved by us. Last year, we moved project cargo for a sugar plant that was completely dismantled and moved to Vietnam from India.

Q What are your future plans?

The two major areas of future expansion are pharma and cold storage. A few pharma customers are using our warehouses for supply chain. We have minus degree temperature level storage. In January we got approved for GDP certification required to handle pharma cargo. We are also among the 32 companies that are AEO certified. We are approaching companies like IDA foundation, Doctors without Borders, Kids Foundation as they import a lot of material from India, which goes to Singapore or Dubai where it is kitted and finally reaches Africa.

We are offering a solution wherein medicines can be kitted in India and sent to Africa directly. Another area of expansion is cold storage for agriculture. We will invest in major agriculture states, the first focus is at Andhra Pradesh, Haryana and Maharashtra. We are also looking for investors to develop shared cold storage facility wherein a farmer will pay for what he uses. We have developed an ecommerce fulfilment solution wherein we will put the farmers' products on a portal and create market for them.

Q Currently where do you have warehousing and distribution centres?

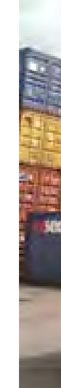
Currently we have four warehousing and distribution centres: one is in Chennai built on an area of 200,000 sq ft; two are in Gurgaon, one is for fashion logistics and the other is a shared facility; third one is in Delhi for WH Smith and one each in Bhiwandi (Mumbai) and in Ahmadabad. We are also into automotive logistics, we supply to minus one level OEM assembly. We bring the cargo for tier-1 suppliers and we want to go into subassembly and deliver it to the minus one level. mg

FAST PACED GROWTH IN LOGISTICS SOLUTIONS

Over the past few years, Apollo LogiSolutions has combined forces with global partners, expanded reach and acquired cutting-edge technology to emerge as a comprehensive logistics solution provider in the fragmented logistics sector

by Ritu Gupta

The Indian logistics sector provides a host of opportunity to grow and prosper, and this is evident if one sees the growth trajectory of Apollo LogiSolutions (ALS), which is today India's leading integrated logistics solutions provider. The company is a 90 per cent subsidiary of Apollo International Limited (AIL). About eight years back, AIL wanted to get into a new sector and therefore looked at different industry segments such as mining and infrastructure. It zeroed on the logistics sector because it was a virgin territory, loads of opportunities were available and there was a tremendous amount of scope to grow. Thereafter, AIL looked at various segments of the logistics sector and zeroed on the container freight station (CFS) business, because the profitability was very high and there were very few entry barriers. It started with a CFS in Panvel, and today is among the four largest logistics provider of the area. The Panvel CFS caters to the container traffic of the Jawaharlal Nehru Port (JNPT) and is growing tremendously with each passing year with a capacity of handling 10,500 teu per month. It is strategically located on the outskirts of Panvel, with close connectivity



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APOLLO LOGISOLUTIONS AIMS TO DOUBLE 3PL BUSINESS. ANOTHER IMPORTANT AREA OF FOCUS WILL BE EXPANDING FOOTPRINT IN AFRICA AS IT IS IN ITS NASCENT STAGE OF DEVELOPMENT AND THERE IS TREMENDOUS GROWTH OPPORTUNITY THERE FOR ANY LOGISTICS COMPANY.

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to the city through Mumbai-Pune Expressway. The CFS is spread across 50 acres of land, out of which an area of 17 acres is functional while future expansion plans are in progress for the rest of the land. AT ALS, technology is the driving force and the company largely emphasises on automating processes and bringing the latest logistics technology to India. The CFS is operated through a single window mechanism that enables the company to manage operations smoothly. Panvel CFS operations are monitored through a fully automated tracking system and the facility is equipped with reach stackers, empty handlers, forklifts, mechanised cranes and many trucks and trailers that facilitate flexibility in movement. At the CFS, ALS has installed most advanced techniques for container stuffing and de-stuffing. For efficient goods storage process and handling, an 8272 sq mtr wide general warehouse has been setup. It also houses a bonded

Pisipati S S Prasad, *President, Apollo LogiSolutions Limited*

Q What challenges is your company facing?

We are facing challenges in terms of port infrastructure, connectivity to ports (both railways and roads) and also in terms of amount of approval procedures, with redtapism being a big problem. There should be one ministry for the logistics sector, and there is an urgent need to bring the logistics sector under one umbrella of the government. Furthermore, there is a need for the industry to regularly interact with the concerned ministry.

Q What is your goal for 2016?

We want to make all our CFSs and ICDs in the pipeline up and running. We also aim to double our 3PL business. Another important area of focus will be expanding our footprint in Africa as it is in its nascent stage of development and there is tremendous growth opportunity there for any logistics company.

Q What about GST?

We are looking forward to GST as it means that logistics cost will go down. It will usher in efficiency and destination channels will become more streamlined. Inventory too will reduce. My only worry is that all the states should go for it

Q What are your views on warehousing?

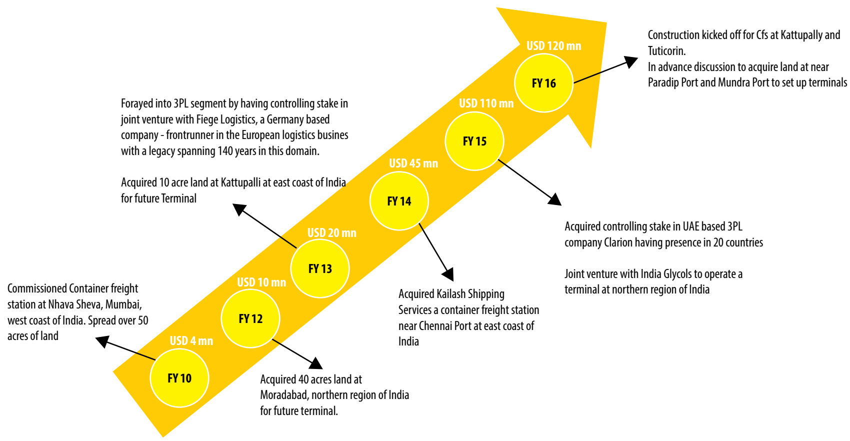
There is no warehouse culture in India. We should follow the hubs and spoke model where hubs should be made modern. Awareness among supply chain handlers is another problem and so is the lack of talent for the logistics industry. We need more trained, knowledge and solution oriented people.

warehouse area spread across 1,608 sq m. The paved container yard is spread over an area of 61322 sq m with 840 ground slots. There is open yard storage for heavy consignments such as iron, steel, other metals, and heavy duty machinery. The CFS is closely guarded by installing best in class security systems with close circuit cameras and professional security personnel and arrangements.

Thanks to the Panvel venture, ALS has emerged as a significant contributor to the growth story of AIL. After its success in Panvel, ALS wanted to spread it wings further, and therefore in 2013, it acquired Kailash Shipping Services (KSS), a Chennai-based full service logistics solutions provider located strategically close to the Chennai and Ennore ports. KSS operates from a CFS at Chennai that is spread across nine acres and is located close to the proposed Chennai's mega container terminal port, with a projected capacity to handle four million teus per annum. KSS warehouses are modern, well equipped and provide high-end services such as quality control and automated processes. KSS also provides services for customs clearance, cargo movement and handling, project import, sea freight and air freight brokerage, export customs facilities, cargo pickup and handling and export consolidation. Since its acquisition by ALS, the profits of KSS have tripled and from 200 teu it is now handling 4,000 teu

Indeed the company has become a big force to reckon with in south India. After being successful in the CFS business, the company was looking at some more value creation, and therefore it went for the freight forwarding route. But it did not want to build a huge freight forwarding business as the margins are not very high and third party logistics is not fully appreciated in India. Therefore, it looked for a partner who could support it. With a vision to become one of the leading integrated third party logistics services providers, ALS got into a joint venture with a German company, FIEGE, to form Apollo Fiege Integrated Logistics (AFIL). The 60:40 joint venture between the two establishments, where 60 per cent is held by ALS, was formed to provide strategic, end-to-end logistics solutions

MILESTONES



to customers. FIEGE brought with it 140 years of industry experience and a strong presence in 200 locations across 70 countries. Today, Apollo Fiege operates in key logistics segments that include customs brokerage, freight forwarding, contract logistics, transportation and other value added services across a range of business sectors. In a short span of 15 months, Apollo Fiege has established 25 offices, over 17 warehouses pan India and a has a strong team of 250+ professionals with expertise in all facets of the logistics industry.

Goods movement also needed to be controlled to make Apollo Fiege more profitable, and therefore, ALS acquired controlling stake in the UAE-based Clarion Shipping Services LLC. This acquisition not only helped ALS leverage Clarion's global footprint at the Middle East, Africa and South East Asia, but also provided access to global clients across segments. The company earned a matchless distinction in customer loyalty near 100 per cent customer retention through its dedicated and capable workforce. Clarion's range of services include global ocean and air transportation, LCL and FCL services, import and export consolidation, land transportation, warehousing, distribution and logistics services, break bulk services, NVOCC, Customs clearance and brokerage. Clarion owns the single largest Warehouse in Jebel Ali.

After establishing itself well in the logistics sector, the company also realised that the backbone of good logistics is IT. Initially it was on other's IT platform. But it wanted to develop its own IT platform which was modern and therefore it took a majority stake in a company and now has become a leading IT platform provider for many CFSs. Apollo International has also forayed into the ecommerce business by starting a company called Apollo Lycos Netcommerce, in joint venture with Lycos – a widely known global internet brand. Lycos has global expertise in digital media, technology, marketing and in setting up online presence for large brands globally; while Apollo contributes its expertise in logistics, inventory management and reverse logistics. The joint venture aims at enabling and ensuring a full-cycle fulfilment from setting up, online brand promotion, digital marketing of their products and services, fulfilling orders, ensuring data security and consumer privacy, inventory tracking and management, order delivery and reverse logistics.

Panvel CFS at a glance

- Spread on 50 acres, of which 17 acres is in use
- Caters to container traffic of JNPT
- Handling capacity: 10,500 teu per month
- Connects Maharashtra through Mumbai-Pune expressway
- 8272 sq m warehouse for goods storage
- 1,608 sq m bonded warehouse
- container yard on 61322 sq m with 840 ground slots
- Open yard storage for heavy consignments such as iron, steel, other metals, and heavy duty machinery.

More CFSs planned in Kattupalli and Tuticorin

Upcoming ICDs are in Moradabad and Kashipur

Indeed, throughout its journey in the last few years, ALS has combined forces with global partners for acquiring global reach, cutting-edge technology and operational excellence through best practices. This has enabled the company to emerge as a comprehensive solutions provider in the fragmented logistics industry. With the international joint ventures and acquisition of an Indian logistics company in the first few years of its establishment, ALS has the assets across the logistics supply chain to meet the needs of varied customers. Its unparalleled growth trajectory will continue in the future also. The company has several projects in the pipeline including a CFSs in Kattupalli and Tuticorin, and an ICD in Muradabad. Another ICD in Kashipur is about to be operational in the near future. For this ICD, ALS has partnered with India Glycols Limited. The facility would be at Bazpur Road at Kashipur, the industrial gateway to Uttarakhand State. The ICD will provide multi-modal logistics solutions to industrial growth in Uttarakhand. With the commissioning of this facility, logistics movement for both inbound and outbound cargo would become more dependable, reliable, and economical and would also ensure on-time delivery of goods along with enabling better inventory management.

According to its management, ALS has had most fascinating growth trajectory because of the challenges that it has successfully met especially in ensuring seamless flow of operations at all hours. Indeed, companies like ALS will go a long way in shaping India's maritime and logistics sector. Experts aver that other ICDs and CFS should make it their role model in order to ensure that India becomes an international logistics hub.

"GOVERNMENT SHOULD ACT FAST TO ACHIEVE GOALS"

Favourable policies to promote coal mining/allotment of blocks and improving logistics infrastructure to feed both domestic and imported coal to the power sector are key.

by Omer Ahmed Siddiqui

Dhivakara Rao Kalla, *Director, Associated Thermal power systems Ltd*

Q What is the current status of the power infrastructure in Chhattisgarh?

Power generation infrastructure is well developed. Chhattisgarh is power & steel hub of India. Government is taking all measures to maintain and improve infrastructure available. But due to recent regulations power generation and steel industry is not doing well. Government should look at its policies for sustenance of these core sectors.

Q How do you compare the power infrastructure in Chhattisgarh with other states in India?

Power infrastructure in Chhattisgarh is one of the best in the country. We feel next area for development in these sectors is Bastar which has location advantage for power generation and transmission.

Q How do you rate Indian power plants when it comes to repair and maintenance? How can their operational efficiency be improved?

Latest technology plants require minimal repairs and maintenance. To improve efficiency high calorific value coal must be used.

Q When you conduct feasibility study for a power project what are the factors that come into picture?

Factor include proximity to coal mines, availability of skilled operation and maintenance team.

Q Tell us about the power plant projects you have developed and those in-progress? How is your order book positioned for the near future?

We have completed erection and commissioning of 70 – 80 units of various capacities from 5 MW to 50 MW. Apart from these we undertake maintenance and overhauling of these and other running units all over India. Our order book is full for this financial year.

Q What is your role in commissioning of power plants?

We are basically agency which recommends, co-ordinates, carry out erection and commissioning, fabrication of required structure. Components such as turbines, generator etc are procured as package from various vendors internationally.

Q What challenges you face while fabricating, testing and commissioning power plants?

Time bound completion is one of the biggest challenge we face apart from various other problems like availability of trained manpower, re-work on spares/component damaged during transit since replacement from OEM takes time which hampers project completion schedule, however for critical part we have to wait to get from OEM.

Q The state government is planning to attract Chinese investment in clean-energy sectors like solar power, equipment manufacturing and electronics. Do you see this as an opportunity or threat?

It is good move by the government to attract Chinese investment for its 'Make in India' initiative. Definitely, it will help India in becoming self-reliant; a cost-effective solution as well as employment opportunity. We cannot call it threat as it may help to develop India as ancillary hub even for Chinese manufacturers.

Q The state government has a goal of providing power for all by 2019. How realistic in your opinion is this goal?

Goal of the government to provide power to all by 2019 will solely depend on policies with respect to coal mining /allotment of blocks since some of projects are completed but waiting for coal to elevate to full operational level.
To make this really happen government needs to act fast on these and should be done latest by end of FY 16-17.

Q Chhattisgarh government is planning to increase power generation and develop infrastructure to supply surplus power to other states. What opportunities do you see here?

Making coal available to power sector and improving infrastructure to get indigenous as well imported coal is a big challenge as well as an opportunity. We see opportunity in development of dry port facility in a big way to cater to small power producers to meet their quality imported coal requirement at cheap cost. mg

MEET THE ROLE MODEL

While most of the industrial associations are marred by inefficiencies and lack of vision, the Bidadi industrial area association stands apart, forming the connecting link between the government, industry and the society

Q Tell us about the formation and functioning of the Bidadi Industrial Area association?

The Bidadi Industries Association is a Toyota initiative established in 2012. The state government had started acquiring land for the industrial area in 1995. It is spread over 1,500 acres and around 60 per cent of the land is acquired by Toyota and its group companies. Toyota started its operations here in 1998 and is among the first to start operations. Currently around 114 companies, mainly manufacturing units, have become the members of this association. Bigger companies include Toyota, Bosche and Coca Cola, while the remaining are medium and small scale operating into food industry, auto component.

Objective of the association: There are many small players who are not able to interact with the government and the community independently. As a bigger organisation Toyota wants to help them by safeguarding their interest while contributing to the national economy. Toyota invited all the major players including Bosche and other Toyota group of companies to support the initiative.

As the first step, a special purpose group was formed and one person from each company would be deputed on full-time to work for this group, which now includes 13 people who work towards the following objectives:

- To take care of the needs of smaller companies
- To take care of the infrastructure
- To take over maintenance from the government as per the provision in the Panchayat Raj act

The aim is to make the association an autonomous body in the long term that will be funded by all the industries. Last month a major breakthrough was that the association has become a semi-autonomous body and with this the maintenance charges that all the industries were earlier paying to the state government is now coming to the association directly. All the basic amenities will be managed by the association.

The association has four pillars – industry connect, community connect, government connect and the estate management.

Industry connect: During the initial days of the association the members were not much familiar with each other. So a database of the industries, human resources and operations was created. The association also created its own webpage and started the membership drive. We invited each company to join the association. When we started we were only 50 members and today we are 140. Every month the senior people in the association meet and discuss the issues, while every quarter an "ADALAT" is organised and the

Rajendra Hegde K V, *President & CEO, Toyota Kirloskar Motors Private Ltd*

grievance of the industry is addressed. A review of all the happenings is also discussed annually. All members are also connected on social media.

Government connect: Details of the support required from the government has been listed out which is conveyed to the state government. This has improved our rapport with the government and we feel as if we are part of the government. By virtue of the government about ₹40 crore worth development activity has been started. For instance, the roads connecting to Bidadi industrial area were single-lane 40 feet road. About 2,000 vehicles commute to the area and about 300 containers arrive from the ports here. This required improved road infrastructure. The association took up this matter with the state government and the roads were broadened to 100 feet with an expenditure of ₹25 crore.

The association is connected with all the major government departments such as the pollution control board, EXIM council, Lok Adalat, so whenever the government needs to communicate to the industries it is approaching to the association as a single point of contact.

Community connect: Any CSR activity in the Bidadi industrial area has to be routed through the association. Bosch India Foundation has formed a CSR organisation which works with the association and together a CSR plan has been worked out. We have adopted about 35 villages for holistic development. Various initiatives on education, women empowerment and productivity improvement are in progress and companies funding these activities will get brand promotion.

Estate management: Governments generally do not take care of the maintenance of any industrial area, so the infrastructure like roads are in a very poor condition. We have prepared a master plan to make Bidadi the best industrial area and based on the development plan for the next five years we have estimated that we require ₹100 crore. To fund this we created revenue model according to which each industry will pay for each square feet, depending on its holding. By virtue of this the fund for development has increased from six lakhs to ₹1.5 crore. This has helped us in taking over the maintenance from the state government. Even companies advertising in the industrial area now need to pay to the association.

The association also buys water from BWSSD and sells it to the industries for a reasonable profit. With these revenue resources in the next two to three years the association plans to create a company that will take care of all the above mentioned functions. The association has requested the top companies to share two per cent of their profit with the association for developmental activities. Many companies have appreciated the plan and have agreed to share two to three crore every year. By 2022 the aim is to be financially self-sufficient.

What makes the association unique is availability of full-time dedicated staff, issues of the companies and community are being addressed. These elements are largely missing in most other associations.

Q What makes the association successful? Is it because Toyota took the lead or people have really seen that this model will work?

When we started this project we had a fair idea of how to run it. We had lots of brainstorming sessions and ideas evolved one by one. Initially, even these four pillars were not there and the entire focus was on infrastructure development. Over the past one and a half year we evolved. We then approached to all other associations and started explaining this concept, so that the country will ultimately benefit. We have used the services of Jetro wherever required. Honda has come forward to adapt the model. This is the second phase wherein we are communicating the successful model for others to benefit.

Q What are the logistics challenges companies face here?

Almost 15 companies are doing export business here. 90 per cent of the exports are done by Toyota and Toyota group companies. Every day for Toyota alone about 200-250 containers arrive in the industrial area. Containers basically come from Chennai through road traveling a distance of 340 km. Rail connectivity is available but road is more economical.

The Mysore road is the only route for movement of containers. Since both employee vehicles and cargo move through this road it is getting congested. We have requested the government for direct connection to the expressway, which requires laying of road for another 7 km. NHAI will expand the Mysore road to six lane in the next four years.

In 1998 when Toyota started operations in this industrial area it took just 45 minutes for cargo to reach the city outskirts, today it takes two hours twenty minutes. In the next three years the connectivity to expressway will be operational and the Bengaluru road will be used only by the public to commute, while the cargo movement will be diverted to expressway for seamless movement.

Q What are your immediate and long-term plans?

Immediate plan is to stabilise operations as we have taken over from KDB and are functioning as an independent body now, and the long-term plan is to become an autonomous body. By the year 2022, we will collect the tax from local villages within the vicinity of the industrial area and provide them basic amenities. By this time we will grow from an association to an organisation. We will offer technical support wherein if somebody is starting a new unit and requires expert advice, we will provide the same through an advisory committee that will be formed by 2020. Another initiative in pipeline is that we will create a human resources database to be matched against the vacancies for easy recruitment of talent.

TIME FOR A THINK TANK

MANSA advocates that the need of the day is a maritime think tank which is a lean policy machine

by Ritu Gupta

Over the next three decades, India will become the third largest economy by 2050 after China and the US. The India's merchandise export will also expand in the medium term and contribute significantly to cargo traffic at ports. Due to the surge in the cargo handling capacity at Indian ports, the traffic has increased substantially in the last one and half decade. Hence, shipping industry has a vital role to play in the growth of international trade to/from India, but many issues face the industry today. Therefore, in a recent white paper, the Mumbai and Nhava-Sheva Ship-Agents Association has envisaged that the formation of a maritime think tank to address the issues related to the maritime trade and its allied sectors. "It is a need of the hour to have an effective think tank. We hope our white paper will convince the government to act and deliver," says Vivek S Anand, president, MANSA. According to the white paper, the think tank would conduct research and engage in advocacy in public policy for the sector. It will also deliberate major issues with the government authorities, industry, and all other stakeholders and provide amicable solutions that would encourage ports and shipping industry and facilitate international trade.

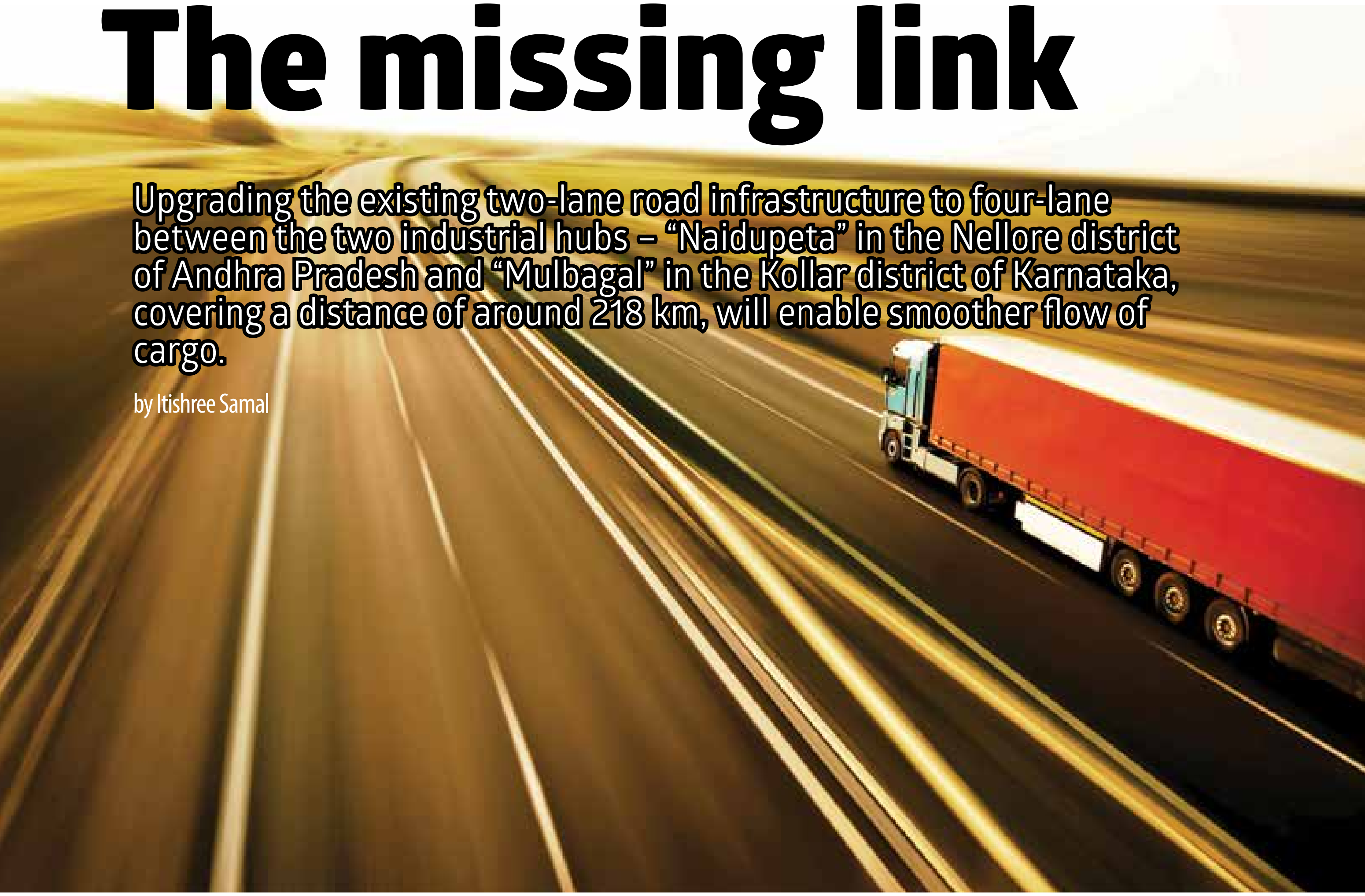
Capt. Vivek Singh Anand
President, MANSA

> **CREATING A MARITIME THINK TANK WILL BE AN IDEAL SOLUTION FOR THE GOVERNMENT, AS IT WILL NOT ONLY HELP OFFICIALS TO UNDERSTAND THE GROUND REALITY AND ISSUES FACED BY THE TRADE, BUT WILL BRIDGE THE GAP BETWEEN GOVERNMENT AND THE INDUSTRY THROUGH CONSTRUCTIVE DIALOGUE ON IMPORTANT POLICY RELATED ISSUES AND SOLUTIONS FOR ISSUES FACED BY THE SHIPPING FRATERNITY.**

Creating a maritime think tank will be an ideal solution for the government, as it will not only help officials to understand the ground reality and issues faced by the trade, but will bridge the gap between government and the industry through constructive dialogue on important policy related issues and solutions for issues faced by the shipping fraternity. There are a number of emerging issues and trends that will shape the development of think tanks and the role they play globally and in Asia in particular. Some of the issues are as follows:

- Port community system: A well known tool to reduce paper work is active interface and exchange of information electronically between various stakeholders and port actors. This can be achieved through a well designed port community system (PCS). Whilst there have been talks in this direction, there seems to be no comprehensive solution in sight for the next few years at least. A think tank can help in this direction.
- Mis-declaration of cargo by shippers/consignees in India: the authorities should take appropriate measures to stop this menace as it can have very dangerous consequences to port labourers/ship crew members and also to the ship.
- IMP requirement for container weight verification: The SOLAS container weight verification requirement will enter into force on July 1, 2016. But are all the stakeholders ready for the implementation of mandatory weighing of container verification? It seem unlikely that the target of July 1, 2016 will be met
- Poor port connectivity: lack of expressway connectivity between ports and industrial areas has made hinterland transportation slow and inefficient. The government should prioritise the development of port highways and expressways in a time bound manner.
- Underdeveloped coastal shipping: for the development of coastal shipping government support is needed in terms of tax benefits, easing of regulations governing acquisitions, permit reasonable reduced manning scales and operations of vessels to make the operations viable and competitive.
- Mechanisation of cargo handling equipment and machinery
- Customs simplification procedure
- Review and Update antiquated laws of the Indian maritime sector
- Ship building: India remains focused on ship yards, and not the ancillary industry, which is the main contributor to the success of a ship yard. The government should plan to establish ship ancillary and ship building industry in a phased manner and open opportunities for PPP partnerships.

According to MANSA, a core group of industry professionals/specialists with a large and varied experience should be brought together to form the maritime think tank. It is envisaged that this core group would then engage with the fraternity to indentify the top 10-20 priorities within the maritime industry. The think tank should aim to make conducive business environment and highlight impediments being faced by the industry. It can also interact with various national/international agencies for making feasible measures to overcome impediments being faced by the industry. The stakeholders with whom the core group of the think tank can interact include the finance, law, corporate affairs, transport and other relevant ministries. While the think tank will be an independent and autonomous body it will not be able to function unless it is provided with adequate support and funding. Hence, it should be funded by the government, members, registered users and grants among other things. MANSA hopes that its white paper will make it imperative for the government and industry to establish an effective think tank which can produce timely and accessible policy-oriented research that effectively engages policymakers.



The missing link

Upgrading the existing two-lane road infrastructure to four-lane between the two industrial hubs – "Naidupeta" in the Nellore district of Andhra Pradesh and "Mulbagal" in the Kollar district of Karnataka, covering a distance of around 218 km, will enable smoother flow of cargo.

by Itishree Samal

Andhra Pradesh has emerged as a leading industrial and manufacturing hub in southern India with several proposed industries in the pipeline, besides becoming infrastructure-ready to tackle the growth momentum in the coming years.

The state government has taken several initiatives. One such initiative is to develop 200 road projects across the state, majorly around the four major port regions of Visakhapatnam, Kakinada, Machilipatnam and Krishnapatnam and linking the towns to the Visakhapatnam-Chennai Industrial Corridor (VCIC).

Taking cognizance of the fact that a port's competitiveness is influenced by the process of development of trade corridors, the state has plans to integrate the port system in a multimodal transportation network so in order to improve market access and the integration of the industrial network. The 200 roads will connect Rajahmundry, Kakinada, Nuziveedu, Vijayawada, Bhimavaram, Machilipatnam, Guntur, Ongole, Bapatla, Nellore, Gudur and Naidupeta. Premium infrastructure and high-speed connectivity will offer immense opportunities for businesses and sectors that are likely to get a boost including steel, cement, food processing, IT, automobile, readymade garments, petroleum, chemicals and petrochemicals complex.

Along with VCIC, another trade corridor Bengaluru-Chennai Industrial Corridor (BCIC), which would pass through Chittoor in Andhra Pradesh, and Kolar, Mulbagal and Hoskote in Karnataka before reaching Bengaluru, would connect industrial clusters of Karnataka, Andhra Pradesh, Tamil Nadu and Maharashtra. The CBIC alignment incorporates Naidupeta-Tirupati-Pileru-Madanapally-Kolar-Bengaluru Corridor. This area being within the hinterland of Krishnapatnam, would facilitate the decongestion of the corridor through Krishnapatnam Port and has tremendous impact to drive business growth in the southern part of the state. Industrial clusters in automobile, engineering and food processing sectors along the CBIC could spur the economic growth of backward regions Kolar and Mulbagal.

Connecting Naidupeta and Mulbagal

Connecting the two major industrial zones/clusters Naidupeta near Nellore district in Andhra

Industrial development

Industries at Naidupeta: Hindusthan National Glass & Industries Ltd (HNG), Greentech Industries, Prime Electric Limited, Loyal Textiles, DRA Industries, Viki industries, Manjeera Minerals (Packaged Drinking Water), BJ Textiles, Swarnamukhi Minerals, etc. Located in Nellore district of Andhra Pradesh, Naidupeta is around 50km away from Chennai Boarder. It is connected with National Highway 5 and south central railways. This apart, the Andhra Pradesh Industrial Infrastructure Corporation Ltd (APIIC) will develop the proposed SEZ project in 1,032.27 hectare at Naidupet in Nellore, providing jobs to 40,000 people and around 20 industrial units.

Industries at Mulbagal: The Centre's plan to set up a National Investment and Manufacturing Zone in Mulbagal is likely to boost economic activities in the region. The industries at Mulbagal include Sri Venkateshwara Industries, MNR Plastic Industries, along with several food industries.

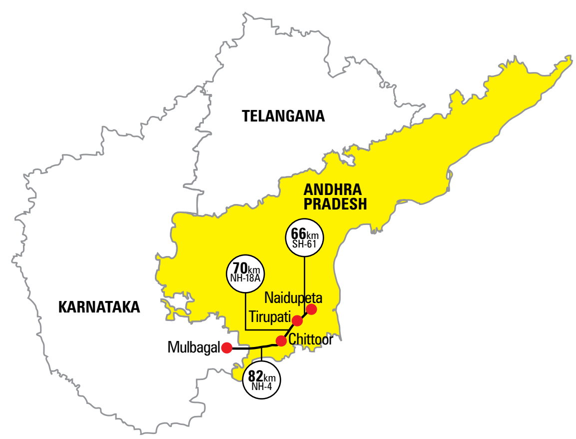
Pradesh and Mulbagal town in Kolar district of Karnataka, which is 17 km away from the Andhra Pradesh border and considered the eastern gate of Karnataka will prove beneficial for the trade and industry. While at one hand, Naidupeta that falls under both VCIC and CBIC is emerging as a major manufacturing and industrial hub, at the same time Mulbagal is also emerging as a key hub in the state of Karnataka.

Naidupeta houses several industries including Hindusthan National Glass & Industries Ltd (HNG), Greentech Industries, Prime Electric Limited, Loyal Textiles, DRA Industries, Viki industries, Manjeera Minerals (Packaged Drinking Water), BJ Textiles, Swarnamukhi Minerals, among others. Even the Bulk Drug Manufacturers Association (India) has urged the State government to allot 6,000 to 10,000 acres for establishing two industrial estates between Visakhapatnam and Kakinada and at Naidupeta near Nellore exclusively for pharmaceutical units. HNG's Naidupeta ₹800-crore greenfield project will have a capacity of 650 tonnes a day. The container glass facility obtains raw material from Gudur mines in Andhra Pradesh.

While Mulbagal, which is part of the area known as the "golden land" of India, ranks number one in productivity and yield of horticultural crops besides being famous as the land of silk and milk. The area is also industrially active with over 8,500 registered units and large scale units such as BEML, South India Sponge Iron Private Limited, etc. Also, the development of the corridor would result in the cargo origination from Bengaluru and will find it easy to reach Krishnapatnam Port, without much hassle and congestion. Also, the Karnataka government has acquired 1,200 acres in Mulbagal to promote granite industries hub, general engineering parks at Kolar and Hoskote.

Krishnapatnam Port playing a key role

Krishnapatnam Port, since its modest beginning in the year 2008, has grown to be one of the biggest non-major ports of India, has requested the development/upgradation of the road connectivity between Naidupeta and Mulbagal through the Ministry of Shipping, Road Transport and



Highways from the existing two-lane to four-lane on priority.

During the meeting held on December 5, 2015, Chief Minister N Chandrababu Naidu with the Union Minister for shipping, Road Transport and Highways, Nitin Gadkari and Union Minister for Urban Development M Venkaiah Naidu, the development and upgradation of the road connectivity between the port and Mulbagal was discussed and it was agreed upon that this project has to be taken with NHAI and government of India on priority.

Developing of the connectivity into a four-lane National Highway with a future provision for 6-laning would pave the way for the industrial and economic growth of the state, especially the backward districts of Chittoor and Kadapa. Chittoor district covering Tirupati zone has vast area under industrialisation with over 16,500 registered industrial units, with agro, engineering and textile based units forming a major part.

The state government has taken a lead in heralding the development of key hinterland linkage through

Sagarmala Scheme of the Union government. One of the key corridors is the road connecting Krishnapatnam Port to Mulbagal in Karnataka and traversing via Naidupeta, Tirupathi and Chittoor.

"Lot of containers move on this road so unless it is four-laned it will be difficult for the truck movement," a senior port official said.

Krishnapatnam Port has submitted a vision and perspective plan detailing various connectivity projects and related developments to be included as a part of the overall Perspective Plan of GoAP under the Sagarmala Scheme. These connectivity projects relating to Krishnapatnam Port have already been included in National Perspective Plan of GoI. The three road projects as port connectivities to Krishnapatnam Port will help in development of Coastal Economic Region of SPSR Nellore District.

Industrial corridors

An industrial corridor developed through PPP will act as an intermediary to develop infrastructure projects, which in turn attract industries. This will exponentially raise exports, which underscores the growing economic scenario of the region, all in a given period of 10 years or so.

The industrial corridors will result in world-class tolled road, high-speed rail link, along with drive industrial clusters. Besides, self-sustaining industrial townships with world-class infrastructure, road and rail connectivity for freight movement to and from ports and logistics hubs, domestic/international air connectivity, reliable power and quality social infrastructure have to be created to provide a globally competitive environment conducive for setting up businesses and superior compared to the existing hubs.

"DEVELOPING OF THE CONNECTIVITY INTO A FOUR-LANE NATIONAL HIGHWAY WITH A FUTURE PROVISION FOR 6-LANING WOULD PAVE THE WAY FOR THE INDUSTRIAL AND ECONOMIC GROWTH OF THE STATE, ESPECIALLY THE BACKWARD DISTRICTS OF CHITTOOR AND KADAPA."

The Union government has cleared three industrial corridors; Visakhapatnam – Chennai Industrial Corridor (VCIC), Chennai – Bengaluru Industrial Corridor (CBIC), and Kurnool – Bengaluru Industrial corridor (KBIC). In the wake of this development the state government has planned to develop seven nodal corridors connecting these three national majors – Orvakal in Kurnool, Krishnapatnam in Nellore, Hindupur in Anantapur, Srikalahasti – Yerpedu in Chittoor, Gannavaram – Kankipadu in Krishna, Kakinada, and Visakhapatnam nodes will be developed by the state as the nodal corridors. VCIC could potentially transform the industrial landscape of Seemandhra in less than a decade of its commissioning. In a bid to develop industries, APIIC has notified 16 industrial projects, with cluster-based approach. These projects include electronic manufacturing cluster at Gurrampalem in Visakhapatnam; integrated industrial manufacturing cluster in Visakhapatnam; integrated IT township in Kapuluppada, Visakhapatnam; integrated industrial manufacturing cluster in Nakkapalli, Visakhapatnam; mega food park in Krishna; industrial park in Nandigama, Krishna; PPP for regional development enterprise in Donakonda, Prakasam; national investment & manufacturing zone in Pamuru, Prakasam; ultra mega food processing park in Kurnool; mega industries hub in Orvakallu, Kurnool; industrial cluster in Palasamudram, Anantapur; model industrial park in Naidupet, Nellore; national investment and manufacturing zone in Chittoor; ceramic cluster in Chittoor; electronic manufacturing cluster in Tirupati, Chittoor; industrial corridor in Yerpedu, Chittoor and industrial corridor in Srikalahasti, Chittoor.

All this is expected to boost trade and commerce between south India and East Asia by enabling quicker movement of goods. mg

ASIC appeals to West Bengal CM on issues related to Kolkata Port

The Association of Shipping Interests in Kolkata (ASIC) has submitted a memorandum of appeal to Mamata Banerjee, Chief Minister of West Bengal, drawing her attention to the below listed issues pertaining to Kolkata Port.

Participation of Maritime Board in the state: The constituted Maritime Board be represented by Port Trust, Customs, Chambers of Commerce, and ASIC, besides the state government.

Maintenance of river channel: Ships having more parcel load cannot call Kolkata/Haldia Ports due to less draft and are diverted to neighbouring ports and subsequently the cargo is transported back to West Bengal. Therefore, capital dredging is needed to maintain minimum river draught of 7-8 metres round-the-year. The Ministry of Shipping is also requested to come up with a national policy on conservation of river and maintenance of river channel and free the ports from the burden of dredging costs.

Road-rail connectivity from/to port: The state government is requested to pursue the Eastern Freight Corridor project to ensure its timely completion. A monitoring cell may be set up to oversee any policy level issues and hindrances that may need attention for ensuring necessary solution.

Board of Trustees of Kolkata Port Trust: The board of trustees of Kolkata Port should have representation from shipping, who have direct involvement and interests in the growth of the port.

TIME FOR REORIENTATION

Technology advancement has been the major driver of change in the current decade. Increase in the size of ships has put pressure on the port infrastructure. Global trade of coal, which has been growing since 1995, has for the first time registered a decline, which is expected to continue. Power generation, the main use of thermal coal has seen a shift to solar energy. Technological advancement continues to reduce cost of solar power generation. LNG power plants, as clean and green options are also viable. All this would have a lasting effect on shipping and port.

by Surendra Sharma

Indian ports have traditionally developed as gateways to handle the country's foreign trade. Export –Import (EXIM) cargoes have been the focus. Rules and regulations including customs notifications are also in line with the same which limit the focus on the emerging role of ports like transshipment hubs. Government policy continues to have a major impact on the development, viability and sustainability of port projects.

The focus on EXIM trade has led to ports not covering all possibilities including domestic cargoes, thus limiting their role into integrating as a multi modal interface covering the hinterland, country and global logistics to cover the opportunities which maritime trade and their geographical location offers.

Main drivers of port cargo volumes

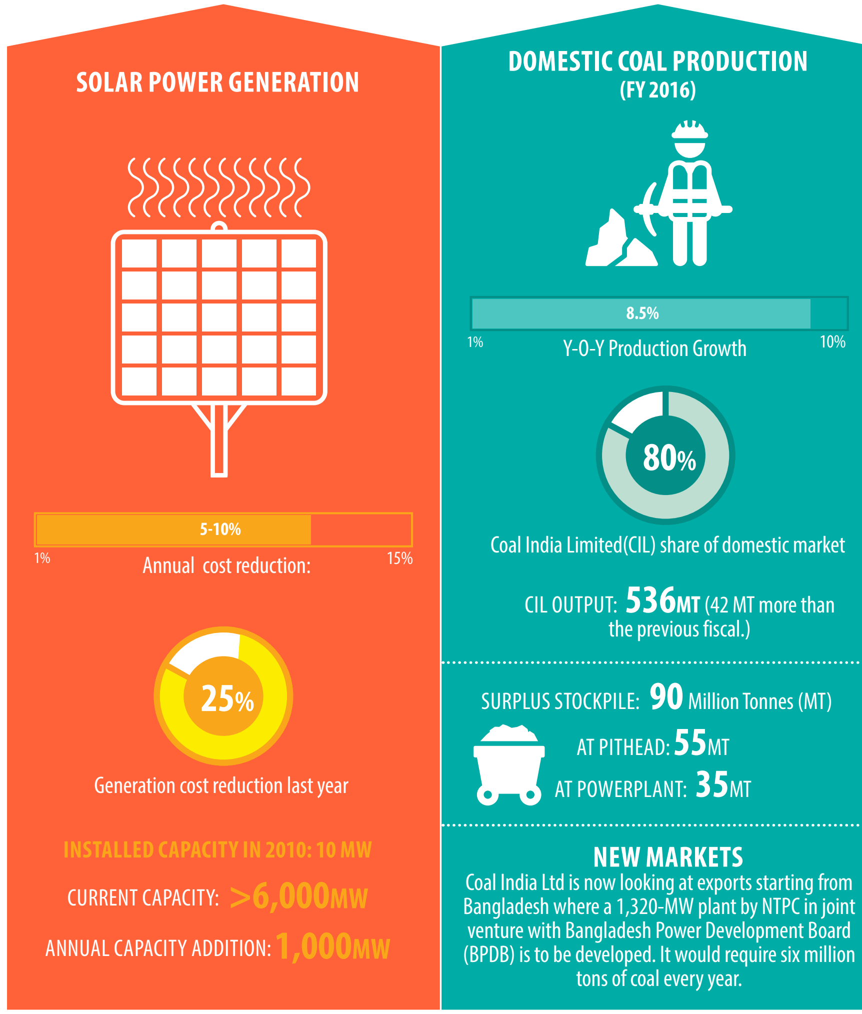
Main cargoes, which have contributed and given volumes to Indian ports, are coal, iron ore and crude oil. Container trade has also added volumes but same has largely remained confined to three or four main ports.

Crude oil can be termed as 'captive cargo' as refineries, which are its main users, have to be linked with the landing terminal. Import facilities for crude oil have been largely concentrated on the west coast of India particularly Gujarat due to its proximity to the Persian Gulf and its established linkage pipeline to the refinery in the northern and central hinterland. Thus, any new terminal to handle crude oil would be restricted to facility, which has linkage to existing or new refineries.

Black Gold

Indian thermal coal imports have recorded their peak in mid-2015, as per energy experts and are now set to permanently and rapidly decline. Energy Minister Piyush Goyal's target to cease thermal coal imports by 2017, with the exception of a few coastal power plants needs consideration by ports handling thermal coal as most of the energy think tanks have accepted it as workable and achievable.

In India, excellent port facility to handle coal has largely developed in the East coast of India to supplement the existing facility on the west coast. However, import of coal is now looking at a negative trend. Increase in domestic production of coal has also diluted the demand for imported coal. Domestic production by Coal India Limited (which accounts for over 80 per cent of domestic market) grew by 8.5 per cent year-on-year. The increase in production has resulted in surplus stockpile of 90 million tonnes (MT) 55 MT at pithead and 35 MT at power plant during the 2016 fiscal. In 2015-16, Coal India produced 536 MT, which was 42 MT more than the previous fiscal.



Coal India Ltd is now looking at exports starting from Bangladesh where a 1,320-MW plant by NTPC in joint venture with Bangladesh Power Development Board (BPDB) is to be developed. It would require 6 million tonnes of coal every year. These would reverse the logistics chain by moving cargo from the hinterland coal pits to the ports for exports – rather than moving import cargo from the ports to the power plants.

India's coal imports mainly consist (90 per cent) of thermal coal, used primarily for electricity generation and coking coal used to manufacture steel covering the remaining 10 per cent. Hence, it would be logically to cover the Indian power sector scenario and the trends of power generation including the fuel of the future.

Power sector

The main users of imported thermal coal are the power plants. The Ministry of Power had initiated in 2005-06, a policy to develop Ultra Mega Power Projects (UMPP). Many plants each having a capacity of about 4,000 MW, were to be developed. These were to be located at both the coal pitheads and coastal locations. These have also led to creation or augmentation of port facilities to handle the envisaged increase in imported coal.

Nuclear power thrust - 63,000MW by 2032		
Company	**Details**	**Capacity MW**
US based Toshiba Corp's Westinghouse Electric	Six AP-1000 reactors to be built in Andhra Pradesh	Total 6000
French company Areva NP	Six 1650 MW reactors to be built at Jaitapur – Maharashtra	Total 9,900
Russian company Rosatom	Two reactors operational at Kudankulam, in Tamil Nadu with capacity of 1000MW each Further 6+6 to be developed of 1,200 MW each.	Total 9000 +

The government policy of giving a thrust to renewable energy in line with global trends has led to shifting of investment in solar energy projects. Cost of solar projects has been coming down as more as more technological advancement has reduced cost to produce solar power.

As per Institute for Energy Economics and Financial Analysis (IEEFA) Indian solar generation costs have fallen 25 per cent in the last year. It further sees a cost reduction of 5 to 10 per cent annually, further eroding imported coal's competitiveness.

Coastal power plants, developed to feed on imported coal transported by sea, are to be captive customers of port due to their logistics cost advantage over movement of coal from pithead by rail. These also look uncertain with Liquefied Natural Gas (LNG) substituting coal as a clean fuel. Power plants based on LNG are in demand due to low prices and availability other than being a clean fuel compared to coal.

Essar Group has plans to setup an LNG floating storage and re-gasification unit (FSRU) near Hazira (Surat) in Gujarat. Essar group companies – Essar Steel and Essar Power are buyers for the LNG with a demand for 2.5 million metric tonnes per annum (MMTA). Market also exists for the excess quantity as infrastructure with network of pipes for linkage with end users already exists, as Gujarat has been the first state to set up a gas pipeline grid. A FSRU uses the sea and can be operational with a short time of within a year. Hence, feasibility exists for end users or actual buyers of fuel to shift to LNG at the cost of imported coal subject to viability.

All this raises questions over the traffic increase to existing and projected port facility to handle thermal coal as these terminals are dedicated for coal, specialised with handling grabs, conveyor belts and protected storage and handling facility with rail linkage, rail wagon loading etc which cannot be easily used for handling any other cargo.

Reorientation

Indian ports could do well to have a reorientation based on the value creation, which the ports can offer. This can cover their strategic geographical location, primary hinterland advantage, support of stakeholders or inherent developed assets, which can enhance development for the community, country and the port and also support the needs of the future. This can be a 360-degree approach without limiting to commercial cargo but can cover all natural and hinterland advantage, which the port can target, and all services which it can develop.

One of the key roles of a port is to act as a catalyst for development and to integrate with the local region. Recently Mumbai, an island city and commercial capital of India with a population of around 22 million was in the news due to a restricted fire at its Deonar garbage dump ground leading to major air pollution. Mumbai port can play an important role in replicating Singapore type garbage movement by closed barges to mainland.

Ports need to collaborate and work with other ports, which are strategically important to complete the chain of sea transport. Ports working in pairs would ensure that similar standard facility is available for a voyage to generate and handle cargoes at both ends. The benefit of such collaboration is always greater as it creates more value than envisaged. Coastal cargo, Ro–Ro vessels, Passenger liners etc would require such joint working.

Two ports one of which is located on the west coast of India and another on the east can act as a transit point port with a Land Bridge. The concept of Land bridge may be feasible with the growth of container cargo and India now more committed to covering African countries, Iran and Bangladesh with ports terminals. Land bridge would connect the East Coast of India (say in south Andhra Pradesh or north Tamil Nadu) to the west coast near Mangalore with a DFC, standard train, which can transport 400 teu in one journey. Such a land bridge concept can help in avoiding transshipment to Colombo.

Indian ports would also have to look at identifying a role in the global container logistics chain. Indian ports are presently restricted to country's own EXIM cargoes which leave scope for growth. With government promoted Sagar Mala the maritime infrastructure is to develop further reaching all segments and areas, which would boost coastal and waterways development. Increase in coastal, bilateral and regional cargoes and shifting of commodities from break bulk and bulk to containerised cargo would increase containerisation. Identifying opportunities in sync with programs under Sagar Mala would help the port integrate and grow.

Indian ports based on their advantage and limitations can handle container cargo, which is going to remain for the future and can look at specialisation and value addition. Ports would need to align themselves and adapt a role in the logistics chain either as a feeder, transit or hub port based on their strength and available opportunities. Competing with adjacent ports for the same model and type of cargoes may not be in the ports or national interest.

Surendra Sharma (sharmaport@gmail.com) is a fellow of NMIS with various courses from Harvard Business School and Institute of Rail – New Delhi. He has extensive experience in covering the port led logistics management supply chain and has worked on various projects for state, central government and private sector. His contribution to the industry includes two research papers to the Ministry of Shipping – Government of India and more than fifty research papers / articles on macro issues in various forums. His views and insights are regularly covered by the national and international shipping media.

PORTS RANKING

The Top 20 in Latin America and the Caribbean in 2015

Naciones Unidas

ECLAC

Source: ECLAC, Maritime and Logistics Profile of Latin America and the Caribbean, May 2016. http://bit.ly/1IL0Rgy