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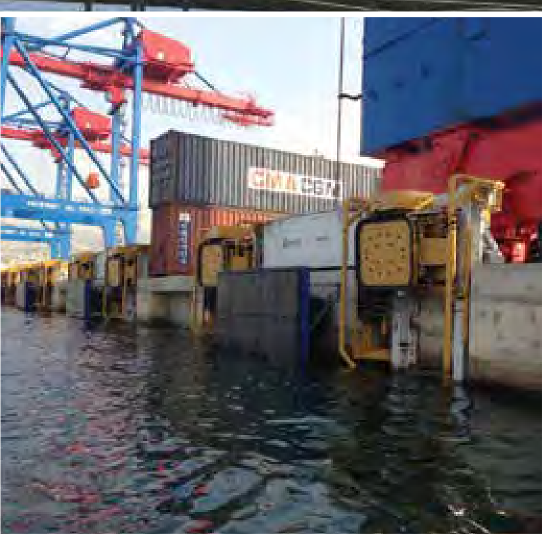
COLACHEL: A SPOILSPORT?

SRI LANKA

THE NEIGHBOUR AT ADVANTAGE

Apart from the locational advantage, Sri Lanka is equipped with world-class infrastructure, maintains a strong feeder system and is rid of operational inefficiencies



Will Colachel foil or fecilitate transshipment?

Right at the southern tip of the country where the Indian border curves at Tamil Nadu to meet Kerala's is where Colachel is located. And that's where the new ₹25,000 crore major port project has been planned too much to the chagrin of the locals and the Kerala state government.

After considering a few locations, Enayam, close to Colachel was finalised as the new mammoth infrastructure site because of being a natural harbour. The new facility is meant to capture deep berthing vessel movement and transhipment activities to compete with Sri Lanka's Colombo Port that lies on the East-West trading lane. This site is also the central point for the entire east and west coast of the country. Annually, about 25 per cent of Indian container cargo is transhipped at foreign ports and Tamil Nadu alone is known to account for more than 50 per cent of this cargo.

However, few see this port as a harbinger of trade. While the Ministry of Shipping hopes to capture here most of the transshipped cargo, many doubt the viability of this project given that both Vallarpadam and Vizhinjam (in neighbouring Kerala) are less than 300 km away. While Vizhinjam is just 25 km away, Vallarpadam, which was originally India's answer to Colombo is 250 km away. The question that begs an answer is if three ports are required to cater to transhipment cargo. Secondly, for mother vessels to call at this port there has to be sound road and rail connectivity from all parts of India so Colachel can be a cargo aggregating centre. In the absence of dedicated freight corridor in Southern India and a railway line choked with passenger trains, faster movement of cargo does not seem like an immediate likelihood.

Thirdly, such large port projects require vast swathes of land for construction of terminals, warehouses, container freight stations and land side infrastructure to support extensive shipping activity. Land for this port has to be reclaimed from sea. Apart from being an expensive proposition, regular dredging to avoid silting would drive up maintenance costs of the port. If the private party involved in developing and operating the port is not subsidised by the Centre on dredging costs, the project would take longer to break even and run in to rough weather soon.

Finally, for such large scale shipping activity such as transshipment, the centre should come up with a clear policy on cargo movement along the coasts. The current policy prohibits foreign carriers from carrying cargo; this and many others should be waived for transshipment to take off along Indian waters.

R Ramprasad
Editor and Publisher
ramprasad@gatewaymedia.in

For such large scale shipping activity such as transshipment, the centre should come up with a clear policy on cargo movement along the coasts.

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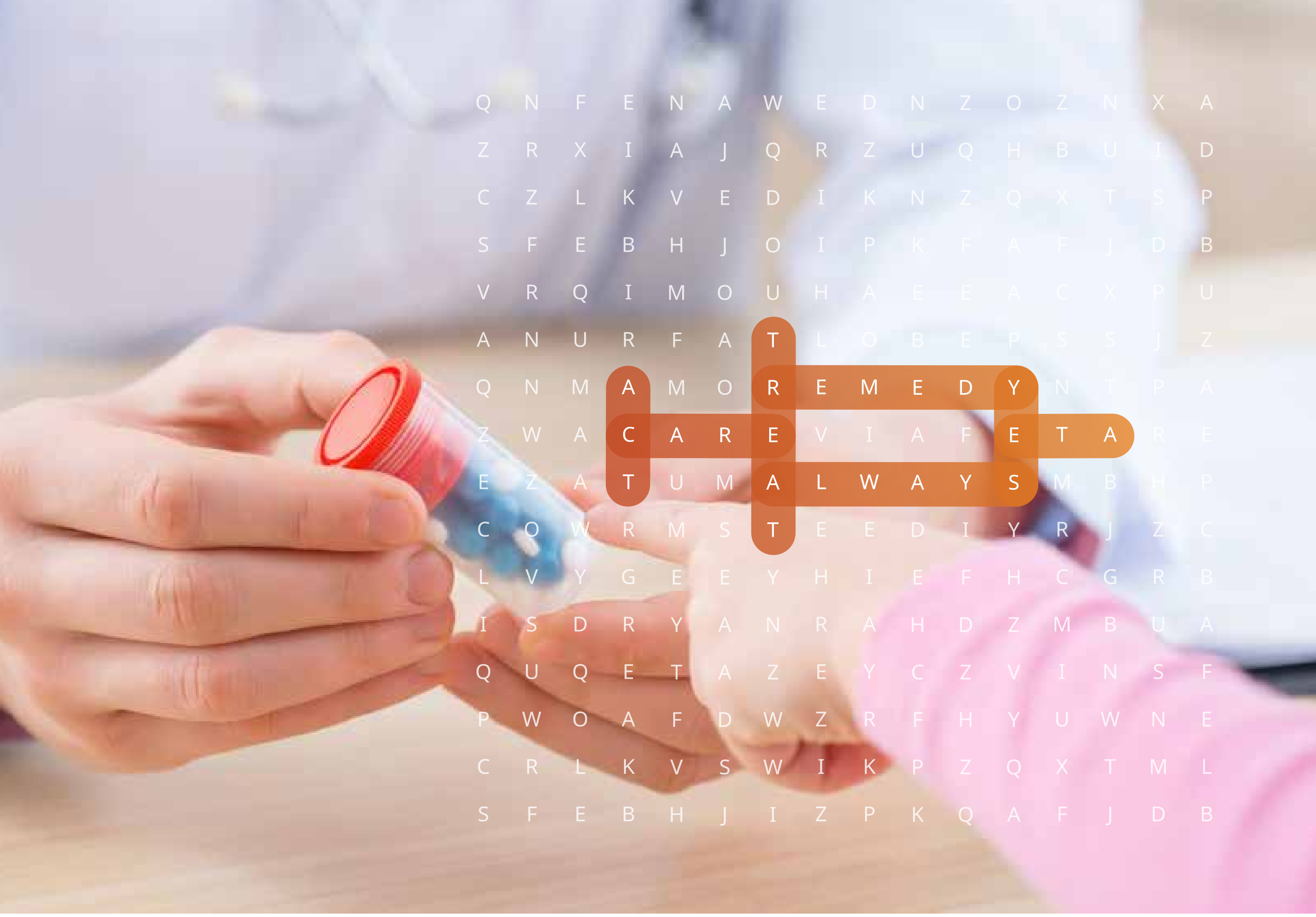

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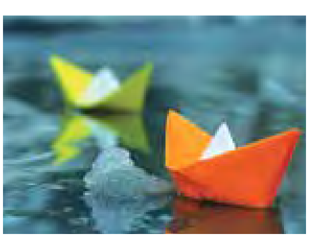

INTERVIEWS

OTHERS

Fish farm in a cargo ship

Marine Harvest ASA, the world's biggest Atlantic salmon producer wants to start farming fish inside a ship rather than the sea. Building traditional fish farms on the open water in Norway has become almost impossible because of state rules intended to curb outbreaks of sea lice, a parasite that can kill young fish.

So raising salmon inside a cargo ship is one of a few options proposed by Marine Harvest ASA, which is trying to boost production at a time when prices are near a record high. Employing a Panamax vessel better suited to carrying coal or steel was one of the responses to a Norwegian government program seeking ways to solve the parasite problem and stop farmed fish from escaping into the open sea. Winning proposals will get coveted farming licenses at reduced prices.

Adarsh Hegde is now Jt. MD at Allcargo Logistics

Adarsh Hegde has been elevated as the Joint Managing Director of Allcargo Logistics. In the new role, Hegde will oversee the business of CFS and ICD, project forwarding and engineering solutions, e-commerce logistics, coastal shipping, and contract logistics. In these areas, he will be responsible for crafting business strategy, developing strong leadership team and supporting initiatives to accelerate profitable growth.

CODEX goes live at VOC Port-Tuticorin

Kale Logistics Solutions which developed India's first Container Digital Exchange, CODEX, announced the formal Go Live of the platform at VOC Port. CODEX will automate the container movement at Tuticorin Port and reduce the container dwell times considerably. It links Tuticorin Port operations with VOC Port Trust system. In addition, other stakeholders including shippers, shipping lines and agents amongst others have complete access to container movement and details via both online portal and the Mobile APP.

DTDC sets up regional hub in Guwahati

DTDC Express Limited has set up a regional hub in Guwahati. The regional hub with dedicated transport will cater to Silchar in Barak Valley, Tinsukia, Bongaigaon, Lakhimpur, Tezpur in Assam, Aizawl in Mizoram, Dimapur in Nagaland, Shillong in Meghalaya. With the regional hub in place, DTDC will add eight more routes in the next one year. With these, it will have 16 dedicated routes.

Adani plans $1.5 billion copper smelter plant

Adani Enterprises plans to build a 1-million-tonne-per-year copper smelter in Gujarat to furthering its ambitions in the solar sector. The smelter is expected to cost ₹100 billion ($1.47 billion) and will source copper concentrate through imports. The smelter will feed into its proposed solar panel manufacturing capacity. The project will not only be an entry into the commercial copper business for Adani, but also will ensure secure supply of raw material for the group's proposed venture into solar photovoltaic equipment manufacturing. The first stage of 300,000 tonnes smelter is expected to be completed within the next two years. Adani plans to have a share of 10 per cent in the national target for setting up of 100 gigawatts of solar power generation capacity by the end of 2022.

Sri Lanka woos Indian pharma companies

Sri Lanka has invited Indian pharmaceutical companies to set up operations and is offering them space in its SEZs. The Sri Lankan government could also offer sops to Indian firms which invest to expand the production of formulations and bulk drugs there. Setting up manufacturing base in Sri Lanka will hurt India's exports as some units might relocate there due to better incentives.

Kamal Jain appointed CEO at APM Terminals

Kamal Jain has been announced CEO of APM Terminals Mumbai. Earlier, he served as Chief General Manager, Western Region, CONCOR, Mumbai. With 23 years of experience in the Indian Railways, Kamal has held various important positions.

Shipping Corporation of India resumes sailing to Iran

Shipping Corporation of India (SCI) resumed sailing to Iran after a four-year gap and will transport oil cargo in a suezmax-sized tanker for Hindustan Petroleum Corp Ltd (HPCL). SCI stopped sailing to Iran in 2012 when sanctions targeting Iran's nuclear programme prevented the company obtaining insurance cover for oil and other shipments. SCI has contracts with HPCL, Bharat Petroleum Corp (BPCL) and Mangalore Refinery and Petrochemicals Ltd to ship crude from Iran. BPCL's head of refineries, B K Datta also confirmed plans to import oil cargo from Iran. Essar Oil and Reliance Industries have already begun importing Iranian oil in tankers flagged from other countries.

Kolkata Port to start Ro-Ro shipping

The Kolkata Port Trust is in advanced stages of talks with the Korean carmaker Hyundai to handle 500 cars per consignment via the maritime route, whereby the port will help the car company unload huge volume of cars at one go. After several rounds of negotiations the port authorities have drastically brought down the charges (wharfage rate) from ₹2,796 per car to only ₹700. The port is also in discussion with other car and automotive makers in South India including Honda and Ashok Leyland. The cars will be dispatched from Chennai Port on a Ro-Ro vessel and will arrive at Kolkata or Haldia Port. KoPT has kept the wharfage for trucks and other lorries a little higher at ₹2,000 per vehicle.

Coal India may export to trim glut

Coal India Ltd is exploring options to export the fuel amid rising production and mounting stockpiles. Demand from power producers, the company's biggest customers, has lagged output, leading to rising stockpiles at plants and the company's own mines. The country has exported the equivalent of 0.2 per cent of total production. Tepid demand from cash-strapped regional power retailers has left Coal India with 45 million to 50 million tonnes stockpiled at its mines. India might export to nearby countries like Nepal and Bangladesh.

Garden Reach Shipyard disqualified in a military export bid

A bid by Garden Reach Shipyard for Philippine's requirement of two light frigates, which could have been India's largest military export contract valued at ₹2,150 crore, may slip away as the company failed to clear financial assessment test. Garden Reach Shipbuilders & Engineers had emerged as the lowest bidder against Korean and Spanish competitors.

Unlike the Indian system of procurement, where the navy or coast guard makes tranche payments as construction progresses at the yard, the Philippines order was structured around a single payment to be made only when the frigates were delivered.

Financial assistance to Indian yards

Indian shipyards will be able to access up to $5.9 million in state aid to build ships, according to new regulations from the shipping ministry which follow on from last December's shipbuilding financial assistance policy promoted by the government. The aid will be available for a 10-year period starting this year. The financial assistance is stipulated for standard ships – bulkers, OSVs, boxships, etc. Guidance on more specialised ships such as LNG, LPG, FPSOs, is expected to be released soon.

First Indian woman to get bravery at sea award

Radhika Menon will become the first woman in the world to receive the Award for Exceptional Bravery at Sea from the International Maritime Organisation for saving the lives of seven fishermen whose hopes of survival were all but over. Menon was at the helm of oil tanker *'Sampurna Swarajya'* of Shipping Corporation of India when she saved the fishermen who were caught in a storm.

Ford to assemble Mustang in India

Presently Ford Mustang is manufactured at the Flat Rock assembly plant in Michigan. But this plant is unable to meet the growing global demand. Here is where India could step in. The new plant at Sanand is presently the most advanced Ford facility in the world and the company insiders have revealed that Ford India is keenly exploring the thought of building Mustang at the Sanand facility. Kits could very easily be assembled here and then shipped to various markets in the Asia Pacific region as well as Africa, probably even Europe.

"The merger of Hapag-Lloyd and UASC confirms that only by having the scale, a modern container carrier can survive the expected prolonged weakness of the container shipping market. The true value of that merger, and its value in context of the realigned alliances, will be severely tested over the next 24 months.

– Kris Kosmala
General Manager APAC, Quintiq.

"We just released an Index of Logistics on how easy is logistics in any country and found from 2014 to 2016 India's rank went from 54th place to 35th place. Logistics in India is better than Portugal. "

– Jim Yong Kim
President, World Bank.

"The govt is permitting 100% FDI in defense. This will make India an export hub as well as self-reliant. Tie up of foreign companies having technology with Indian companies are already on and huge FDI is in the pipeline

– Manohar Parrikar
Defence Minister of India

"Sri Lanka can be a good base for exports also because Indian companies can manufacture a part of the product here and part there. There are similar opportunities for pharma in Bangladesh."

– P V Appaji
Director General, Pharmexil

"We need trading arrangements with the UK and the EU for a combination of products and services. New Delhi should take the lead in occupying some of the space in global trade that China is expected to vacate. This will help India to engage less unequally in international trade. "

– Arvind Subramanian
Chief economic adviser, Govt of India

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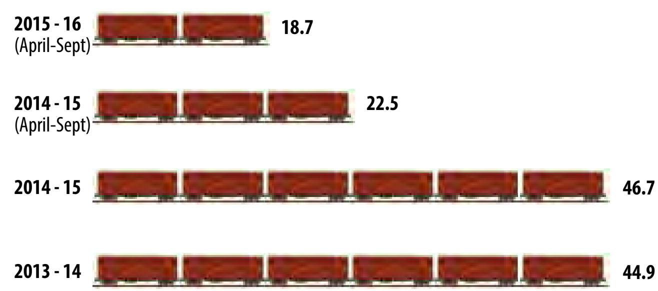
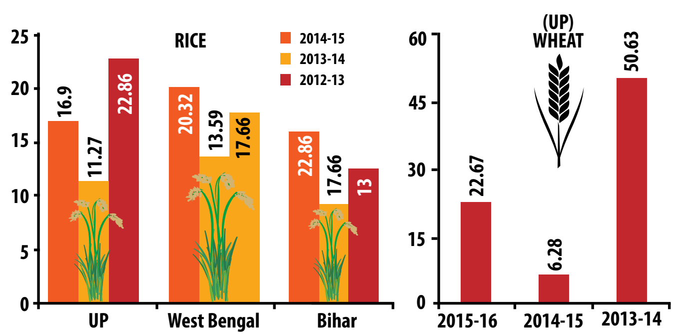
Sources: Oxford Economics

Grain transported by FCI by rail

(million tonnes)



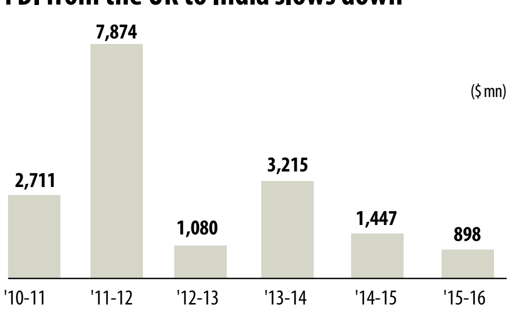
Procurement in large grain-deficit states (lakh tonnes)



*Purchase period Oct-Sept

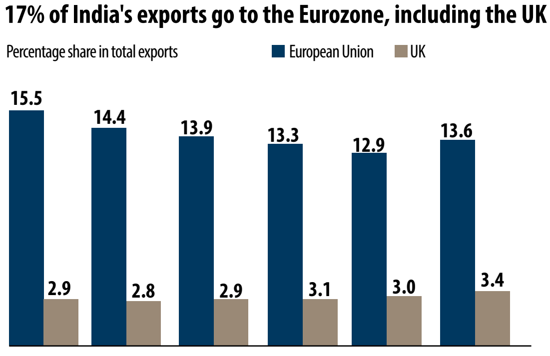
*Purchase period April-June

FDI from the UK to India slows down



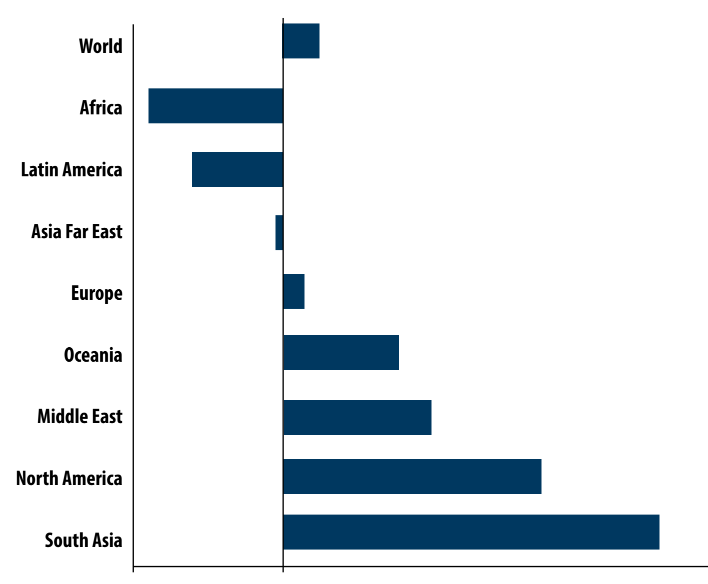
Source: DIPP

17% of India's exports go to the Eurozone, including the UK



Source: Department of Commerce

Container port throughput growth by region in 1Q16, % change on same period a year ago



Source: Drewry Maritime Research

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Theme

Moving forward in challenging times

TOPICS FOR DISCUSSION

- **Analyst View:** Container Market in 2017 and Beyond: When will the uncertainity end?
- **Commodities:** EXIM Scenario and the Challenges of containrising them.
- **Carrier View:** Bottlenecks in Container Supply Chain
- **CTO Perspective:** Future of Container Rail Logistics
- **Growing amidst Competition:** Survival Strategies Big Challenges facing Terminals
- **Sri Lanka:** How is it transforming into South Asia's logistics hub?
- **Myanmar:** The next hot destination?
- **Bangladesh:** Port/Terminal development and Short sea shipping
- **Looking Beyond – Africa:** Fastest Growing Market?
- **Iran – Chabahar Port:** Prospects for Indian business
- Understanding the enigmatic Hinterland of India
- Balancing complex demands of India Container Trade
- **Coastal shipping:** Vision of Government
- Connecting the dots in Coastal Shipping
- The good, bad, ugly of Coastal shipping
- First and last mile Connectivity – How and when it can happen?
- **User perspective:** Cotton movement through coastal shipping: A Case study
- Challenges of moving Steel cargo

Where the most interesting conversations on containers happen

Mr V Kalyana Rama
Director (Project & Services)
Container Corporation of India Ltd

Capt Deepak Tewari
Chairman
Container Shipping Lines Association

Mr Michael P Pinto
Former SecretaryMinistry of Shipping

Mr Franck Dedenis
Managing Director
Maerskline India Pvt Ltd

Mr Mike Formoso
Managing Director
PSA International

Mr Arun Kumar Gupta
Managing Director
Indian Ports Global Private Limited

Capt Sarveen Narula
Director
Liner & Passenger Services Shipping Corporation of India Ltd

Mr Adarsh Hegde
Joint Managing Director
Allcargo Logistics Limited

Capt Vivek S Anand
President
Mumbai & Nhava-Sheva Ship Agents Association

Capt Vivek Kumar Singh
Chief Executive Officer
Shreyas Shipping & Logistics Limited

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Director
Krishnapatnam Port Container Terminal

Mr Rohan Masakorala
Chief Executive Officer
Shippers' Academy Colombo

Mr Ahamedul Karim Chowdhury
Terminal Manager, Chittagong Port Authority &
CEO, Pangaon Inland Container Terminal (PICT)

Mr G Chandrashekhar
Economic Advisor & Director
IMERTF, Indian Merchant Chambers

Mr Samir J Shah
Chairman
Federation of Freight Forwarders Association in India

Mr Vivek Kele
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Association of Multimodal Transport Operators of India

Dr K Selvaraju
Secretary General
The Southern India Mills' Association

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LOGISTICS

NRL sends first wax consignment through ICD

The Numaligarh Refinery Limited (NRL), based in Assam, dispatched its first wax container export consignment using the ICD-Amingaon facilities at Guwahati. The containers will be transported through rake to the Kolkata Port from where it will be further shipped to a Kenya-based importer. The current arrangement of export using ICD-Amingaon is for three months, which is likely to be extended in the future. The NRL plans to export 900 MT of wax during the aforesaid period. In 2015, NRL had started sales of paraffin wax in the domestic market and exports since commissioning of the wax plant, the largest single unit producing wax in the country.

Auto Express for hauling automobile freight

Indian Railways has introduced a new train service, aimed at the automobile sector, to facilitate transportation of new vehicles across the country.

The new freight service, called 'Auto Express' will operate between Gurgaon in Haryana to Nidvanda in Karnataka, a south Indian state. The cargo train is India's first time-tabled automobile freight train and will aid leading automobile manufacturers in the country.

At the moment, around 2,000 new cars are shipped from Gurgaon to Nidvanda through regular freight container trains. Auto Express will now bring a surge in those numbers to an estimated 6,000 cars a month owing to its higher speed and scheduled plying routines already in place.

Container train operators to run parcel special trains

The railways has opened its parcel business segment to container train operators to run "parcel special trains," in a bid to shore up its earnings. "Parcel business is increasing as it is a fast moving sector. We want to increase our parcel share which is currently not much," Railway Minister Suresh Prabhu said. The railways earn about ₹2,000 crore a year in parcel business. It has set a target of ₹3,000 crore for the current fiscal.

As per the new policy, container train operators will be allowed to operate parcel special trains consisting of parcel vans. A parcel special train will have 20 parcel vans. CTOs will aggregate the parcel cargo from customers and offer the same in full rake load. At the respective destinations, parcel cargo will be delivered to CTOs for further segregation and handing over to customers.

Gati Kausar launches temperature controlled warehouse near Delhi

Gati Kausar, the temperature controlled supply chain solutions vertical of Gati Ltd, launched its first temperature controlled warehousing facility near Delhi, on National Highway 8. It is a state-of-the-art facility developed with superior technology and high quality design elements, in line with ISO 22000 standards.

The new facility is spread over 4 acres, and currently has a capacity of more than 5,000 pallets. It has multiple chambers that cater to temperature requirements ranging from -25 to +25ºC. This facility will serve the needs of varied industry sectors including dairy, pharmaceutical, frozen foods, quick service restaurants, ice creams, confectionaries and fruits and vegetables. Gati Kausar, with its fleet of 220 refrigerated vehicles, already provides high-quality logistics services to many popular brands in the country. This new cold store facility is part of a pan-India network that Gati Kausar is planning to develop to provide end-to-end, integrated cold chain solution for different industries.

Railways lines up ₹20K-cr port connectivity plan

Indian Railways is all set to provide ₹20,000-crore connectivity boost to ports under the Sagarmala programme. It will take up 21 port-rail connectivity projects to strengthen evacuation network and boost last-mile connectivity to the country's ports.

In addition, another six projects are being considered by the Indian Port Rail Corporation Limited (IPRCL). IPRCL has already awarded three connectivity projects for Vizag and Chennai ports for quick evacuation of cargo and another 19 projects are in the pipeline.

The projects will help in transportation of thermal coal from Mahanadi Coalfields Ltd (MCL) to coastal power plants in southern India through coastal shipping. Other rail connectivity projects like Thoothukudi and connectivity to non-major ports like Dhamra, Gopalpur and Krishnapatnam have also been proposed. These projects are expected to generate annual logistics cost savings of around ₹35,000 crore and provide boost to merchandise exports by $110 billion by 2025.

These projects will enhance port connectivity to the hinterland and help in reducing logistics cost and time for cargo movement making Indian trade more competitive.

Supplies shipped to Tripura via Bangladesh

With Tripura remaining cut off from the rest of the country for more than a month, efforts are on to transport foodgrains and fuel to the northeastern state through Bangladesh. According to information provided by Tripura revenue and PWD minister Badal Chowdhury, Food Corporation of India and Indian Oil Corporation have taken steps to transport foodgrains, petrol and diesel through Bangladesh. For this, the Guwahati-Dawki-Dharmanagar route and Bangladesh's Ashuganj river port would be used.

For over a month supply of essential commodities has been hit after the National Highway (NH-8) was badly damaged due to rain and water-logging. The situation worsened as the train services between Tripura, Mizoram, Manipur and southern Assam and the rest of India were cancelled for about two months due to the damage to railway tracks in mountainous Dima Hasao district in Assam.

Amazon opens largest fulfilment centre in Sonipat

Amazon India opened its largest fulfilment centre in the country in Sonipat, Haryana, a warehouse sprawled across 200,000 sq. ft with a capacity of more than 800,000 cu. ft. The company is in progress to set up five new warehouses in the country by year-end, a move that will help it deliver products faster. The fulfilment centre in Haryana will be the 22nd in the country. The combined storage capacity from the 27 centres available to sellers on Amazon.in will increase 1.5 times to 7.5 million cubic feet by the end of this year.

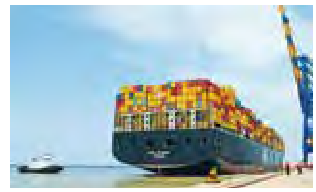
PORTS

Sical to convert iron ore terminal to coal facility at Kamarajar Port

Union government-owned Kamarajar Port Ltd, the entity that runs the port at Ennore near Chennai, has signed a concession agreement with Sical Iron Ore Terminals Ltd for converting its idle iron ore terminal into a coal terminal at the port. This is the first instance of a PPP terminal being allowed to alter the cargo profile.

The permission to change the cargo profile necessitated a re-bid because the shipping ministry said that such restructuring of stressed terminals would have to go through a re-tender to discover the revenue share afresh. If the highest revenue share quoted in the tender is more than 52.524 per cent, Sical had a so-called right of first refusal to match the highest bid and take the contract on fresh terms.

Vizhinjam Port joins UNGC



Ahead of the formal inaugural of the United Nations Global Compact (UNGC) Kerala chapter, Adani Vizhinjam Port Private Limited (AVPPL) has joined hands as its lifetime corporate member assuring to implement Sustainable development goals. The port's CEO, Santosh Kumar Mohapatra said, the port has joined UNGC as part of its commitment to certain principles on sustainable development such as to build resilient infrastructure, promote sustainable industrialisation, foster innovation promote livelihood skills, productive employment and decent work for all.

Private partner to get minor share in Hooghly dock

The government has shied away from its earlier decision of giving majority stake to a private player in the joint venture planned to revive the Hooghly Dock. From the earlier decision to cede 74 per cent stake in the JV that would own two key shipyards of the PSU along the Hooghly river, the shipping ministry would now give only 26 per cent equity to the private bidder. To keep the deal attractive enough, the government has put in a clause wherein the private partner can sell 50 per cent of its stake in the joint venture after five years, presumably when the company would have revived the operations, thereby attracting a better valuation than the current transaction. And at the end of 10 years, the private sector partner can divest its stake in full, subject to the approval of Hooghly Dock.

APM Terminals Mumbai ready for VGM under SOLASf

As part of APM Terminals Mumbai's continuing efforts to provide a safe working environment to all stakeholders, the terminal has implemented container weighing process for export containers to allow for safe and efficient vessel planning as per actual weights. The weighing process is integrated within the terminal's normal operations and reported weights recorded and certified in compliance with the Standards of Weights and Measures Act. In case of any discrepancy in excess of +/- 1,000 kg of the declared weight, the shipping line will be informed. It will then be the shipping line's decision to load/hold the mis-declared units, provided the weight does not exceed the maximum payload capacity of the container. APM Terminals Mumbai has systems/ processes in place to comply with these changes. All the clients/ shipping lines have been informed in advance of the terminal's process to weigh these export containers, enabling them to communicate to their customers and end users.

Vessel traffic management at Vizag Port

Visakhapatnam Port Trust installed Vessel Traffic Management System (VTMS) at Port Signal Station-I, near Fishing Harbour. Installed at a cost of ₹1.75 crore, VTMS will ensure safe navigation of all vessels navigating inside, outside channels, anchorage area, port limits, SBM (single buoy mooring) area and berthing area, thereby helping port authority/ management for effective planning, scheduling and other business activities at par with international standards.

DP World Cochin posts 29 per cent growth in the first six months

DP World operated International Container Transshipment Terminal witnessed 29 per cent growth in the first six months of 2016. It handled more than 200,000 teus from 350+ vessels which called at the terminal during the period January-June 2016. Gantry crane moves per hour improved to +30 moves per hour per crane. All services, particularly those connecting the Far East, Middle East and Europe, have been doing very well.

Also, in order to facilitate ease of doing business, the terminal has introduced an intelligent Terminal Operating System – ZODIAC. The TOS developed by DP World is identified as one of the most technically advanced operating systems to be highly beneficial to the customers and trade. ZODIAC covers real-time execution with planned resources in effective manner with smart controls. It also supports high level of automation; it provides an integrated platform of Gate-Yard-Rail-Vessel movement.

JNPT sets up container tracking facility

Online tracking of containers has been introduced at JNPT to help track movement of containers on a real-time basis, making it the first Indian port to install such a technology. The port will now issue tags to all containers as soon after they are off-loaded. The facility has been introduced by DMICDC Logistics Data Services Ltd, a joint venture of the Delhi Mumbai Industrial Corridor Trust and NEC Corporation of Japan. It is expected to bring transparency in container movement and cut down logistic costs for trade and industry.

Called Logistics Data Services (LDS), this technology will integrate the information available with various agencies across the supply chain to provide detailed real-time information through a single window. Containers can be tracked along the western corridor of India, starting from the port and covering their movement through rail or road, until they get to the ICD and CFS.

Blueprint on land utilisation at major ports

A blueprint for utilisation of land available with 12 major ports, which among themselves share about 78,000 acres, is on the anvil. Consultants are also in the process of submitting a report on how to utilise 1.98 lakh acres of submerged land with ports. Most of the submerged land is with Kandla Port and consultants have been asked whether it could be ultilised for salt recovery or any other venture. In the past, the Kandla Port Trust allotted plots for the purpose of salt making on 'as is where is basis.'

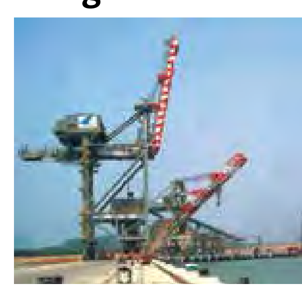
"Land measuring 22,949.82 acres was identified for future activities by ports while 13,045.56 acres were yet to be earmarked for any future activity. Thus, 35,995.38 acres representing 46.63 per cent of total land under possession of the ports remained unutilised," the CAG had said in its report.

Port rate relief for steel leaders

The Kolkata Port Trust and private port operator Jindal ITF have slashed their transshipment rates to lure big boys SAIL and Tata Steel to bring in more cargo to Haldia. The duo agreed to reduce the tariff by ₹150 a tonne to make their operations competitive vis-a-vis neighbouring ports Dhamra and Paradip in Odisha. The port is interacting with Steel Authority of India Ltd (SAIL) and Tata Steel to chalk out a strategy to fast track their operations. Both the steel makers import coal through various ports in the eastern region, such as Haldia, Paradip and Dhamra.

The transhipment will allow port users to bring fully laden Capesize or Panamax vessels to the high sea and transfer the cargo to smaller vessels which will come to Haldia. JITF will also station a ship at that point for temporarily storing the cargo in case the smaller vessels are busy or take time to reach the spot.

Visakhapatnam cuts demurrage charges



Visakhapatnam Port Trust, or VPT, has cut demurrage charges for import of project cargo and general cargo in a bid to boost traffic. The port had previously levied steep demurrage charges for delays, which had limited cargo handling via the port and increased risk for operators.

The change to resolution No. 30/3/2016-17 of the port trust is likely to be welcomed by breakbulk operators and follows a recent reduction in handling charges at the port. The VPT aims to make the port one of the key hubs for project cargo handling.

LNG terminal in East Godavari district

The AP state government handed over 48 acres of land at Vakalapudi village of Kakinada rural mandal in East Godavari district to the AP Gas Distribution Corporation Limited (APGDC) for construction of onshore receiving facility for Floating Storage and Regasification Unit (FSRU) based LNG terminal project and also for establishing of dispatch terminal for Kakinada-Srikakulam natural gas pipeline. The estimated cost of the project is around ₹1,500 crore. The APGDC, Gas Authority of India Limited (GAIL) and Shell and Engie Global LNG had recently signed two joint venture agreements for establishment of FSRU at Kakinada deep water port.

The proposed LNG terminal will have development of marine facilities for LNG import (island jetty platform), berthing/mooring of FSRU, storage and regasification of LNG with Kakinada deep water port harbour, a high pressure subsea pipeline to transport regasified LNG to coast and an onshore receiving facility for gas metering skid, control room and supply to gas grid.

EXIM

Perishable exports on decline

Lack of certified perishable packhouses and accredited testing labs in Goa have led to a drop in the export of vegetables and fruits to 4-5 tonnes per day from a high of 60 tonnes per day in 2012. There are at least 15 major exporters who are ready to export, but because Goa does not have a packhouse and an agricultural and Processed Food Products Export Development Authority (APEDA) approved testing lab, only two to three exporters are operating.

Earlier exporters from Goa and the neighbouring region had approached CONCOR to set up and operate an APEDA approved packhouse and testing laboratory, but the proposal did not see the light of day.

Post Brexit, India to discuss exports with Britain

Post Brexit, the central government intends to begin negotiations with Britain for signing a Preferential Treatment Agreement (PTA) for duty-free garment export. Rashmi Verma, Secretary, ministry of textiles said, "Garment export from India to European countries attracts 9.6 per cent duty, making our shipments uncompetitive in comparison with Bangladesh, Vietnam, Myanmar and Cambodia. These countries have signed PTAs under which they export garments to the entire EU at nil duty. This is the right time to step up our efforts with the United Kingdom for a PTA. The ministry is looking into it." India's textile export was estimated at $38 billion in 2015-16, a fourth to Europe. The UK imported $2.5 billion, a fourth of the EU consignments.

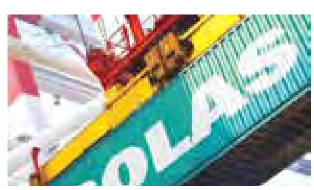
Policy to boost exports from Himachal Pradesh

The Himachal Pradesh government has approved an export policy to give a fillip to export oriented units (EOUs) in the state. The policy was finalised on the basis of recommendations of the Indian Institute of Foreign Trade, Kolkata. Providing additional incentives for the promotion of exports, giving market development assistance to micro and small EOUs, granting land at concessional rates to the sector and grant of public utility status for such units are the highlights of the policy. There are 15 categories of products which are being exported from the state.

Initiatives under the policy include connectivity of various industrial areas to the nearest ICD, setting up of an export park for textiles, a mini export park for exotic vegetables, fruits, flowers, fisheries and an export park for electronics manufacturing centre, skill development and training an entrepreneur in exports.

SHIPPING

Indian shippers protest against SOLAS VGM fees



Shippers using JNPT are furious over the new fees being charged for collection and transmission of verified gross mass data. They see it as unfair charges related to the regulation. JNPT shippers are particularly irate over the fees charged at Gateway Terminal India. But the fees is said to be at par with the practice of other members of the supply chain, such as non-vessel operating common carriers and the UK ports. APM terminals Mumbai is not charging for weighing containers, charges are being levied only in case of misdeclaration in excess of plus or minus 1,000 kg. The port users' association claims that DG Shipping in its final SOLAS Guidelines did not include a provision explicitly allowing terminals to offer container weighing service at a fee.

CMA CGM to reshuffle its India Middle East Gulf services to East Africa

In a continued effort to provide increased reliability and quality services in a challenging environment, CMA CGM will reorganise its services connecting India Middle East Gulf to East Africa strategic markets. Starting mid July 2016, NOURA EXPRESS and SWAHILI services new configuration will provide significant improvements: Positive developments for reefer cargo from Port Victoria direct to India and to Europe with a weekly frequency instead of fortnightly; improved service reliability to Mogadishu from Mundra with direct service in 18 days instead of in transshipment, very fast transit time from Jebel Ali to Port Victoria in 18 days.

Trial on National Waterways successful

For the trial of goods transportation through inland waterways of Ganga-Bhagirathi-Hooghly river system (National Waterway No 1), a cargo vessel from Haldia reached Rajghat and another vessel is likely to reach here in next two or three days.

The vessel is docked near Rajghat as it cannot move further in the tortoise sanctuary without the permission of the forest department. After the nod of forest department, both the vessels will move to Ramnagar, where a terminal is being constructed for loading of goods. The IWAI officials have sought permission for the movement of vessels and the matter is under consideration.

Goa barge owners seek aid from IWAI

Faced with mounting debts to banks and financial institutions, Goa barge owners are banking on financial help from IWAI to help them to settle their dues through a one-time settlement scheme. With the iron ore mining and consequently exports coming to a stop around three years ago following a Supreme Court order, barge owners saw their bank debts mounting to ₹360 crore. Nearly 400 barges went out of work in one stroke. Atul Jadhav, head of the Goa Barge Owners' Association, has submitted a fresh proposal to IWAI to give the barge owners relief to the extent of ₹90 crore so they can reduce their non-performing assets.

Gail India to buy 6 LNG cargoes

Gail India has launched a tender to buy six liquefied natural gas (LNG) cargoes for delivery in 2017. The supply is to be purchased based on a link to Brent crude oil prices. Price-sensitive Indian importers have taken advantage of relatively low LNG prices to bolster purchases and provide additional supply to gas-starved domestic industries.

Dry port in Telangana

The land-locked Telangana would soon be connected directly with seaports in neighbouring states as the Union government gave its nod to set up a Multi Modal Logistic Park at Eedula Nagulaplli in Medak. It will be constructed by Concor under the Sagarmala project. Concor had already taken up a 16-acre domestic container terminal at Nagulaplli. The new facility would house a multi-modal park coming up on nearly 80 acres which would be acquired by the Telangana State Industrial Development Corporation (TSIDC). Big warehousing facilities, godowns and containers would be established at the dry port area to stock industrial products, including food grains, granite, ceramics and electronic products.

IRClass restructures senior management

In a move to strengthen its senior management structure, IRClass has made significant changes at its top level. It has decided to realign the position of Chairman and Managing Director and create two new senior positions.

Arun Sharma, who is now the Executive Chairman, will focus on matters related to broader policy, overall strategy and mentoring. The board of directors have approved the appointment of Suresh Sinha as the Managing Director and Vijay Arora as Joint Managing Director.

Suresh Sinha, who is a Marine engineer with more than 39 years of experience including 26 years at IRClass, has ably handled various responsibilities within the organisation, will lead and oversee operations, marketing and day-to-day functioning of the organisation.

Vijay Arora, a Marine engineer with over 33 years of experience which includes 26 years with IRClass, brings with him strong technical expertise and also represents the organisation at various technical fora like IACS & IMO. He will be responsible for all technical and allied functions.

Ro-Ro ship scrapped after maiden voyage

Car carrier *IDM Symex* was the first ship to carry automobiles through coastal shipping from Chennai to Pipavav. With car manufactures not committing to long-term volumes, *IDM Symex's* maiden coastal voyage ferrying cars also turned out to be her last. The roll-on, roll-off vessel is now headed to the scrap yard. This is a major blow to the Centre's initiative to promote coastal shipping to reduce carbon footprint and congestion on road.

Symex's owner Mandeep S Tiwana, unable to find enough automobiles in the return direction, even considered bringing the ship empty if there was commitment of higher volume from Chennai. However, there was no such commitment as manufacturers favoured transporting cars by road than via coastal route.

ICVL planning power plant in Mozambique

India-based International Coal Ventures Limited (ICVL) is considering building a thermal power plant at its Benga coal mine in Mozambique's Tete province. ICVL's mines in that country contain 65 per cent thermal coal reserves, with the rest being coking coal, which offers huge potential for setting up the power plant.

India, US to enhance cooperation in maritime sector

India and the United States have agreed to deepen the scope of cooperation in the maritime sector with American ports evincing keen interest in the comprehensive port-led development, especially with regard to the ambitious Sagarmala programme. Union Minister of Shipping, Nitin Gadkari, in his recent visit held wide-ranging discussions with the representatives of Harbour Department of the City of Long Beach, offered investment opportunities in building and developing new ports, construction of new berths/terminals in existing ports, coastal economic zones, dredging, ship building, ship repairing, ship recycling, development of inland waterways and coastal and cruise shipping. Gadkari also explored joint venture opportunities between the Port of Long Beach and JNPT to promote transfer of technology and enhance bilateral commerce.

CBEC plans to speed up cargo clearances

A paperless window for importers, more container scanners at ports to ensure non-intrusive scrutiny and faster clearance of goods may soon be here as part of the Central Board of Excise and Customs' (CBEC) ambitious plan to ensure cargo clearances happen within hours rather than days.

CBEC is planning to make the entire system paperless by doing away with the need for physical documentation. It is also planning to bring in more government agencies to the six that are already a part of the single window. This will ensure that the time taken for imported cargo to secure clearances from various departments will come down sharply. Importers will also not need to physically submit the documents in customs offices but will be able to upload them in a PDF format online.

Adani Ports to complete terminal expansion at Mundra next year

Adani Ports and Special Economic Zone Ltd aims to complete expansion of Adani International Container Terminal Pvt. Ltd (AICTPL) at Mundra port by 2017 to create a transshipment hub for the Middle East, South Asia and India. The strategy is part of Adani Group's plans to develop a world-class portfolio of ports and allied logistics facilities to capture the benefits of the country's emergence as a global container transshipment hub.

AICTPL will have a quay length of 1,460 meters and cargo handling capacity of 3.1 million teu. The terminal will be capable of handling 18,000 teu container vessels, with a cumulative capacity of 6.6 million tonnes.

IRClass leads in EU compliance certification of ship recycling yards

IRClass is amongst the first organizations in the world to certify ship recycling yards according to EU standards as an 'Independent Verifier.' It has certified four leading ship recycling yards in Alang which have met the standards set by the EU and the Hong Kong Convention. They include Priya Blue Industries, Shree Ram Vessel Scrap, R.L. Kalathia Ship Breaking and Leela Ship Recycling. These are India's first recycling yards to be certified based on EU standards and have submitted their applications for inclusion in the EU recognized yards list. On an average, close to 6.2 Million GT is scrapped in India every year, which accounts for 33 per cent of the total scrapped tonnage in the world.

Cargo traffic at major ports up 6.2% in Q1 FY17

The 12 major ports in the country together handled 159.0 million tonnes of cargo in the first quarter of the current fiscal (April-June 2016-17), against a cargo traffic of 149.74 million tonnes in the similar quarter of the previous fiscal, a year-on-year growth of 6.2 per cent.

The growth in cargo traffic showed some buoyancy, growing at 6.2 per cent in April-June FY17 against the 4.5 per cent growth recorded in April-June FY16. During the first quarter of 2016-17, Mormugao Port recorded the highest growth in traffic (104.5 per cent) mainly due to steep increase in iron ore traffic, which increased from 0.2 million tonnes in 2015 to 3.9 million tonnes during the first quarter of 2016. This was followed by Vishakhapatnam (17.1 per cent), Paradip (12.9 per cent), Cochin (9.4 per cent), Kandla (5.7 per cent), V.O Chidambaranar (1.4 per cent) and Kamarajar (0.2 per cent) over the corresponding quarter of 2015-16.

Schreiber Dynamix starts second plant in Punjab

Dairy company Schreiber Dynamix Dairies, a joint venture between American dairy major Schreiber Foods and the Indian dairy company Dynamix Dairies, has kick-started operations of its second food processing and packaging facility in Punjab. The facility, which is at Fazilka International Food Park, has been set up with an investment of about Rs.100 crore, will initially manufacture juice products.

The technology partner for the company is Tetra Pak. Schreiber Dynamix Dairies is a contract manufacturer of dairy and juice products for various leading FMCG players. The new plant gives Schreiber geographical advantage and helps move closer to consumers.

THE NEIGHBOUR AT ADVANTAGE

Apart from the locational advantage, being located on the East-West trade route, Sri Lanka is equipped with world-class infrastructure to seamlessly accommodate larger vessels across all three terminals, maintains a strong feeder system and is rid of congestion and other operational inefficiencies. For long, India has been at developing transshipment ports

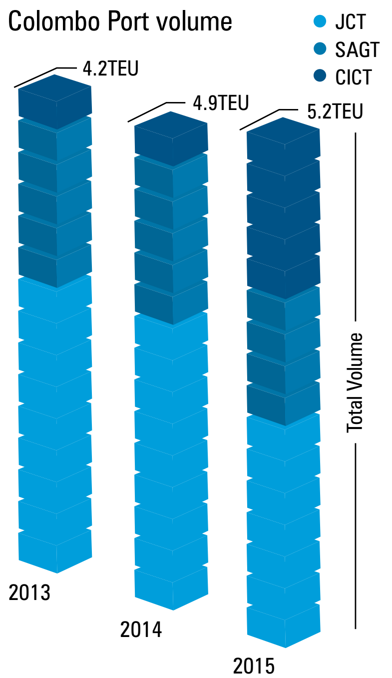
by Deepika Amirapu

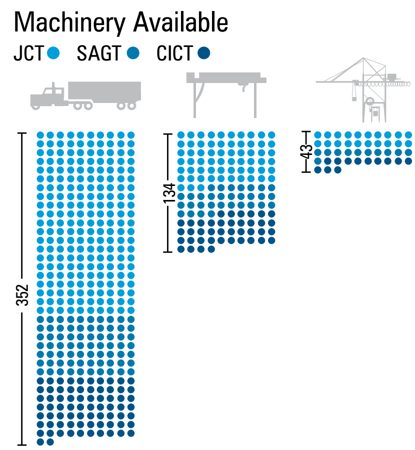
As you drive past Colombo, Sri Lanka's bustling metropolis, almost every inch of space is flattened for construction of new hotels or business towers. Yet, amidst all the industrious fervor, the corporeality of two things strikes you most. The majestic Buddha, standing tall granting his blessing of peace to everyone that goes to him, and the imposing structures at Port Colombo that welcome cargo to their shore from far and near before mighty ships carry them away to far off lands in their cricket-ground sized bellies.

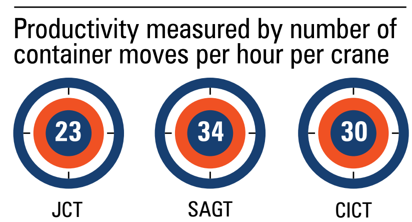
The reason why the shipping fraternity throngs at Colombo is simply because of where it is. Lying on the key East-West trade route and set close to India, Sri Lanka possesses the essential locational advantage needed for it to develop into a key logistics hub in South Asia. This makes the three terminals at Port Colombo – Jaya Container Terminal, South Asia Gateway Terminal and the Colombo International Container Terminal – the most sought after ones for all cargo that makes its way out of the Indian subcontinent to South Asia, Europe and the Americas. India currently depends on Colombo for much of its cargo to be shipped to the West because mainline vessels that can sail through deep seas visit the island country's port for its world-class facilities in operating transshipment terminals.

While all of these three terminals depend mostly on India for their feed, a significant amount of cargo comes from Pakistan, the Middle East and Myanmar before being dispatched to Europe and South East Asia. And so, every year the cargo handled at Colombo is rising by 10 per cent despite the shipping industry waiting to recover fully from the impact of the global meltdown. Fifteen years ago, the throughput at Sri Lanka's Colombo Port was a mere 500,000 teu and today; it is over 5 millon teu, which makes it the largest port in terms of volume handled in the Indian subcontinent. India's Jawaharlal Nehru Port Trust falls short a tad handling 4.8 million teu annually.

This math puts India in competition with Sri Lanka directly. For long, India has been at developing transshipment ports to wean away West-bound cargo to India and attract bigger vessels at its new-born ports in the southern tips of the country. The International Container Transshipment Terminal at Vallarpadam, Kochi was designed specifically for this purpose. But it failed to make a mark as shippers and shipping lines continued to sail toward Colombo for understandable reasons – some were commercial and others simply because it is praxis for the shipping lines to call there. However, **Rohan Masakorala, CEO, Shipper's Academy, Colombo** says, "Geography is just one of the USPs of Port Colombo. Shipping lines continue to call India because every diversion to an Indian Port located even at the southern most point would require the vessels to travel anywhere between four and twenty four hours costing them an additional $25,000 to $50,000 per hour per vessel." The other advantages that Rohan outlines is the sustainability in accommodating larger vessels across all three terminals, adequate infrastructure, a strong feeder system, lack of congestion. "Our customs compliance, border protection system, and







universality of standards makes the terminals display a rating akin to other transshipment terminals such as Dubai or Singapore," Rohan added. While 90 per cent of the cargo handled at Dubai and Singapore is transshipped to other countries, about 70 per cent of cargo that drifts in to Colombo is transshipment cargo. The rest accounts for textile, sea food, runner, tea industrial and agricultural exports from the country. What perhaps draws a lot of shippers to move their cargo to Europe and America via Colombo is because of the port's strong feeder system. Smaller ships of 8,000-10,000 teu sail between Colombo to a host of maritime nations – East Africa, South Africa, Middle East, Far East and all South Asian nations – feedering cargo constantly. May be this explains why Colombo has been so successful in being a transshipment hub for 25 years now. **Ted Muttiah, Chief Commercial Officer, South Asia Gateway Terminal** says, "Big players will rationalise on more efficient hubs. Shipping lines cannot be doing a milk run along a string of ports if they want to rake in benefits from economies of scale."

The rise of major shipping

Shipping time from Colombo Port to select locations

Port	Shipping Time
Tuticorin	8 hours
Chennai	2 days
Singapore	3 days
Mumbai	4 days
UAE	5 days
Sydney	11 days
Amsterdam	18 days
New York	21 days

alliances and expansive vessel agreements has called for drastic measures in terms of achieving maximum cost and efficiency. While Sri Lanka has undoubtedly benefitted from investment and trade fuelled by China, it is sparsely populated country of just 7 million people. Yet, it has pipped India upping its ante on many fronts.

The CICT, established jointly by China Merchant Holdings and the Sri Lanka Ports Authority, boasts of a 50-feet draft with a 230-feet crane outreach catering to 14 services each week. This makes the terminal the big hitter among the three with SAGT and state-run Jaya Container Terminal taking turns in being the work horses and occasionally claiming the prized title of being the 'terminal of the month'. The 2M alliance between Maersk and MSC has worked in Colombo's favour with the big boys of the shipping world marking Colombo as one of their pit stops while they pick and drop cargo from other parts of the world. In addition, Singapore's PIL is the second largest terminal user at Colombo followed by the CKYHE and G6 alliances.

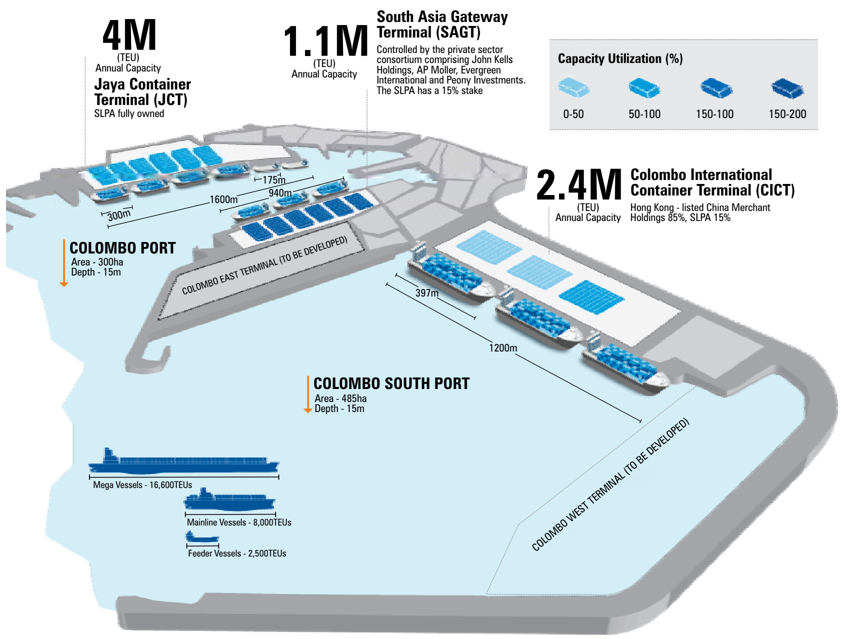
A senior executive at one of Sri Lanka's infrastructure and maritime conglomerates who represented a shipping line for long said, "Shipping lines decide on which port will be the transshipment hub and not the other way round. And for any port to win the favour of the Triple E-Class ships, you have to make them an offer they cannot refuse." Currently, these big size vessels that call Colombo enjoy a cost advantage over India's ports aspiring to take after Colombo. The CICT terminal serves Tuticorin, Chennai, Kattupalli, Visakhapatnam, Kolkata, Haldia and Krishnapatnam on the east coast of India and Nhava Sheva, Pipavav, Cochin, Mangalore, Mundra and Kandla on the west coast, leaving out none. It is important to note here that cargo is carried from these ports in lightly loaded 10,000-teu ships as not all Indian ports can berth fully loaded vessels of this size.

"But if you cannot offer a comparative advantage, you have to offer a competitive advantage," a former Sri Lankan government official heading a shipping business says when asked of India's chances to be the next T Hub referring to Sri Lanka's geographical advantage over India an unalienable one. Since the new government took over the reins in 2014, India, with its Sagarmala programme to string all its ports is actively looking at developing another transshipment terminal at Vizhinjam, Kerala, Colachel to compete with its island neighbor. This is because in the next 10 years, the Indian Ocean will become the new battlefield for China and India, which are jostling for control of the region. Maritime Security and trade are perhaps among the main determinants that would avow one nation's might over the other.

For India to ace China, it needs to showcase its heft over the seas safeguarding military and trade interests. Keeping this in mind, India recently approved a slew of reforms to modernise the ports sector whose growth has been tardy being in the grip of the bureaucrats. “India’s problems do not lie within the port; they are outside of it,” Ted Muthiah says. And for anyone who has done business in India, this statement might seem familiar. Unfortunately, India’s railways and roadways that act as its lifeline are often congested with passenger vehicles making them gasp for breath when cargo movement is heavy. “For India to realise its dream of being a transshipment hub, it has to set in motion the dedicated freight corridors and private freight terminals,” a Former Secretary, Shipping of the Indian government told MG. Equally important is faster clearance by customs and lesser paperwork that would make doing business in India easy, he said.

With India currently finalising its plans to develop two ports in Kerala and Tamil Nadu to retain transshipment cargo, industry officials who work closely with both countries say India has to create a maritime ecosystem for all stakeholders in the industry to benefit from growing trade just like Sri Lanka is. “We are looking to create an atmosphere for expats, offer more options for financing and develop a sustainable bunkering facility and other marine services,” Rohan Masakorala said. Also, since it liberalised the port sector in 2000, Sri Lanka has seen very little unionisation and disruption from its workforce – two issues that continue to halt operations frequently at India’s biggest container ports at Chennai and JNPT. Its tariff structure is guided and has not changed dramatically since 1987 assuring constancy in business to its ports. Incidentally, tariff structure at Indian ports has been one of the most contentious issues with terminal operators calling for abolishing TAMP, or the Tariff Authority for Major Ports.

“Just as India is changing the rules of the game in other sectors, ports should be governed by an independent board with the entities functioning as corporate firms,” the former shipping line official quotes above said. Only this can arrest movement of cargo towards



What is working against India to become a transshipment hub?

Advantage for Sri Lanka

- Located on the key East-West trade route, ideal for cargo destined for South Asia, Europe and the Americas
- Apart from India, it also receives cargo from Pakistan, Middle East and Myanmar
- Strong feeder system and lack of congestion attracts cargo moving to Europe and America
- Major shipping lines and alliances such as 2M, PIL, CKYHE and G6 favour Colombo
- Since it liberalised the ports sector in 2000, Sri Lanka has seen very little unionisation and disruption from its workforce – two issues that continue to halt operations frequently at Indian ports
- Tariff structure is guided and has not changed dramatically since 1987 assuring constancy in business
- Every year the cargo handled at Colombo is rising by 10% despite the shipping industry waiting to recover from the global meltdown.
- Throughput at Colombo is over five millon teu, while JNPT falls short a tad by handling 4.8 million teu annually

Disadvantage for India

- Dependent on Colombo for shipping cargo to the west
- The ICTT at Vallarpadam is still unable to attract mainlines sailing to Colombo
- Diversion from Colombo to any Indian port will cost the shipping lines an additional four to twenty four hours costing them an additional $25,000 to $50,000 per hour per vessel
- Indian ports are not as cost-competitive as Sri Lankan ports
- Cargo from east and west coast ports is transshipped in lightly loaded 10,000-teu ships as not all Indian ports can berth fully loaded big vessels.
- Indian ports are plagued with congestion and lack of good connectivity
- Tariff structure at Indian ports has been one of the most contentious issues with terminal operators calling for abolishing TAMP
- India needs to cut transit time, broaden cargo catchment area and offer economies of scale for bigger ships

Sri Lanka. In the financial year 2015, Colombo handled roughly 1.2 million teu of Indian transshipment cargo compared to 652,000 teu in 2014. Colombo garnered a major share of transshipment cargo accounting for 48 per cent of transshipped cargo from India, followed by Singapore, at 22 per cent, and Port Klang, at 10 per cent, according to data from the Ministry of Shipping.

One area where India perhaps squares off with Sri Lanka is the presence of a well organised logistics system. Although India is yet to come up with a sound logistics policy, the presence of large number of fairly sized domestic and international players has revolutionised the logistics segment. Sri Lanka too is emerging as a key sourcing base in South Asia for international buyers in the garment and plastic products sectors, leading to increased demand for 3PL services, including warehousing and transportation, as well as integrated supply chain solutions. Aside from Kerry Logistics and APL Logistics, there are a number of other foreign 3PL service suppliers operating in the island state, including Dubai-based GAC Logistics and Clarion Logistics. With the increasing flow of transshipment cargo through the island, Sri Lanka aims to further develop its logistics sector, providing integrated and high value-added services to international trading and transportation companies.

India's aspirations to be a transshipment hub can soon be real. What is required in the interim is carefully described by SAGT's Ted Muthiah – "For bigger ships to come, a port has to cut transit time because I think that is where the opportunity lies in filling them up. You need to incentivise the big ships; you need to broaden your cargo catchment area; you need to help them achieve the economies of scale. This will help them change their network. This is what Sri Lanka did. And this is precisely what India needs to do.

INDIA, WITH ITS SAGARMALA PROGRAMME TO STRING ALL ITS PORTS IS ACTIVELY LOOKING AT DEVELOPING TWO MORE TRANSSHIPMENT TERMINALS AT VIZHINJAM AND COLACHEL TO COMPETE WITH ITS ISLAND NEIGHBOUR. THIS IS BECAUSE IN THE NEXT 10 YEARS, THE INDIAN OCEAN WILL BECOME THE NEW BATTLEFIELD FOR CHINA AND INDIA, WHICH ARE JOSTLING FOR CONTROL OF THE REGION

DP World Nhava Sheva recognized with the Golden Peacock Eco-innovation Award 2016

DP World operated Nhava Sheva International Container Terminal has been conferred with the prestigious Golden Peacock Eco-Innovation Award 2016. This accolade is for their significant contribution in protecting the environment, with the innovation of the RTG Crane Inverter which aides in saving 374 tonnes of Carbon emission and 37,400 trees a year.

The Award was presented by Piyush Goyal, Hon'ble Union Minister of State (IC) for Power, Coal, New & Renewable Energy, Govt. of India to Sagar Mhatre, Head HSE who graced the event and acknowledged the award on behalf of DP World Nhava Sheva ICT.

Ajay Singh, CEO, DP World Nhava Sheva said, "In order to advance trade and strengthen competitiveness, it's a pre-requisite for us to bestow sustainable and innovative offerings that signifies standards and commands the two fold approach of efficiency and economic viability. We at DP World Nhava Sheva are extremely proud to have been able to achieve this with the Green RTGs that benefit in saving fossil fuel, carbon emissions and trees."

About the RTG crane inverter:

The RTG Crane Inverter qualifies as a high standard product which can be used in different yards using electricity or fuel with efficiency, flexibility and easy operational advantages. In order to limit the consumption of the main engine of an RTG, the crane uses an auxiliary engine which is a small engine used when the crane is not in operation. This efficiently provides power for lights, emergency devices, communication from the operator's cabin itself.

Though satisfactory, when faced with limitations, this auxiliary engine is replaced by an inverter to supply power. This is the 'RTG Crane Inverter' which replaces the auxiliary generator of the crane. This inverter uses battery for the power supply wherein auxiliary engines use diesel. The fuel used for auxiliary engines is saved which leads to save carbon emission.

Freight rates to rise

Container shipping rates which have bottomed out are forecast to rise modestly over the next 18 months from the all-time lows reached recently, but this will not be sufficient to rescue the industry from substantial losses in 2016, according to the latest Container Forecaster report published by global shipping consultancy Drewry

Liner shipping has had a torrid time so far in 2016 with spot freight rate volatility reaching unprecedented levels, while unit industry income has fallen to record lows. There are distinct parallels between what is happening now and the depths of the 2008/09 global financial crisis. Drewry estimates that container carriers collectively signed away $10 billion in revenue in this year's contract rate negotiations on the two main East-West trades. With annual Transpacific contract rates as low as $800 per 40ft to the US West Coast and $1,800 per 40ft to the US East Coast, carriers have done exactly what they did back in May 2009 in a desperate attempt to retain market share.

With first quarter headhaul load factors at around 90 per cent, there was no logical reason for carriers to sign so much revenue away in one fell swoop. While spot rates on the core trades have significantly improved after the 1 July GRIs, it is still too early to say if carriers have suddenly changed their approach to commercial pricing.

The recent decision by the G6 lines to take a weekly loop out of the Asia-North Europe trade is a positive move. But similarly pragmatic and proactive measures will be necessary across other sick trades if recent improvements are to gain momentum. While the new alliance structures are bedding-in between now and April 2017, this work will take some time yet.

Container lines are cutting capacity with three transpacific weekly services shelved; the number of Asia-Europe services are down to 17 from 21; and weekly services to the east coast of South America from Asia down to three from eight a year ago.

Indeed, after some good repair work in the Asia to East Coast South America trade, which improved spot rates from a lowly $100-200 per 40ft back up to over $2,500 per box, the industry can only wait and see what happens elsewhere.

Neil Dekker, Drewry's director of container research said: "For 2017, Drewry anticipates a slightly brighter picture with global freight rates forecast to improve by about 8 per cent. Carriers are expected to take some action to address overcapacity as cash flow attrition becomes more urgent and BCO (beneficial cargo owner) rates rise from this year's lows. But once again, this cannot be seen as a genuine recovery since these so-called improvements must be set in context against the unnecessarily big rate declines seen in both 2015 and 2016.

According to ocean freight benchmarking firm Xeneta, crowdsourced data from shippers and forwarders operating on the trade lane (Asia – Europe) indicates that rates will remain on an upward curve, at least through to the end of September. Chief executive Patrik Berglund noted that both short-term and contract rates were rising. Some carriers on the route have recently announced another raft of general rate increases (GRIs) for August 1, while others will increase their FAK (freight all kinds) rates on the same date. In a deal struck with the European Commission, after December 7, carriers will no longer be able to implement GRIs; instead, if they choose, lines can publish all-inclusive maximum freight rates for the route. However, carriers are, of course, still free to offer lower rates to shippers. Recently, Maersk Line and China Cosco Shipping followed Hapag-Lloyd in announcing FAK increases instead of GRIs, in advance of the December deadline. However, the Shanghai Containerized Freight Index star performer continues to be the Asia-South America east coast route, where spot rates jumped another $335 per teu to an incredible $2,626 per teu, recently. mg

Colachel: a spoilsport?

In spite of being close to the international maritime routes and having a natural deep draft, Colachel will do more harm than good as it will create overcapacity among major ports, aver industry experts

by Mohammed Shareef MP

Estimating a total investment of a whopping ₹25,000, crore, the Union Government has given nod to the development of yet another major port at Enayam near Colachel Tamil Nadu. The proposed port is intended to become a major transshipment hub competing with Colombo and to boost exports besides giving a fillip to fisheries and trade in the region, according to the ministry of shipping. After three months from now, a detailed project report will be made and further initial steps involving the development of the proposed port will be commenced.

The Tamil Nadu State will be unique in getting a fifth major port and this one will have the potential to draw major lines, according to the Union Shipping Ministry. After the detailed project report a Special Purpose Vehicle (SPV) will be formed by the three major ports in Tamil Nadu – the V.O. Chidambaranar Port Trust, at Tuticorin, Chennai Port Trust, and Kamarajar Port at Ennore – the project is bound to be expedited.

However, the industry experts already seemed to be voicing a strong critique to the proposed new port at Enayam. According to them it may not bring about any of the ambitious objectives and in fact they are worried that the new port could create an excess capacity in the region, marring the economic viability of not less than half a dozen ports in the vicinity. Incidentally, NITI Aayog, the Government of India Think Tank on policies had also expressed its doubts over the project citing the same reasons.

NITI Aayog's apprehension

Arvind Panagariya-led NITI Aayog had cast doubts over economic viability of the Colachel Port in Tamil Nadu, one of the three major greenfield port projects under Sagarmala, citing creation of over-capacity on the West Coast.

According to reports, NITI Aayog, at a recent meeting, had expressed its concerns over overcapacity resulting from development of this port, which is 30-40 km from Vizhinjam.

The reservations of NITI Aayog has come even as the proposed location is closer to the international maritime routes and has a natural deep draft capable of handling bigger ships. The 5,000-acre project is estimated to cost ₹6,628 crore in the first phase, which requires reclaiming of 500 acres from the sea. The project falls in the Kanyakumari parliamentary constituency of minister of state for shipping Pon Radhakrishnan, the lone BJP member in Lok Sabha from Tamil Nadu.

Another source said that the UPA government had proposed an outer harbour at Tuticorin and had termed it a project of national importance. "If both the projects of outer harbour at Tuticorin and Colachel are taken up there could be an issue of overcapacity," he said.

As per the Indian ports association, the country's 12 major ports handled 447.05 million tonnes of cargo during April-December 2015 against their capacity of 892.2 mt, pointing to lower capacity utilisation. The growth in port traffic has been led in the recent times by non-major ports, which has 45 per cent share in the total traffic.

The industry largely feels that even when the major ports are facing lower capacity utilisation the government has, however, lined up major port projects with a hope to ramp up the maritime infrastructure. "Instead of investing a lot on developing new ports, what government needs to do is create industrial clusters in the port vicinity if possible and definitely at the hinterlands. Such initiatives would boost the business and prospective across the board in the port and shipping sector," says a senior business man who doesn't want to be quoted.

Shipping minister Nitin Gadkari last October said ₹70,000 crore would be invested in the port sector in coming years as part of the port-led development programme termed Sagarmala. The Sagarmala project envisages integrated development of port, road, rail and other transport infrastructure and is aimed at reducing logistics cost to make the manufacturing sector more competitive. Accordingly, the government has planned to build three major greenfield ports one each in Maharashtra (Wadhwan), West Bengal (Sagar) and Tamil Nadu (Colachel).

What does the industry say?

"Colachel Port may prove to be attractive if Sethusamudram Shipping Canal Project goes ahead, which looks unlikely," said A**rjun Shankar, President, Customs House Agents Association, Tuticorin.**

The port is being developed mostly on the basis of transshipment potential from Indian subcontinent and though the proposed port is close to the main shipping routes, it will compete with the proposed ports at Vallarpadam (operated by international player DP World) and Vizhinjam (concession has been awarded to Adani Ports and SEZ) for traffic.

"The competition for trans-shipment traffic by Vallarpadam and Vizhinjam as well from the existing ports of Chennai and Tuticorin will be high," Arjun Shankar said.

Moreover, to protect the port facility from waves and currents, two breakwaters will be needed – one each on the south and north. The southern breakwater may be shorter than the northern breakwater. But the total length and costs of breakwater may be very high. In addition to this dredging cost to maintain minimum 15 to 16 ft draft will be costly and make the project economically unviable.

Poor Forecasting

"Prima facie, given the lack of traffic, very high investment (₹27,000 crore) and nature of shipping economics make the economic potential for Colachel Port look poor and the decision to develop a major port at Colachel rather premature," Shankar said.

Captain Vivek Singh Anand, President, Mumbai and Nhava-Sheva Ship-Agents Association (MANSA) and the India Head of NYK Shipping Line was quoted in a report that the Cabinet decision has no meaning without India developing a cohesive strategy for the holistic development of the port sector.

"India does not have a master plan for the development of ports. It needs to be addressed before clearing any new port. Jugad mentality will not work. The proposed port will take away business from nearby ports and make them economically unviable. This port will create excess capacity in the region and will not yield any benefit in the short term. Considering India's potential in the maritime sector, it may benefit in the medium-to long-term," he said in a news report.

Competition from Colombo

Further Mr. Anand said, if the purpose of this port to is to woo transshipment container traffic from Colombo, it would be a challenging task.

"Cochin Port has been there for a long time but it has not succeeded in attracting traffic from Colombo. It is almost in the same channel. Colombo is attracting traffic because port cost is far less and India cannot match," he added.

What government claims?

TRANSSHIPMENT BURDEN

₹350 crore loss through cost of logistics

₹1,500 crore revenue loss to ports

₹5,000 crore of indirect impact on the economy

Loss of **4,000 direct jobs** in ports

Transshipment cost per teu through Colombo port is $100.

2.8 million teu of India's cargo transshipped through foreign ports results in significant economic and social loss to Tamil Nadu

*Loss per annum
**Source: Ministry of Shipping

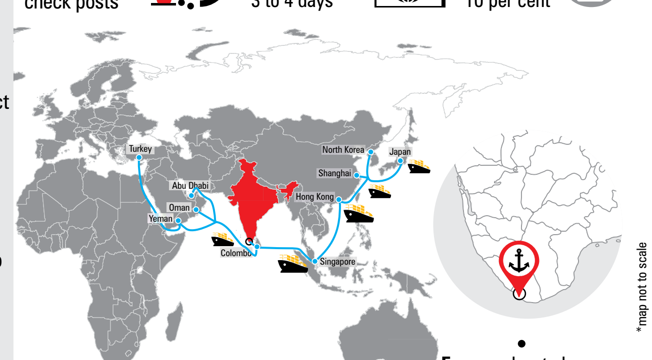
ADVANTAGES OF ENAYAM PORT

Closer to Tirupur, Coimbatore, Madurai, Tirunelveli and Sivakasi, than any other transshipment port

Will save 18 to 24 hours of waiting at inter-state check posts

Expected to save transshipment time by 3 to 4 days

Logistics cost will go down by 10 per cent



Enayam, located near Colachel in Kanyakumari district will be the fourth major port for Tamil Nadu

Will attract export units from tirupur to Tirunelveli, Virudhunagar and Madurai

Sources: The Hindu

"Yes ports are required. But we cannot have 97 big ports on a coast line of 7,517 km. Hinterland connectivity is much important than just putting up a port," Mr. Anand said.

Feasibility study is questioned

While the discussion on the Colachel Port Project makes it into headlines, there was a massive protest at Nagercoil where around 40,000 locals gathered against the project, according to reports. Those gathered also criticized the pre-feasibility study conducted by a Spanish firm, the protesters called it a humbug.

The rapid Techno-Economic Feasibility Report by TYPSA-BCG shortlisted Enayam based on two major advantages – a 20 m draft near the shoreline which will reduce dredging and maintenance cost and the location being just 14 nautical miles from the Great East-West shipping route connecting Europe to East Asia. This lane caters to 80 per cent of India's current container transshipment cargo and most of East Asia's trade with Europe.

According to reports, J Jasiah, Former Municipal Chairman, Colachel, who opposes the project, said four locations – Enayam, Colachel, Muttam and Kanyakumari – were considered for the port.
The report did not consider the dense population in the region. It said another possible location is in the east waters of Kanyakumari, which is a naturally-sheltered area without much population.

Jaisah said if the government can dredge and maintain it to 20 metre at Kanyakumari, there will not be any hindrance for anybody.

But one of the reasons for not selecting Kanyakumari could be 'due to high environmental issues and touristic value and monument islands need to be respected', going by the feasibility report.

Project viability puts a big question mark on the project as Vallarpadam Port in Kerala, north of Enayam, is operating at 30 per cent capacity; a project similar to Enayam is coming up at Vizhinjam just 25 nautical miles north and Colombo, a well established transshipment hub, is expanding its operations, the locals voiced their concerns.

LOGISTICS
This year temperature controlled global pharma logistics will be
$12.6 billion

EXPORT MARKETS
India exports pharmaceuticals to US, Europe, Latin America, Russia. Imports of raw materials coming from China arrive at the Chennai Port and are shipped off to far off destinations in the West from JNPT's Nhava Sheva once they become finished goods.

GLOBAL MARKET
The global pharma industry today is roughly $1.1 trillion, and by 2020 is projected to rise by 41%. Products that require refrigerated storage and transport are worth around
$260 billion

THE CASE FOR SENSITIVE SHIPPING

Pharma cargo is both temperature-and time-sensitive, therefore shipping companies handling pharmaceutical products need to understand the business before they move the cargo. The transporter should be aware of the best possible route factoring all logistics costs to be able to handle a shipment end to end

by Deepika Amirapu

Key ingredients in logistics

The size of the life-saving, pill making pharmaceutical industry in India is said to quadruple by 2020 from the current $55 billion, opening up many opportunities for logistics players in this industry. A Mc Kinsey report that put forth the size of this market says five new opportunities will capture 45 per cent of the country's drug market in the next four years. They are patented products, consumer healthcare, biologics, vaccines and public health. And to handle the requirements of these varied segments, pharma logistics companies should tighten their belts.

This is because supply chain and logistics in the pharma industry is very critical for providing the right medicine to the right patient in the right time at the right price and most importantly in the right dosage. The logistics needs of this sector are demanding and require greater attention to detail because cargo is both temperature-and time-sensitive. A small slip in temperature even by a few degrees in a shipment can lead to a loss in thousands of dollars, pharma companies say. Currently 32 per cent of total pharmaceutical exports need ambient temperature storage (15-25 degrees) and 10 per cent need cold storage (2-8 degrees). To prevent these losses, shippers and their service providers have developed some sophisticated techniques for maintaining the cold chain. To maintain consistent shipment temperature in transit, companies use equipment such as refrigerated trailers, insulated packaging, thermal blankets, and dry ice.

"Shipping companies that are handling pharmaceutical products therefore need to understand our business before they move our cargo. The transporter should be aware of the best route possible factoring all logistics costs to be able to handle a shipment end to end," says CV **Narayan Rao, Executive Vice President- Supply Chain Management for Natco Pharma.** Depending on the urgency of requirement, a single mode or multi-modal requirement is necessary to transport medicines within the stipulated period. Natco's exports each year amount to ₹600 crore and about the same value of drugs are consumed domestically.

Pharmaceutical products manufactured in India are exported to the United States, Europe, Latin America, Russia and a few South Asian countries. Drugs, intermediates and active pharmaceutical ingredients, unlike other cargo, are low volume and high value. Most shipments are carried out through air and sea in case of export and by road if drugs have to reach different destinations in India. Imports of raw materials coming from China arrive at the Chennai Port and are shipped off to far off destinations in the West from the Jawaharlal Nehru Port Trust's Nhava Sheva once they become finished goods. For air transport, Mumbai and Hyderabad airports are used where temperature controlled warehouses are used to preserve the product.

The Indian pharma logistics segment is dotted with a large number of unorganised players. Five years earlier, the Indian pharma industry preferred to outsource logistics activities entirely to third parties. But today, supply chain heads prefer managing them in-house outsourcing only complex functions and transport to logistics players. A double dose of technology and a wider net of players to choose from have helped the industry in picking companies that understand international shipping and domestic handling.

In comparison with other industries such as retail, fast moving consumer goods and electronics, medicine makers have specific requirements that need careful study by the logistics operator. The pharma logistics segment requires retaining the temperature at transshipment hubs, real time track and trace, qualified persons to handle pharma cargo, special packaging solutions that are cost effective, immediate custom clearance, and compliance to regulatory requirements at the origin and destination. Maintaining just the right temperature is a challenge for anyone who ships or stores pharmaceuticals, but it's an even larger obstacle for companies shipping from the warmer climates where many drugs are made today.

A logistics manager from Natco Pharma who handles domestic shipments of medicines said the temperature difference is most noticeable in long distance shipments because air gets arrested in the vehicle. On certain routes when temperature-sensitive drugs are moved from South India to North India by road, the trucks were fitted with ventilators and windows to make sure air is not trapped. This helped the temperature drop by six to seven degrees to maintain their quality.

When cargo needs to be dispatched quickly, surface transport is used where drugs loaded from the central warehouse of the pharma companies are re-distributed to different state hubs where the clearing and forwarding take delivery and dispatch it to multiple distributors and pharmacists. However, poor road connectivity to remote locations in India makes aggregation of cargo a difficult task besides the want list of permits from each state at the check posts delaying cargo delivery substantially. Rail, the next alternative for domestic transport, is a strict no-no for pharma companies as the incidence of pilferage is very high and cargo seldom reaches on time despite several follow ups. "The cost difference between moving cargo between railways and roadways is about 25 per cent, yet we cannot move cargo by rail because many cartons of drugs get stolen for resale by moonlighters," the official from Natco says.

This makes road movement the safest and quickest option for inbound logistics. For some companies, the raw materials that come from different countries are received through JNPT as there are no direct calls to Visakhapatnam or Krishnapatnam Port, officials from Dr.Reddy's Laboratories say. Reefer containers are used while transporting medicines by road from Mumbai to Hyderabad as temperature needs to be maintained at the particular levels. "GPS enabled data loggers are built in that help us monitor the performance and movement of the container. Thermal blankets, white breathable covers and pre-cold reefer trucks are used to bring the APIs to the factory," **Dr.Ravi Prakash Mathur, Senior Director, Supply Chain at Dr Reddy's Laboratories** said. Its exports also go through JNPT in about 400 containers every year. The company is looking at a way of receiving all shipments at the inland container depot at Hyderabad instead of Mumbai as all cargo can be cleared by customs authorities locally as well.

But the most preferred mode is airways for outbound logistics, the company's supply chain head says.

"GPS-ENABLED DATA LOGGERS ARE BUILT IN THAT HELP US MONITOR THE PERFORMANCE AND MOVEMENT OF THE CONTAINER. THERMAL BLANKETS, WHITE BREATHABLE COVERS AND PRE-COLD REEFER TRUCKS ARE USED TO BRING THE API'S TO THE FACTORY."

Systematic procedures and dedicated warehouses make air transport the most preferred mode. All drugs are sent from the factory to the airport where they are loaded on to the tarmac and then in to the aircraft and change hands only once at the transshipment airport before they are transported to the final destination. Dr Mathur, however, sees the need for a standard operating procedure for all stakeholders in the supply chain to make sure clearance and movement of goods happens smoothly. The company sends about 7,000 tonnes of cargo by air each year and has simplified its entire logistics process to have an oversight on the entire movement. The turnaround time for each activity to be completed is fixed and all service providers are also presented with standard operating procedures. "A streamlined supply chain means a significant cut in our scope 3 emissions and a sizable saving in transportation cost for our suppliers and vendors," Dr.Mathur said. We also help spread safety management practices among contractors and confirm that they are adhering to them. Dr.Reddy's has constantly re-invented many processes to make logistics more efficient and cost effective. Some of their initiatives are:

a) Usage of slip sheets: The first innovation is the usage of slip sheets instead of wooden pallets for US and other markets. Slip sheets are thin pallet-sized sheets made of plastic, heavy laminated kraft paperboard, or corrugated fibre board used in commercial shipping. Often, these replace the use of traditional wooden pallets. The unit load is usually stretch wrapped or shrink wrapped for stability. A slip sheet weighs just one-thirtieth of a wooden pallet and this leads to a significant reduction in material handling costs, especially on air shipments. This usage was introduced about two years ago and the firm currently ships 80 per cent of its cargo to the US using slip sheets. This has led to a ten per cent reduction in overall freight.

b) Dr.Reddy's Laboratories has integrated the logistics process with supply chain management and used technology to synergise the two processes. An Advance Planner and Optimser, or APO has been employed to help in plan production based on shipping. A truck load builder is one of the features and it enables to optimise load on a truck. It matches space available and load required besides recommending the size of truck required depending on the shipment load.

c) Sea movement of cargo: Moving products by sea rather than air reduces emissions and fuel usage per product shipped. Hence, the company continued to schedule its manufacturing and dispatch in order to shift more cargo from air to ocean freight. Over 50 to 60 per cent of its products are shipped by sea that helps them save on freight cost, lead time and plan inventory requirement well ahead.

"The crux of success in this business lies in follow-up and constant vigil. Managing supply chain process innovation through capacity is as important as production planning," a senior official MG spoke to said, emphasizing on the importance of a well designed and executed supply chain and logistics process.

"Pharma is a pious business. Its severity should be understood by those that are working in and for the industry. More than the value of goods, it is the value of life that is invaluable. A product that lives past its expiry date can always be recalled, but a person who expires after a drug is administered cannot be," the Natco Pharma official says underscoring the importance of efficiency and efficacy in this business.

Pharmaceutical cold chain logistics is a $12.6-billion global industry and is projected to grow 52 per cent between 2014 and 2020

HOT FUTURE FOR COLD CHAIN

Preliminary data from Pharmaceutical Commerce's annual Biopharma Cold Chain Sourcebook shows that managing the transportation of temperature-controlled products (refrigerated and frozen) will total $12.6 billion this year, continuing an 8-9 per cent per year growth rate that is roughly double that of pharma products overall. The report pegs non-cold-chain pharma logistics costs at $78.8 billion and rising at the 4-5 per cent growth rate of pharma volumes. By 2020, pharma cold-chain logistics will be worth $16.7 billion, and non-cold chain at $77.1 billion.

The global pharma industry today is roughly $1.1 trillion, and between 2014 and 2020 is projected to rise by 41 per cent. Within that, products that require refrigerated storage and transport are worth around $260 billion, and will rise 65 per cent between 2014 and 2020, while non-refrigerated products are projected to rise by about 34 per cent. The drivers, of course, are the continuing transition to biologically based products in new product introductions; additional drivers are the tightening requirements for life sciences shipments, combined with the growing internationalisation of pharmaceutical trade.

The doubling of pharma cold-chain logistics growth is attributable primarily to the shift to biologics and other specialty pharmaceuticals, many of which require refrigeration. Continued strong growth in insulin products and vaccines is also propelling growth.

"If anything, our estimate of current and future spending is slightly under-calculated, because there is a small but growing trend for shipping ambient-temperature products in a monitored, controlled manner, which is a departure from past practices," notes Nicholas Basta, editor-in-chief of Pharmaceutical Commerce. "Recent Good Distribution Practice (GDP) guidelines, to which the industry is gradually adopting, require control of even room-temperature product, which is essentially everything that is not refrigerated or frozen."

Facility growth

In recent years, air carriers and 3PLs have made substantial investments in capacity expressly for life sciences products. UPS now has a global network of 50 facilities dedicated to healthcare logistics; FedEx has acquired Genco, a US 3PL, and TNT Express, a European-based courier company; similar undertakings have occurred at Kuehne+Nagel, Panalpina, DHL and others. Air carriers American Air Cargo and United have opened dedicated facilities at eastern-seaboard airports.

Technology for cold chain is advancing: it is now commonplace to have real-time tracking of shipments (including temperature monitoring), and logistics providers can intervene to keep shipments safe and on-spec. There is a battle going on between bulk air-cargo container suppliers, such as Envirotainer and CSafe, and suppliers of single-use pallet shippers such as Sonoco ThermoSafe and Cold Chain Technologies. "Shipping options are multiplying, and smart pharma companies are making careful evaluations of cost vs. performance in their choices," says Basta.

Clinical logistics

The Sourcebook also looks at the clinical logistics field. Trial initiations and the scale of trials will generate a logistics volume of around $3.2 billion in 2016. Based on estimates of future trial volume, location and industry R&D spending, logistics spending will growth at 2 per cent per year, to about $3.4 billion in 2020. mg

Growing gradually

"Our strategy is to grow the business around Tata Group and then move gradually to non-Tata companies."

RN Murthy, *MD, TMILL*

Q What led to the formation of TMILL?

TM International Logistics Ltd (TMILL), a Tata Steel logistics company was incorporated in 2002, on the back of the growth in Tata Steel's exports. In the early 1990's Tata Steel used to export its flat products and HR coils either from Kolkata or Paradip port. In the mid 1990's, due to non-availability of rakes at Paradip, exports of the company were diverted to Haldia Dock under Kolkata Port, which proved to be cost-effective to Tata steel. In the late '90s, Tata was scouting for partnership for port operations, as Haldia Dock offered one berth on PPP format for a period of 30 years. The company finally formed a joint venture with Germany-based IQ Martrade, which has vast experience in port operations, with a 49 per cent stake. It won the tender in 2001 and founded TMILL in 2002, which is today ₹850-crore logistics company.

Subsequently, in 2009, NYK Holding (Europe) joined the venture as a third JV partner, acquiring 26 per cent stake from Martrade. At present, Tata Steel holds 51 per cent stake in TMILL, while NYK Holding (Europe) and IQ Martrade have 26 per cent and 23 per cent shares respectively.

Q Do you offer services to Tata Group exclusively?

We offer a single window end-to-end logistical support for dry bulk, containerised and project cargo, with services ranging from port operations, shipping, freight forwarding and customs house agency to inland logistics, warehousing and tugging. Tata Steel is our major customer and constitutes 65 per cent of our total revenues. Our strategy is to grow the business around Tata and then move gradually to non-Tata companies. We operate at Kolkata, Haldia, Paradip and Vizag/Gangavaram ports. We handle all dry cargo except coal and other black cargo. The company has been handling cargo of 14 million tonnes per annum. We have warehouses in Haldia, Jamshedpur and Kalinganagar.

Q Tell us about your participation in the Railways' SFTO scheme?

We are preparing to run our own freight trains to carry commodities through participation in Indian Railways' Special Freight Train Operators (SFTO) scheme. TMILL had made several representations to the Indian Railways seeking certain modifications and revisions in the SFTO scheme, as a result of which the railways had tweaked the scheme to make it more attractive for operators. We are the first company in the steel product movement participating in the SFTO scheme. We plan to start operating private freight trains for moving steel coils for Tata Steel under SFTO scheme by September.

We will invest about ₹150 crore to buy 7 to 8 rakes initially. The railways will operate the rakes for TMILL, In return for which the company will enjoy a freight concession of 12 per cent from the railways.

The Research Design and Standards Organisation (RSDO) of railways has designed a new wagon for higher loads.

> WE ARE EXPLORING THE IDEA OF BUYING SHIPS AS THEY ARE AVAILABLE AT ROCK BOTTOM PRICES. THIS WILL BENEFIT US WHEN THE MARKET TURNS FAVOURABLE.

Texmaco is developing the prototype wagon as per the specifications of RSDO. Under the new design each rake carries 58 wagons, instead of 43 wagons in standard rakes, which gives the operator a major cost benefit.

Q Since majority of your business is from Tata, has there been any impact of the slump in global EXIM on your business?

Overall, the shipping industry has been going through a bad phase for some time now. The Baltic Dry Index has been at an all-time low, so the company has been achieving low volumes of late. But we are also trying to find some opportunity in this sluggish market. We are exploring the idea of buying ships as they are available at rock bottom prices. This will benefit us when the market turns favourable.

We had a nearly 17 per cent jump in performance after tax (PAT) at ₹42.15 crore during 2014-15, as against ₹35.98 crore for the previous year. Income has declined to 851.19 crore in 2014-15 from 1096.38 crore in 2013-14. We have taken a conscious decision of not chasing big turnovers but to focus on bottomline margins. Port operations and shipping are the major revenue earners of the company, while the rest comes from freight forwarding and tugging. mg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VIZAG TO OUTSMART KOLKATA!

With all the key advantages on its side such as better connectivity, infrastructure, shorter transit and detention time, Vizag Port is expected to prove itself as better alternative for Nepali traders who are into third country exports and import trade

by Mohammed Shareef MP

While Nepal is speeding up homework to operationalise the extra transit routes through India provided by the pact signed by the two countries earlier this year, Visakhapatnam Port is all set to start handling Nepal cargo, being the second gateway port for Nepal's third country EXIM traffic. A high level delegation led by Chief Secretary of Nepal, Somal Subedi, visited Visakhapatnam in the month of June, this year, in order to see the facilities available at the Port City of Vizag and they looked impressed and vowed to start using the port and related facilities as soon as possible.

Meanwhile, the authorities of Visakha Container Terminal Private Limited (VCTPL), the container terminal at the port, have ensured the delegation that Nepali traders of almost all business verticals could benefit using the port for their end-to-end third country EXIM trade. The only seemingly hassle, the trader would face is the comparatively longer distance from Visakhapatnam to Birganj ICD but VCTPL is confident enough to ensure and offer a better leverage in the whole trade as the Vizag Port has better facilities in almost all segments of the trade, compared to Kolkata Port.

Vizag's offers to Nepal

Once Nepali traders start using Vizag as their second gateway port for the third country EXIM transshipment, in the overall end-to-end trade, they can enjoy a margin benefit of at least ₹60,000 to ₹65,000 compared to what it would have been through Kolkata Port, ensures VCTPL. This would be made possible, comparing different verticals of doing the business with Kolkata Port and Visakhapatnam Port.

Deepest container terminal

VCTPL claims to be the deepest container terminal in the country with a 17-metre deep draft which is good enough to berth the biggest container vessels ever available at this point of time in the ocean trade. According to Sushil Mulchandani, Chief Operating Officer of the terminal, the bigger vessels bring down the ocean freight rate, compared to those smaller ships which can only carry a limited number of containers. Kolkata Port has only 7 metres of draft where only smaller vessels can be berthed and this is one of the prominent drawbacks of the Kolkata Port compared to Visakhapatnam Port.

Shorter transit from China and better connectivity

After India, China is the biggest trade partner of Nepal and China is the biggest trade partner for its third country imports. On an average, Nepal imports 0.3 to 0.7 million teu of goods annually from China and by 2020 it is expected to grow up to two million teu. So it is essential that Nepali importers have better and short distance connectivity to China and Vishakhapatnam has edge in terms of direct calling from China, taking lesser voyage time. While KoPT doesn't have any direct calling from China, VPT has almost seven direct services. Almost all Nepal bound cargo reaches Kolkata Port, after transshipping it through Port of Singapore, it delays the shipment by at least four to five days, compared to Visakhapatnam. While it takes total 26 days of voyage for a vessel to reach Kolkata from China via Singapore, it takes only 22 days for a vessel to reach Visakhapatnam from China.

Visakhapatnam is closer to all the important ports of southeast Asia, compared to Kolkata. While Singapore is 1,573 NM away from Visakhapatnam, it is 1650 NM from Kolkata. Similarly, Kelang Port is 1385 NM away from Vizag, compared to 1556 NM from Kolkata.

Less detention time

In the end-to-end movement of cargo between China and Kolkata, an estimated detention time of eight days are being calculated, which includes two days of detention at the Singapore Port and six days of detention at the very Kolkata Port, but in the entire course of voyage between China and Visakhapatnam, the detention time is just three days at the Vizag Port. Detention charges on the boxes are one of the main factors which make transshipment through Kolkata Port costly for the Nepali traders. While detention charges across the globe is fixed and constant, efficiency at the port and the entire supply chain is what makes a relieving thing for the traders. After a grace period of almost 14 days, the trader has to pay ₹3,350 for a box as detention charges to the liners and less the detention time makes the less money spending for the trader.

Vizag vs Kolkata Port

DISTANCE (IN NAUTICAL MILES)		
PORTS	SINGAPORE	PORT KLANG
VIZAG	1573	1385
KOLKATA	1650	1556

Back-end infrastructure

While in terms of port and terminal infrastructure, Vizag is far ahead of Kolkata Port, it outsmarts the one of the oldest operating ports in the country in terms of back-end infrastructure too. Back-end infrastructure, which mostly consists of Container Freight Stations, CFS are considered to be pivotal back-end support mechanism for a smooth port operations when it comes to container handling. Kolkata has only three CFSs with a total capacity of 51 acres, whereas Vizag has as many as eight CFSs as a back-end infrastructure with almost triple the size of Kolkata's entire CFSs, a total area of 150 acres, at present.

Strong rail connectivity

Railway network at Port of Visakhapatnam is the largest amongst Indian ports with over 200 km of rail length, over 30 sidings and 60 per cent rail coefficient. The port has a close interface with Waltair Division of East Coast Railways which facilitates quick transportation of EXIM cargo from/ to all the states in the country and at time to Pakistan and Bangladesh also. The port is equipped with 15 WDS-6 locos of 1400 HP and 3 WDG-3 locos of 3100 HP capacity for carrying train operations.

Divisional Railway Manager Chandralekha Mukherjee said: "The decision of the Govt of India identifying VPT as a second Gateway Port for freight handling to Nepal provides major impetus to container traffic. Indian Railways in general and East Coast Railway in particular are committed to develop Visakhapatnam Port as a major container hub."

From Vizag to Birganj ICD, the routes are almost electrified and the flexibility of interchanging diesel and electric locomotives is easier as the proximity of both locomotive sheds is very minimal in the route. "Engine waiting for train" will be introduced for Nepal bound containers and also closed circuit rakes will be introduced between Visakhapatnam Port and Birgunj, which would enable real-time monitoring of the rakes.

Nepal notifies NRB about Vizag Port

The Nepal government has notified the Nepal Rastra Bank (NRB) about operationalisation of Vizag Port and has asked the latter to make arrangements for the payment of third-country cargoes destined for Nepal.

The central bank will issue a circular to the commercial banks allowing them to issue letters of credit to import consignments via Vizag Port.

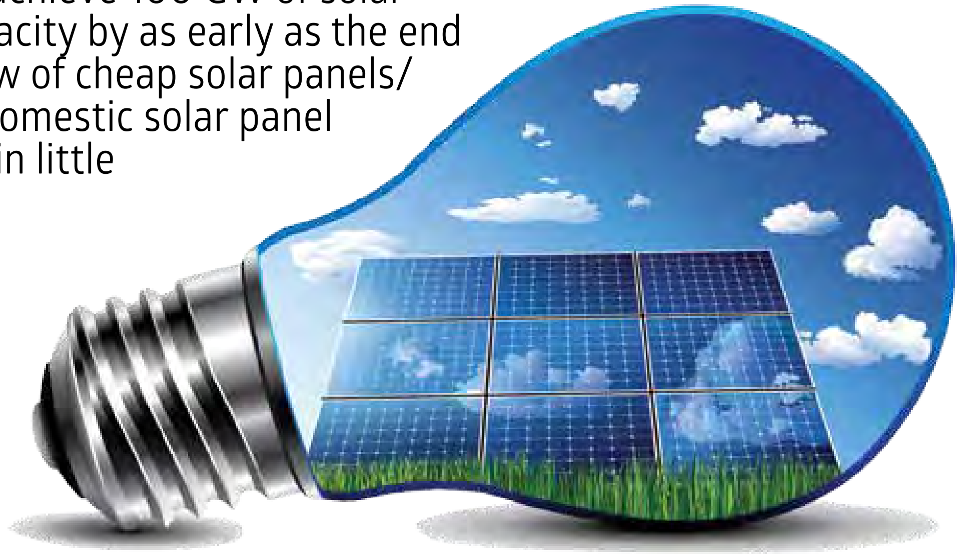
After the commercial banks are notified by the NRB, import from Vizag Port will formally commence. While consignments could be brought through means of bill of lading, the cost of goods, insurance and freight (CIF) is a must for valuation of cargoes imported from third-country. Customs officials fix customs duties and other taxes based on the CIF mentioned in letters of credit.

According to Commerce Secretary Naindra Prasad Upadhyay, traders can now import goods via Vizag and all the operational hurdles will be settled gradually after traders start utilising the port.

CHINA RULES THE ROOST

India is gearing up to achieve 100 GW of solar power generation capacity by as early as the end of 2017, but with inflow of cheap solar panels/ cells from China, the domestic solar panel producers stand to gain little

by Mohammed Shareef MP



As soon as a solar panel installer gets an order to set up a solar rooftop system in any of the Indian cities, they dial a Chinese company for the panels to be shipped to India. Despite the distance and logistics, the panels are far cheaper – with a difference of ₹5 to ₹6 per panel, compared to those available domestically. It takes about 30 to 45 days for the consignment to be delivered but the solar panel import is moving on a quick pace, especially from China.

Chinese Panels dominate

India is largely dependent on China for its solar cells and modules imports. In the financial year 2015-16, the value of imported solar panel, cells and modules tripled to $2.34 billion and of the total import, China alone accounted for 83 per cent, with a value of $1.9 billion of the total.

In 2014-15, India's solar imports amounted to $821 million; China's share was 73 per cent. China has gained share in a growing market.

The only other country whose exports to India touched a three-digit number was Malaysia. India imported solar cells and modules worth $189 million from the country in 2015-16, up from $83 million in the previous year.

The US-based First Solar, which is one of the largest suppliers to India, has a plant in Malaysia (Solar cells are processed into modules). Last year saw record solar installations of 3,018 MW in India, which took the country's cumulative solar capacity to 6,762 MW by the year end (over 7,500 MW as of now.) In the current year, India is expected to add at least 5,000 MW.

Cheapest and cost effective

Despite the distance and the cumbersome logistics requirement, it is way more than cheap to a solar panel installer to import from China, considering the pricing in the Indian market. After completing the entire installation of the panels there will be a difference of ₹5 to ₹6 per panel – than what a manufacturer in any of the cities or any other part of the country would quote.

This is the case with solar cells too. While it would cost ₹22 to ₹30 per watt for an Indian made solar cell, it would only cost half of the amount to spend on a Chinese made solar cell – for Chinese cells it would only cost ₹10 to ₹17 per watt. In the case of solar panels, an Indian panel would cost around ₹36 per watt, whereas for Chinese it would only cost ₹30.

Indian Manufacturers cry foul

A solar cell manufacturing company based out of Delhi that has its factory in Andhra Pradesh has stopped making cells altogether. "We have the same technology. In fact, our products are of superior quality but the government has put no checks on imports. I read with great interest Delhi's draft solar policy – of installing 2 GW by 2025 – but will it all be with imported panels? We have represented government our concerns," said Arun Mishra, member of the Solar Energy Society of India and vice president of a solar manufacturing units.

Despite the constant demand of the Indian manufactures to impose anti-dumping duty on solar panel and cell imports, the central government hasn't yielded to their plea so far. Since the lowest bidder gets almost all government projects, those who are depending on China for the modules and cells get a better edge for getting different solar power project and this has been the major concerns for the solar manufactures in India.

"We, as developers, and even state governments will opt for the lowest bidder. Indian manufacturers are expensive. It will take a long time to bridge this gap," said a manufacturer currently developing rooftop projects on government buildings in Delhi.

Export

Interestingly, in contrast to the growth in imports, India's exports of solar cells and modules rose modestly to $171 million in this year compared with $168 million in the previous year.

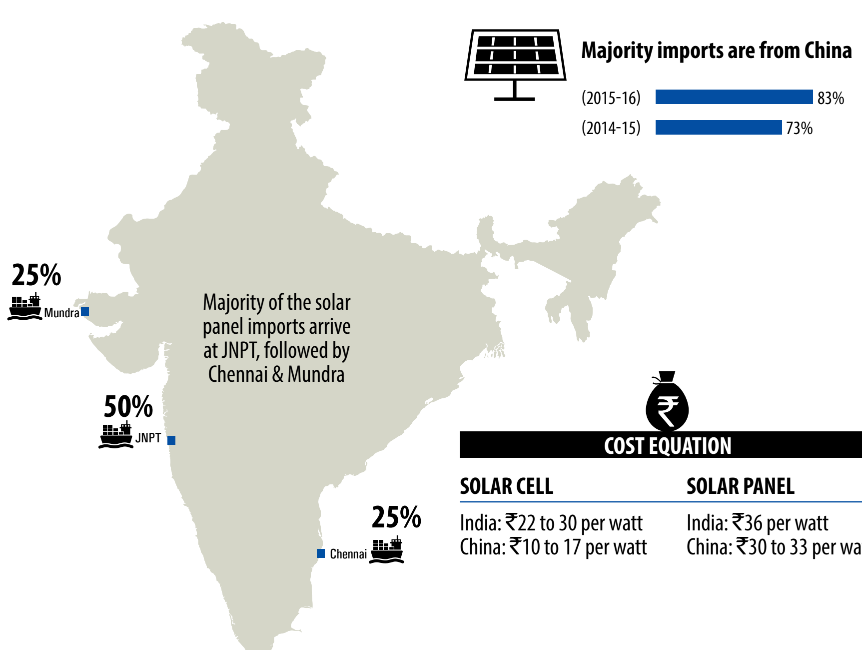
The US, which bought $60 million worth of Indian solar products, accounted for a meagre $7.83 million. The UK was the largest buyer of Indian products in 2015-16, with purchases worth $108 million, compared with $ 46 million previously.

The apparent reason for the import boom

In 2014, India's Prime Minister Narendra Modi announced a goal to increase solar power capacity to 100 gigawatts (GW) by 2022 – five times higher than the previous target. The 2022 target is extremely ambitious (the world's total installed solar power capacity was181 GW in 2014) and would make India a global leader in renewable energy. Moreover, Piyush Goyal, India's Minister of State (IC) for Power, Coal and New & Renewable Energy, recently said that India aims to achieve its 100 GW solar target as early as the end of 2017.

According to statistics, solar power is developing rapidly in India and as of May 31, 2016, the cumulative installed grid connected solar power capacity was 7,568 MW and the proposed target is 100,000 MW by 2022. India is ranked number one in terms of solar electricity production per watt installed, with an insolation of 1,700 to 1,900 kilowatt hours per kilowatt peak (kWh/KWp). In January 2015, the Indian government significantly expanded its solar plans, targeting $100 billion of investment and 100 GW of solar capacity (including 40,000 MW from rooftop solar) by 2022.

Solar panel imports in to India



As part of Central Government's green energy push, India will award contracts for the supply of 15,000 MW this year also, which indicates that the import will further go up as no quick turnaround in the solar cell or module manufacturing is unlikely.

According to the plan, Solar Energy Corp. of India (SECI) will shortly call for bids from developers for buying 2,000 MW, a government official said, requesting anonymity.

The procurement will be done through a reverse bidding process, and it will provide a purchase guarantee, making such projects bankable and help solar power eventually cost the same as that purchased from the grid.

Logistics

While the country is getting the lion's share of solar panels from China, Malaysia and Taiwan, three bigger ports in the country gets all the shipment. Jawaharlal Nehru Port, Mumbai, Chennai Port and Mundra in Gujarat handle almost all solar shipment bound to the country.

According to Sharmila Amin, Managing Director South Asia at Bertling Logistics India Private Ltd, almost 50 per cent of the total solar import happens through JNPT, Mumbai and both Chennai and Mundra ports account for 25 per cent each.

Though these three ports account for almost all solar panel, cell imports, the project promoters depend on other ports closer to the project locations.

One of the biggest power plants of Adani Power Pvt.Ltd has been set up at Kamuthi, Ramananthapuram, Tamil Nadu and the project location is just 100 km from the Tuticorin Port. For the 740 MW mega power plant, all required solar panels and cells were shipped through Tuticorin Port. According to David Raja, Vice President, St. Johns, ICD, Tuticorin, almost all project equipement for the Kamuthi Solar Power Plant was shipped through Tuticorin Port. "In December 2015, we shipped 6,000 containers of solar panels and cells to the Kamuthi Solar Power Plant. The shipment was from China and we got the consignment shipped via Colombo to Tuticorin and from here we delivered it to Kamuthi via road," says David Raja. mg

"Reduce import duty on raw material"

India's steel consumption is set to rise owing to growing infrastructure development and demand from automotive. Reduction in duty on ore and coking coal imports can go a long way in making Indian steel available for domestic consumption at a lower price and also in making it more competitive in global market

by Omer Ahmed Siddiqui

P N Khandelwal, *CEO, M/s Hira Power and Steels Ltd*

Q What is the current market scenario of steel sector in India?

India is the world's third largest steel producer and is expected to become the second largest by this year. Steel production in the country is expected to grow by almost 7 per cent in the year 2016.

Indian steel production rose by 2.6 per cent to 89.6 million tonnes (MT) in 2015 as against 87.3 MT in 2014. In 2015, nine of the top largest steel producing countries in the world saw production cuts and the exception was India.

The demand for steel outpaced supply over the last five years: In the FY 2015, consumption of finished steel grew to 76.99 MT while the CAGR increased to 5.74 per cent during the FY 2008-2015. Driven by rising infrastructure development and growing demand for automotives, steel consumption is expected to reach 104 MT by 2017. The total domestic demand for steel is estimated at 113.3 MTPA by FY 2016-17.

Q High price of domestic steel is said to be one of the reasons for declining engineering exports from India. Why are the domestic steel prices high and how can they be controlled?

It is a fact that high domestic steel prices are impacting engineering exports from India, but currently steel prices are at their multi-year low. The steel prices in India are still high compared to the prices of imports. The steel companies in India are constantly working towards reducing the conversion cost through increase in capacity utilisation, improvement in efficiency etc. The important aspect for controlling the steel prices in India is the cost of raw material.

Q Iron ore is said to be exported at a price substantially lower than the rate at which it is available for domestic Industry. What is the reason for this price difference?

The government has been considering reducing export duty on iron ore as it wants to help revive the mining industry, which is facing tough time due to softening of global commodity market. Prices of iron ore have plummeted globally to a decade low and there are few takers for the Indian iron ore.

There is 30 per cent export duty on iron ore fines with Fe content of 58 per cent and above and 10 per cent for below Fe content. For iron ore lumps, the duty is flat 30 per cent. The current price for iron ore is around $39-40 per MT, excluding Royalty, Cess and Transport costs. If the export duty is reduced to 10 per cent, there is a good chance to find customers for the iron ore. This will also help in liquidating stocks ahead of the increase in production.

Q The Niti Ayog has proposed for exporting the value added products instead of exporting iron ore directly. What opportunities do you see in this?

This is, undoubtedly a step in the right direction. India, though ranks 4th in the world's steel production but the fraction of value added product is very small. There lies a sea of opportunity in end products, i.e. valued added steel, for sectors like automobiles, consumer durables.

India exported ores and minerals worth ₹1.78 lakh crore in the Financial Year 2014-15, a decline of 8.58 per cent from 2013-14. The development of strong value added product Industry will strengthen manufacturing sector in the country.

Q What are the problems being faced by the mining companies in Chhattisgarh?

Major challenges include attracting new skilled workers, water management, regulations and decline in grade and quality. Some mines are located in water scarce areas and use sea water as a substitute.

A water balance and/or simulation model can be helpful to deliver proper water management strategy. More strict regulations are needed for better water footprint monitoring, quality control reporting, contamination control and mine closure strategy.

Q Cheap steel imports from China remain a concern. What measures is the government taking to control these imports?

The government has taken several measures including imposing a minimum import price on 173 types of steel products ranging from $341-752 per tonne on February 5, 2016 for a period of six months.

Review meetings will be conducted to understand whether the MIP has had any impact on in-bound shipments. Ministry of steel may ask for extending the minimum import price to stainless steel products as well.

India's consumption of finished steel was 77 million MT for financial year 2014-15. Of this, imports accounted for 9.32 MT, a jump of 71 per cent over the previous fiscal. Import of finished steel has further gone up to 10.216 MT till February this financial year compared with 9.32 MT in Financial Year 2014-15.

The government has made it mandatory for certain steel products to be sold with BIS marking only in order to stop cheap and inferior quality steel entering into the country.

The government has extended the provisional safeguard duty on steel till March 2018 and the steel ministry has tasked KPMG and SBI Capital Markets Ltd to assist in working out a bailout package.

Interestingly, India's Economic Survey 2016 stated that any future safeguards for the steel industry may not be in the best interest of the downstream industries. The Government is not in favour of taking additional steps to check cheap steel imports.

Q The central government has announced plans to increase steel production to 300 million tonnes per annum by 2025. From which sectors, do you see major demand coming?

There exist many factors which carry the potential of raising the per capita steel consumption in the country. These include an estimated infrastructure investment of nearly a trillion dollars, a projected growth of manufacturing from current 8 per cent to 11-12 per cent, emergence of rural market for steel currently consuming around 10 kg per annum buoyed by projects like Bharat Nirman, Pradhan Mantri Gram Sadak Yojana, Rajiv Gandhi Awaas Yojana among others.

Q What measures the government should take to give the industry a much needed push?

An India Ratings' report has maintained a negative outlook for the steel sector and expects the industry to continue face headwinds in FY 2017. However, it also says that steel consumption demand is likely to grow to 6.3-6.5 per cent in FY 2017, as key sectors like construction, capital goods, and consumer durables are likely to get a boost from government programs like Housing for All, Smart Cities, National Infrastructure Investment Fund, and so on. The current demand estimate for FY2016 is 5.5-6 per cent.

(a) Higher import duty on steel products, particularly long and flat products, which account for majority of imports.

(b) Iron ore production in India has declined from 218 million tonnes in the FY2010 to 125 million tonnes in the FY 2015. The shortfall is normally met through imports. The government can slash the import duty on iron ore, which will help in reducing the cost of production.

(c) Coking coal is a key input in steel manufacturing and in the absence of domestic resources, steel manufacturers resort to imports. A reduction in the import duty will help to control the input costs

Hassle-free shipments

Offering service across all modes of transport with end-to-end visibility and prompt customer support backed with high-end technology is what contrasts Vamaship to other transport service aggregators

by Deepika Amirapu

No minimum guarantee, no minimum parcel size. Cargo shipped from anywhere to anywhere. That seems to be nine-month-old Vamaship's business mantra that's fashioned itself to be one of the first technology driven integrated market places for shippers.

Its website and phone application are built to attract shippers who want to move any form of cargo – containerized, break bulk or bulk and match them with transporters who can engage the shipper with competitive prices. Shippers can choose their preferred mode of transport besides checking the box for contract prices or one-time spot fares depending on the volume and frequency of cargo movement.

Besides hundreds of ocean, road and air transporters, Vamaship's clientele includes large, small and medium enterprises and e-commerce traders who want to take advantage of technology to transport their goods. What perhaps contrasts Vamaship to other transport service aggregators is its service offering across all modes of transport. A shipper could opt for either one or multimodal transport to ship his goods. "We're designed to be the Amazon of logistics," says **Bhavik Chinai, Founder and CEO, Vamaship.**

"We guarantee best prices, fulfillment of contracts and service levels as promised," he adds. All shippers are offered a one-point contact for their shipments so coordination with multiple agencies can be avoided. The firm's call centre pitches in responding to any specific query cargo owners make once it is facilitated for movement. For a platform that claims to offer all these perks, it must be equipped to handle huge traffic. And technology makes this possible by offering end-to-end visibility on the shipment. Vamaship's servers are designed to handle website visits ranging from 10,000 to 10 lakh enquiries or hits at any given point in time allowing seamless scaling up or scaling down of servers as required. "From a front-end technology perspective, our billing speed is great and we have tried designing a responsive website with optimum display irrespective of the screen size," Chinai says. The firm has devised and wrote code specific to the logistics industry's requirements.

Vamaship has also employed data analytics to gain a competitive edge by analysing data to take decisions on patterns identified. The biggest evolvement in the supply chain and logistics industry today is the copious quantity of data that enterprises produce from connected equipment. Jeffrey Luft, Global Leader, Transportation and Distribution, Verizon Enterprise Solutions speaks of how data analytics can help in shipment transparency saying, "A huge benefit of data analytics and machine to machine technology is the ability to track a package right to the doorstep. Today, enterprises want to be able to track where their shipments are at all times and real-time data analytics offers businesses the ability to track their packages and see the progress of the goods in transit." Another trend that is starting to pick up is using raw data to control transportation spend. For example, it's not unusual to ask to have a package delivered at the earliest. However, not all shipments need to be hurried-up. If a shipper has access to data and can analyse his spend, he can see how much his firm spends on timely delivery versus priority delivery, he can have policies in place stating that no one can demand shipment immediately unless there is a business case for it. That will reduce spend while businesses make the most of the transportation technology.

Vamaship's customer base of 500 firms includes start ups to India's largest bauxite manufacturers who ship their wares across the country. For shipper's transparency in pricing and visibility of cargo are two reasons

Bhavik Chinai
Founder and
Chief Executive Officer
Vamaship.

"WE GUARANTEE BEST PRICES, FULFILMENT OF CONTRACTS AND SERVICE LEVELS AS PROMISED. CUSTOMERS HAVE REPORTED SAVINGS FROM FIVE PER CENT TO SEVENTY FIVE PER CENT IN FREIGHT RATES UPON USING SERVICES FROM OUR PLATFORM."

why he would choose to stay with a platform like Vamaship's. "Customers have reported savings from 5-75 per cent in freight rates upon using services from our platform," Chinai says. In a specific case, a trader who wanted to move his full container load cargo from Indore to JNPT was quoted $400 by his regular agent, but he could actually ship it for $180 once he cross checked fares using Vamaship's platform, Chinai's partner Rohit Chemburkar gleefully quipped. Soon, the exact time of cargo delivery will also be made available on the app. Currently only courier services indicate time of delivery but with using IoT, this will be made possible for larger shipments.

The platform hands out many advantages to transporters as well. For instance, a large road carrier can exempt himself from bidding for small consignments to make the most only of economies of scale. This means that quoting for an enquiry is optional. However, the platform has made space for strange bedfellows too. Shipping agencies that usually carry only FCL cargo and airlines that say no to small parcels most often are seen cosying up with shippers with little, but regular cargo. For enabling these services, Vamaship earns a commission from the transporters and shippers.

By offering these services, the platform is becoming a sales channel for third-party logistics. For transport firms, it tables a list of clients who their sales personnel will never be able to or care a little less to find. And for shippers, outsourcing this function would serve them best. "We are discouraging trading and manufacturing companies from investing in logistics. It's not your core activity, save on your indirect expenses, we're telling them," says Chemburkar.

Although there is no reluctance from the industry, embracing technology wholly will take time, the duo avers. "As an industry, the openness to invest in technology is only increasing. A number of large players don't have even an enterprise resource planning (ERP). But as the next generation of leaders is coming in, they want to invest in Internet of Things and hardware technology," Chinai says. In the coming months, Vamaship is working on technology that will facilitate collation of data across different pairs of routes to arrive at the optimum average freight rate. This will help you determine the best freight rate from say JNPT to Jebel Ali also suggesting availability of space on a given shipping and choice of a shipping route. This will help a shipper immensely as he can send his wares across the world at minimum cost. While the service offering and the platform is almost a never-seen-before option for most traders and transporters, you might want to ask how many of them really take to the platform? "E-commerce firms take it to it like fish to water and so have large corporate firms who have invested in technology significantly," Chinai says. It's the SMEs who need a push, he says. Most of the users have queries on operations. Typically, Vamaship undertakes fulfillment guarantee of the shipment after the shipper insures his cargo. What's in the works is also the provision for all paperwork to be completed online through the platform. This will help the firm expand its customer base from its current category of machinery, mining and jewellery traders. Besides the current basket of services, Vamaship is looking to invest quite a sum in big data analytics to study freight rate patterns. A successful jig here would predict the rise and fall of freight rates that would help a shipper decide his timing of shipping. mg

TIMELY TRANSIT

CONCOR's time-tabled freight trains are set to change the face of cargo train logistics

by Ritu Gupta

Aiming at a paradigm shift in freight operations, CONCOR has started running time tabled trains for goods movement. These trains are similar to the Rajdhani trains, as their transit time from one point to another is much less than the normal freight trains, and they have been reaching their destinations on the scheduled time or before it. The trains are aimed at attracting more loadings and improve the delivery schedule. Currently passenger trains get preference over the movement of freight trains on the busy tracks which causes delay and uncertainty over the time schedule for delivery of goods, and this has made trains a secondary logistics option for many shippers.

The country's first time-tabled goods train, Cargo Express, had recently commenced operations and had reached its destination four hours ahead of its scheduled time. The inaugural train commenced from a container terminal in New Delhi on June 15, 2016 at 3.40 pm and reached at ICD Whitefield, Bengaluru, at 12.20 am. The train carried ceramic tiles, marble powder, poultry feed, malt, rice, wheat, calcium carbonate, soap stone powder, gram dal, paper and steel tubes.

CONCOR has started two pairs of time-tabled container trains as a pilot initiative for catering to domestic traffic between Delhi and Bengaluru and Delhi and Chennai. The move came in the wake of the recent budget announcement made by Railway Minister Suresh Prabhu, following which discussions had been held with container train operators for submitting proposals for introduction of time tabled container trains with the objective of attracting incremental volumes of container traffic to rail mode. CONCOR proposed the two pairs of time-tabled container trains to start with for running in the domestic sector.

> **Railways target is cargo like parcel and perishable. It will popularize these trains for them.**

The Indian Railways envisages to plan more regular trains through premium paths for all container operators through suitable policy changes. Time-tabled freight trains are envisaged to offer a reliable value proposition to traders in the domestic sector for transporting steel tubes, food grains, ceramic tiles, polished granite slabs, rubber latex, plywood boards, alloys, electronic goods, chemicals, cars and automobile spares. CONCOR estimates the volume of containerised traffic in these sectors to improve by 25-30 per cent with the assured transit time. "Trade is very happy with the new trains especially as the Railways is not levying any premium. In lieu to the response to these trains, CONCOR is planning to start similar services between New Delhi and Hyderabad and New Delhi to Kolkata. We are expected to soon meet the railways officials to decide the pathways for these new routes," says **A Vasudeva Rao, Group General Manager (Domestic), CONCOR**. The weekly frequency of these services can be increased with demand increasing, as the same pathway is available for all seven days a week. "With the transit time assured we are also looking at targeting cargo like parcels and perishables. We want to popularise these trains for these segments. Moreover, we are also looking at transporting cars. Recently, a logistic company called Nippon Express did some experiments to see how well can cars fit into containers," added Rao.

Container train operators (CTO) had been demanding trains with assured transit time for many years now. A few years ago, the Railways had launched assured transit time trains on certain routes with higher freight charges. Since this time the Railways has launched time-tabled train for containerised cargo without charging a premium on existing freight charges they seem to have been successful. "What we need are fixed transit times. Moreover, an assured transit time in a domestic circuit will help a limited number of customers, while a similar offer in an export-import route will help create a land bridge between the two ports, helping them widen the customer portfolio by serving shipping lines," avers **Kamlesh Gupta, President, Association of Container Train Operators**. Gupta's views indeed seem to be in the right direction, and the industry hopes that the success of time tabled freight trains for domestic routes will induce the Indian Railways to start similar service for the exports as well. mg

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KARNATAKA LOGISTICS SUMMIT 2016

smart logistics for smart state

Karnataka is one of the high economic growth states in India with a targeted 12% industrial growth in the next few years. It has vibrant automobile, agro, aerospace, textile & garment, biotech and heavy engineering industries. The state has sector-specific SEZs for key industries such as IT, biotechnology, engineering, food processing and aerospace.

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 WAIT AND WATCH GAME

As Britain proceeds with Brexit, the global business community keenly watches on how the trade relations will be redrawn and their impact on the EXIM trade

by Omer Ahmed Siddiqui

A recent referendum in Britain regarding the continuity of its membership with the European Union saw 52 per cent votes in favour of exiting the membership. This is a history in the making as no country has ever left the EU earlier. While the world cautiously watches for the potential impact to trade, the projections and analysis made by industry think tanks and analysts appears to be a mixed bag.

The immediate effect of Brexit saw the Pound sliding to a 31-year low value and growth in the service sector declined to a 38-month low. The decline in currency value is expected to reduce UK's imports in the short-term from Asia, impacting the fragile recovery of the Asia-Europe container trade. The Brexit vote could raise the cost of capital for container ship owners, particularly European companies, which account for 54 per cent of global capacity.

Britain's decision to drift apart from the EU brings into question London's role as a worldwide centre for shipping insurance, brokering and finance. Mike Sapountzoglou, Director of Athens-and-Geneva-based maritime advisory firm Flagship Navigation said, "An owner can get a shipping loan, insure his vessel and find a charter in a very short time within London's square mile and that's what makes the city attractive to owners. If the UK leaves the EU, banks may relocate to other parts of Europe and other services may follow, dealing the shipping cluster a serious blow."

It has been reported that the potential currency (Pound) volatility, resulting from the separation, could have an impact on ports as 40 per cent of shipping traffic to Britain originates from the EU. The impact on the work force in the maritime sector will also be significant as there are 113,000 people working in the maritime industry whose jobs could be at risk, should Brexit take place. Differences in regulations would also directly raise costs for shippers. Leaving the EU would create uncertainty over the extent to which EU rules would apply to UK shipping.

However, Alphaliner looks at the scenario from a different view point:

The UK's container volumes have been declining for years – its global market share has dropped from 3 per cent to 1.4 per cent – and the country no longer is a global trade powerhouse. The UK's share of European container volume dropped to 8.9 per cent in 2015 from 13.9 per cent in 2000. British flagged vessels account for 3.7 per cent of global capacity and UK controlled ships make up just 2.2 per cent of the world fleet measured in teu. In fact, the country's decline as a maritime center for the container shipping sector had started long before the 'Brexit' decision. Thus Brexit is expected to have a little direct impact on the shipping sector.

Alphaliner, however, marks a caution that if the Brexit fever spreads to other parts of the continent, the fallout for the container industry could grow worse. The risk of an economic slowdown in Europe could have a bigger impact on the containership sector, and a corresponding fall in global container trade volumes would only worsen the current supply-demand gap further.

Xeneta, the leading global benchmarking and market intelligence platform for containerized ocean freight, predicts that Brexit will impact negatively on all parties involved in the container shipping segment – from shippers, to freight forwarders and the container carriers themselves. Patrik Berglund, CEO, Xeneta says, "Anything impeding free trade raises costs, but not to the benefit of any of the parties involved in the container supply chain. For the last 40-plus years the UK has been part of a mega trading block capable of negotiating the most favourable trade treaties – and therefore import duties – with other blocks and nations. Now, all of a sudden, it's going to have to sign used treaties with everyone, without the bargaining power of the EU in its corner, and that will undoubtedly lead to higher duties, and therefore costs for shippers."

Berglund further adds, "Optimal supply chain management relies on a quick and efficient international logistics network, and it goes without saying that guarded border crossings impede that process. The flow of containers will face a new bottleneck, increasing complexity and potentially forcing shippers to consider alternatives – such as more local sourcing (meaning less shipping), or re-positioning facilities in territories more conducive to easier trading."

Britain's reasons for exit

- Britain has to pay millions of pounds each week as a contribution to the European budget
- The extremely bureaucratic nature of the European parliament is hurting British exporters
- The unmitigated migration from the European Union into Britain is creating an imbalance in the welfare schemes of the UK government

Experts argue otherwise

- Britain gains much more from the EU than it pays as contributions
- Despite the bureaucratic hurdles, British companies have unfettered access to the entire European Union
- Britain would not be able to shut its doors to immigrants even if it exits the EU because to trade with the bloc, it would need to accept some share of outsiders within its borders

Implications for India

Britain and India mean a lot to each other in terms of investments and business. Britain was the biggest foreign investor among the Group of 20 nations in India in 2015, while India represents the third-largest source of foreign direct investment in Britain. Bilateral trade in goods and services last year was worth 16.55 billion pounds ($21.33 billion).

The UK imports about 3.5 per cent of India's total exports and the EU about 13.5 per cent. In terms of financial linkages, capital inflows from banks headquartered in the EU make up 20 per cent and that from the UK 13 per cent of total bank-related foreign inflows into India. As the rise in uncertainty shaves off growth in both the UK and the EU, cross-border traffic in trade and financial flows could well slow down. However, this is likely to affect only specific sectors and companies.

The Indian economy has seen its total exports decline for 18 straight months, hurt by an overvalued exchange rate as well as a weak global economy. The uncertainty that will likely unfold in the major EU countries and especially the Eurozone will add to the headwinds for a recovery in India's exports. Major impact of Brexit could be on engineering exports from India, says Engineering Export Promotion Council. The European Union, including UK accounts for one-fifth of India's engineering exports to top 25 destinations.

On the positive side, India is looking forward to sign a preferential treatment agreement for duty-free garment exports to Britain. According to Rashmi Verma, Secretary, Ministry of textiles, garment export from India to European countries attracts 9.6 per cent duty, making our shipments uncompetitive in comparison with Bangladesh, Vietnam, Myanmar and Cambodia. These countries have signed PTAs under which they export garments to the entire EU at nil duty. This is the right time to step up our efforts with the United Kingdom for a PTA.

UK is the gateway for India into rest of Europe. Indian companies that set up factories in the UK sell their products to the rest of Europe under the European free market system. However, if Britain exits the EU, it will not be as attractive a destination for Indian FDI as before. Having said that, Britain would not want to lose out on capital coming in from India. Thus, Britain is expected to attract Indian firms to invest there with bigger incentives in terms of tax breaks and lesser regulation.

India is already trying to build trade negotiations with Netherlands, France, Germany, and others, albeit in a small way. Netherlands is India's top FDI destination as of now. A Brexit could force India to build trading partnership with other EU nations in order to access the large EU market.

MANAGE YOUR CONTAINER YARD

smart way

The benefits of YMS come down to visibility, communication, and accountability

by Deepika Amirapu

Visit any container terminal in the world and the chances of you hearing the two words productivity and efficiency many times over are quite high. It's because these two functions are key to every terminal's operational success. Most often, efficiency parameters are associated with ship turn-around time, berth output per day and the gross crane rate. But it is only recently that many terminal operators in India are closing in on how yard operations are managed. So, you're right in assuming that what happens in the container yard determines how your bottom line looks.

Hence, logistics solutions such as Yard Management Systems (YMS) are crucial in planning and managing activity within the container yard. A YMS solution provides the container yard operator or manager a bird's eye view of the yard and helps him manage operations more effectively. To put it clearly, a yard management solution helps manage trailer movement and shipment location. "It helps connect and control activity in the yard," says **Rajesh Kumar,** the **Co-Founder and Director of CNB Technologies,** a Bengaluru-based firm that offers logistics solutions to the shipping industry.

CNB Tek has devised three customized solutions names Hawk S, Hawk E and Hawk U that CY operators can put to use in the yards. Using Internet of Things and data analytics, this firm provides real time information on the goings-on in a container yard. It records activities such as movement of trailers, areas where containers are parked, indicated empty slots and provides data on inefficient processes. Using this data, a CY manager can manage operations more effectively and improve the overall inflow and outflow of cargo in the yard.

"All containers are RFID tagged and we have censors mounted on the cranes with location correction units and height calculation units – metrics that help a CY operator to plan his container moves," Rajesh says. The technology helps in ascertaining real time trailer congestion in the yard, information on long standing containers, complete container shifting history with productive and unproductive moves, accurate machine utilisation information, position accuracy and updates on tasks marked earlier.

This solution takes over planning completely from the CY operator and planning is done based on predefined rules and real time configuration of the yard. Any tasks generated and marked for execution are alerted by sending a text message or an email to the task owners. The hardware and software for using this technology is provided by CNBTEK for a one time price or for periodic subscriptions. In the last seven years of its existence, it has garnered quite an elite list of clients from APM Terminals in JNPT, Gateway Distiparks, ICD Loni, Adani, Transworld Group to Balmer Lawrie in Kolkata.

Rajesh says that before his solution was implemented at ICD Loni, India's second largest dry port, they deployed 21 people with seven cranes to note the movement and keep inventory of containers. Once the solution was implemented, they required just a few people and the rest of the workforce was redeployed for more important functions. To implement this solution, however, size does not matter. "Any yard that handles more than 2,000 containers can use our solution," Rajesh says. The only prerequisite to reap the most of this technology is to implement an ERP software or an operational management software that could work in tandem with CNBTEK's to improve efficiency.

The economic benefits of adopting such a solution are many. APM Terminals, for instance, has been able to cut down on the number of container moves per day and month, thus saving fuel. "Each move consumes more than a litre of diesel and if the operator budgets for 300 to 400 moves a day, this solution would help him rationalise the use of diesel and restrict movement of boxes," the developer said.

Ostensibly, the number of container moves has a direct bearing on both the terminal's revenue and the tariff charged. It's a big negotiating point for any customer using the CY as per move charges are one of the main components of pricing.

The view into a trailer yard operations and effective management also helps the yard be pedestrian free just as APM Terminals' yard at JNPT is today. Having managed more than 30 yards in the country, CNBTEK's officials say a YMS is as important as having a ERP software or a Warehouse Management System (WMS).

Before such yard management systems existed, companies lost visibility from the time goods arrived in the yard to the time they were unloaded. Yard management systems give companies visibility to the whole process so they can better serve their customers.

A YMS can also significantly reduce labor and administrative costs. When drivers arrive at a facility with a trailer, they often spend two to three hours checking in. Inefficient yard management that causes you to detain a driver longer than needed costs money. Without a YMS, trailers can become lost in the yard. If a trailer contains time-sensitive product, the result can be a complete loss.

These systems not only provide visibility into the yard, but also help companies see the big picture. Rather than working in silos, workers view the entire supply chain process, which can help them identify potential delays to improve overall efficiency.

When drivers arrive at warehousing facilities, their shipments often need to be unloaded within a specified time. The faster trucks can be checked in, unloaded, and sent back on the road, the better it is for everyone. Yard management systems can improve shipment transfer in and out of the yard, promoting improved service levels, saving time and money, and enhancing the logistics process. In fact, a YMS can often boost a yard's productivity by up to 30 per cent, studies indicate. The real time data analysis provided by CNBTEK is hosted on a cloud server indicates as charts and bar diagrams the Gate-in Gate-out time, status of a loaded or empty trailer and productive status of a container – all over a month so that the management can eliminate unnecessary movements and reprogramme the solution to suit their needs.

Currently, the 35-member team at this firm is adding the final touches to the Hawk U solution that would help transform the yard in being slimmer and deploy far fewer manpower and IT resources. "Once this solution is ready, a single software would be required for the entire yard. Using the Internet of Things, one device (mounted on a container) can communicate with another device (mounted on the crane) to indicate movement of any cargo within the yard," Rajesh says. CNB's hardware is compatible for all equipments ranging from RTGs, RMCs, reach stackers, forklifts and cranes.

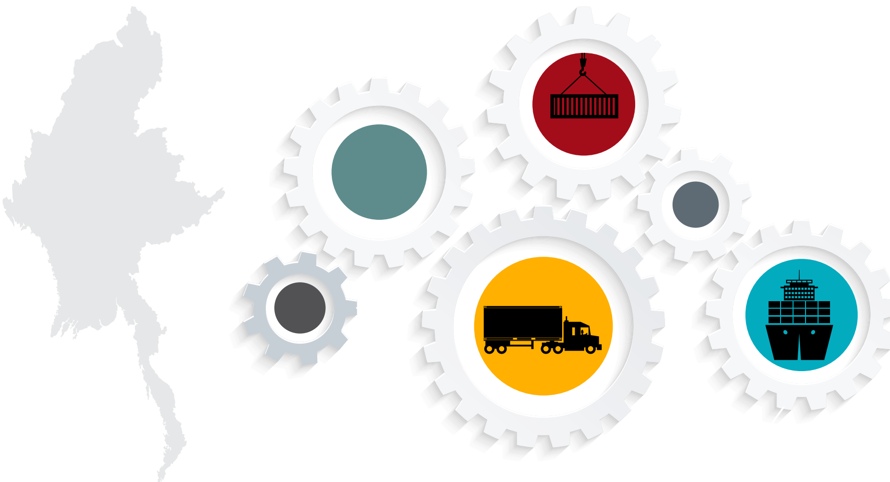
The yard management system offer a slew of tangible and intangible benefits. At a time when terminals are jostling for cargo, it's the operator with these value added services who'll get to greet and keep more customers. mg

Why do you need a yard Management System?

- Prioritise shipment arrivals
- Identify trailer contents
- Standardise yard processes
- Avoid unnecessary vehicle movements
- Enhance visibility of box movements
- Render the yard safe eliminating people movement
- Drive in operational efficiency
- Improve planning applications
- Offer greater transparency of pricing
- Bolster revenues

Rajesh Kumar
Co-Founder and Director of CNB Technologies

"ALL CONTAINERS ARE RFID TAGGED AND WE HAVE CENSORS MOUNTED ON THE CRANES WITH LOCATION CORRECTION UNITS AND HEIGHT CALCULATION UNITS – METRICS THAT HELP A CY OPERATOR TO PLAN HIS CONTAINER MOVES."



Getting into gear

Myanmar is opening up to the global economy resulting in drastic increase in export/import, but the country's infrastructure has a lot of catching up to do to enable streamlined logistics

by Ritu Gupta

Myanmar is a highly unusual but promising prospect for businesses and investors – an underdeveloped economy with many advantages, in the heart of the world's fastest-growing region. The country's early stage of economic development gives it a Greenfield advantage an opportunity to build a "fit for purpose" economy and infrastructure to suit the modern world. However, it seems that the Aung San Suu Kyi's government is yet to wake up to this reality and this was evident recently when the country grappled with a huge logistics crisis a week-long traffic jam of cargo ships at the country's biggest port in Yangon. The bottleneck at Yangon Port was caused by a spike in demand for goods with the opening up of the economy. Container ships calling at the port were forced to wait up to three times longer than normal due to congestion, which was due to a combination of ongoing growth in trade volumes, poor port infrastructure, inefficient cargo handling processes and the limited draft of the port. More than 90 per cent of Myanmar's trade comes through the port of Yangon. Economic growth and the opening up of the country have resulted in a doubling of the number of vessels calling at the port over the past 10 years and a fourfold increase in container throughput. But the port has changed little since the end of British colonial rule nearly 70 years ago. What makes things worse is the fact that western shipping lines are largely confined to the single creaking terminal within the port, because of reluctance to use other facilities operated by Asia World, whose majority owner Steven Law remains subject to US sanctions.

The number of ships docking in Yangon has doubled over the past decade and the number of containers has jumped fourfold, clogging up inadequate storage space, overwhelming sclerotic logistics systems and delaying deliveries. "We bring in steel, cement, and ship out a lot of agro commodities but no data is available with the customs department about the quantity," says **Raymond Phee, MD, Elan Logistics.** This is not surprising considering Myanmar spent over five decades locked away from the outside world. As a result, customs procedures are slow and cumbersome and clearance can take between three and seven working days.

Myanmar's container trade started 2015 on a positive note, with both Maersk Line and China Shipping Container Lines launching direct services from Shanghai to Yangon. But a lot still needs to be done as logistics development is being held back by shortfalls in Yangon's efficiency and suitability as a hub port, as well as a lack of investment in inland infrastructure. Four terminals in Yangon process the majority of Myanmar's container traffic. They include Hutchison-owned Myanmar International Terminal Thilawa. But with the port in close proximity to the city, road traffic and congestion is a big problem. And a shallow river draught of 7-8 metres, combined with low and high tides, makes scaling up services difficult. "The shallow draught does not allow for deployment of bigger vessels. The draught is further affected during summer," said **Gaurav Sharma** of **Boxtrans**. Another challenge for logistics company is the high port tariff $165 for each 20-feet container. "It is one of the highest in the region and increases the logistics cost drastically," says Phee. Inland transportation in Myanmar also needs an overhaul. "There is shortage of trucks – a big problem as everything moves by road to the hinterland, and no trains are used," adds Phee. "Infrastructure is not geared enough to the volumes that we have seen in the recent past. We have been having shortages of trucks and containers logistics is also time consuming," avers **Murali Chakravarthy, MD, Agro Corp Yangon Company Ltd**. With the imports increasing, the shortage of trucks is becoming even more severe. Indeed, the country's logistics industry is replete with many problems, but this needs to change quickly if Myanmar is to connect to the global economy. Trade volumes are not only low but also undiversified. To reverse this situation Myanmar government may consider setting up a logistics unit dedicated to solving problems and drive the implementation of change. mg

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