INTERVIEW
Ashish S Pednekar
President, BCHAA

INTERVIEW
Venkata Ramana Akkaraju
Chairman-in-charge, Cochin Port

MANUFACTURING
Can India Manufacture Containers?

COASTAL SHIPPING
More Potential on the East Coast

India's premier maritime business magazine

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REDEFINING BUSINESS WITH TECHNOLOGY
V KALYANA RAMA, CMD, CONCOR

Direct Port Delivery: THE BATTLE FOR BOXES

DPD brings down the dwell time and transaction cost by moving the containers direct from the port to the customer instead of routing via CFS. But CFS operators claim they are well equipped to dispatch cargo quickly and do not add to the logistics time and cost. While DPD will surely dent their business, to sustain CFSs will have to align with the changing patterns of the trade.

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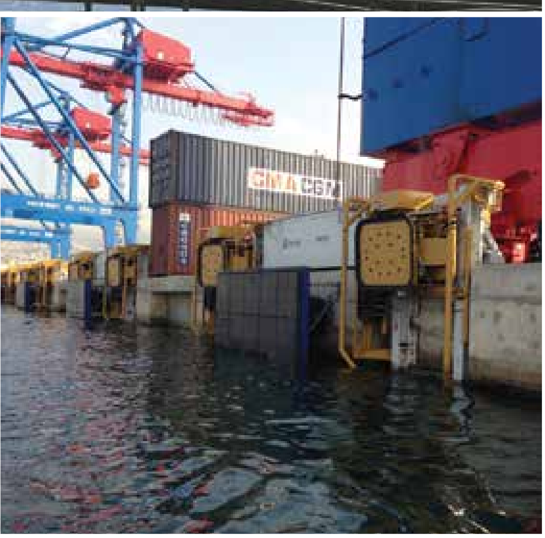



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Cavotec India Pvt Ltd
Telephone: +91 20 6725 5000
Fax: +91 20 6725 5099
info.in@cavotec.com
www.cavotec.com

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Box volumes on the rise

Happy is the port that the sun shines on. And this time it's the Kolkata Port's moment in the sun. The port marked the highest rise in container volumes handled loading and unloading more than six lakh teus. The port was happy to report this figure as it doubled the volume of cargo handled every month with reference to last year's numbers.

Increased demand from various sectors including iron ore, POL and containers saw cargo traffic grow by 7 per cent to 535 MT, the Shipping Ministry said in a report. Another port on the eastern side, Krishnapatnam, said it was able to double its volumes handling 40,000 teu per month this quarter compared to duller figures in the previous ones. The Jawaharlal Nehru Port Container Terminal (JNPCT), one of the four terminals at JNPort which is directly managed by Port authority, also surpassed last year's record registering 7.6% YoY growth in cargo throughput.

Much of the credit for this increase goes to ports improving their operational parameters. From improving berth productivity moves per hour to the deployment of adequate number of cranes according to the parcel/window size and the initiative of motivating good performers, the ports achieved targets set in good time. As a result, there has been drastic reduction of shift change time thus helping in increasing the crane productivity from the regular 16 moves/hr to 20 moves/hr and efforts are on to further improve this to 22 moves per hour enabling faster handling of containers. They have attempted to rise above conventional standards reaching out to new customers, exploring new hinterlands and upping their marketing efforts.

The upswing in container volumes could also be jointly attributed to the global freight rates and demand picking up after a sluggish 2016. Container cargo imports surged during the final weeks of 2016, as retailers reported strong holiday spending and stocked up on inventory heading into the New Year. With ocean freight rates rising steadily since hitting their lowest levels in March of last year, the import surge could spell the beginning of a rebound for the struggling container shipping industry. Spot fares on container ships are trending higher, lifted by robust shipping to the US and a decrease in capacity cause in part by the failure of South Korea's Hanjin Shipping. Freight rates for vessels departing Asia for the US West Coast are currently around $1,780 per 40-foot container, 60% higher than a year ago. Rates to Europe are around $860 per 20-foot container, 2.6 times as high as a year ago, the Nikkei reported.

R Ramprasad
Editor and Publisher
ramprasad@gatewaymedia.in

“With ocean freight rates rising steadily since hitting their lowest levels in March of last year, the import surge could spell the beginning of a rebound for the struggling container shipping industry.”

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Editor and Publisher
R Ramprasad
ramprasad@gatewaymedia.in

Associate Editors

Deepika Amirapu
deepika@gatewaymedia.in

Omer Ahmed Siddiqui
omer@gatewaymedia.in

Sisir Pradhan
sisir@gatewaymedia.in

Design Team

Sr Designer
Vijay Masa

Designers
Nagaraju N S
Nadeem Ahammad

Marketing & Sales

National
Satish Shetti, Manager – Sales
satish@gatewaymedia.in
+91 99207 05534

South & International
Vinod G, Sr Manager – MarCom
vinod@gatewaymedia.in
+91 99498 69349

East
Nikhil Doshi, GM – Sales
nikhil@gatewaymedia.in
+91 98369 96293

Client Relations
Madhukar – Manager
madhukar@gatewaymedia.in
+91 93937 68383

Research
Rakesh Oruganti
rakesh.oruganti@gatewaymedia.in

Finance
C K Rao – General Manager
Rakesh U

Event Manager
Mayuri Tanna
mayuri@gatewaymedia.in

Administration
Sharmine Moss
Kishore P

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Editor: R Ramprasad

Feedback

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

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INTERVIEWS

OTHERS

Donate to Goodwill in unwanted Amazon boxes

Goodwill Industries, a US based organisation that strives to enhance the dignity and quality of life of individuals and families by helping people reach their full potential through education and skills training, has teamed up with Amazon for the "Give Back Box Programme," a charity initiative. People shopping on Amazon receive their deliveries in Amazon boxes. Now people can fill these empty boxes with clothing, accessories and household goods they no longer use. Paste a free shipping label on the box which can be printed at GiveBackBox.com. The box can be dropped at the US Postal Service and they will deliver it to the nearest Goodwill location. Goodwill International will sell these donated goods and the revenues will be used for community based services.

Azhikkal Port to be part of Sagarmala

The government has initiated moves to include the development of the Azhikkal Port, Kannur, in the Sagarmala scheme. Efforts are on to provide connectivity to the Azhikkal Port under the Bharat Mala project. Land acquisition had been expedited for a 2-km railway corridor between Azhikkal and Valapattanam.

Adani to expand ship fuelling business

Adani Group plans to expand its share in the ship-fuelling market by leveraging the ports it has on India's east and west coast. Adani plans to take away business from ports at Fujairah, Dubai and Singapore, and expand the 1 million tonne (mt) Indian bunkering market valued at ₹4,000 crore to 3.5mt by 2020.

Adani Enterprises Ltd already boasts a 40 per cent share of the business in India and wants to add one location a year for the bunkering business. To start with, Mundra will be a thrust for creating infrastructure for bunkering business followed by Hazira, Dhamra and Vizhinjam.

Narendra Modi to flag off first shipment on INSTC routes

FFFAI will actively participate in the commencement of International North South Transport Corridor (INSTC), which will be flagged off by Prime Minister, Narendra Modi on April 13 from Mumbai. Sunil Kumar, Joint Secretary, Ministry of Commerce informed that the flagging off of the first containerised shipment via INSTC will also commemorate the 70th anniversary of the establishment of diplomatic relations between India and Russia. This route links India and Central Asia and Russia via Iran by saving significant amount of time. Recently FFFAI signed a partnership agreement with JSC RZD Logistics to enhance bilateral trade from India on INSTC route.

Nutan Guha Biswas is the new chairperson of IWAI

The Department of Personnel and Training appointed additional secretary in the ministry of women and child development Nutan Guha Biswas as the new chairperson of the IWAI. Biswas, an Arunachal Pradesh-Goa-Mizoram and Union Territory cadre IAS officer, will be the second woman chairman of IWAI. Guha is going to replace Amitabh Verma, a 1982 batch IAS who has been sent to his parent cadre Bihar with immediate effect.

JNPCT achieves record performance

Jawaharlal Nehru Port Container Terminal (JNPCT) handled 14,29,936 teus till 7th March, surpassing last year record of 14,29,277 teus and registering 7.6 per cent YoY growth in cargo throughput. For the month of February, 2017 the berth productivity was 73.37 moves/hour recording 13 per cent growth over last year average of 64.98 moves/hour. There has been drastic reduction of shift change time thus helping in increasing the crane productivity from the regular 16 moves/hour to 20 moves/hour and efforts are on to further improve to 22 moves/hour for faster handling of containers.

Cargo Consolidators India opens new facility

Cargo Consolidators India expanded its presence in Gujarat by inaugurating a new branch office in Ahmedabad. CCI is mainly into import consolidation with air freight forwarding, warehousing, multimodal transportation, project and hazardous cargo handling.

Centre wants major stake in Tajpur Port

The ministry of shipping will participate in the Tajpur Port only if it is offered 74 per cent stake in the project. The ministry was earlier offered 26 per cent stake. Sharing his opinion, Kolkata Port Trust Chairman M T Krishna Babu said, ideally, a government agency should have majority stake and create breakwaters, carry out dredging and create other facilities for the port.

Govt to sell 51 per cent stake in Dredging Corp

The government is looking to sell a 51 per cent stake in Dredging Corporation of India. The strategic stake sale should materialise by middle of the next fiscal year starting April. The government currently holds 73.47 per cent of the firm, while state-run financial institutions hold another 13 per cent stake. The government has invited applications for engagement as advisers from seven firms including Bharat Pumps & Compressors, Bridge & Roof Company and Hindustan Fluorocarbons.

Jagson Carriers opens new office in Navi Mumbai

Jagson Carriers, one of the largest road transporters of empty/laden containers and general/ODC cargo across the country, opened its new office in Navi Mumbai (Belapur). The new premises spread on around 5,000 sq ft, will aid in further enhancing the company's expertise in providing transportation of empty containers, reefer containers, ISO tank containers, hazardous containers, import/export laden containers, factory-stuffed containers, import/export cargo, ODC/project cargo, loose cargo in LCVs and trucks, etc.

Floating jetty at Haldia

By July, the Haldia Dock Complex will get a floating jetty that will allow barges to unload cargo from larger ships anchored at Sagar Island. The barges will not have to enter the port confines through the lockgate as the jetty will be close to the Outer Terminal – I. This will allow faster operations as the lockgate can't be operated beyond a certain number of times every day depending upon the tides. By April, floating cranes will be located at Sagar to unload cargo from mother vessels to barges.

"After lighterage, the mother vessels can enter HDC while the barges will unload their cargo at the floating jetty that will have a capacity of 2.5 million tonnes. The system would have been in place by now had we received environmental clearances from the state in time," said M T Krishna Babu, chairman, KoPT.

Shree Cements secures coal linkage

Shree Cements has secured a coal linkage from South Eastern Coalfields. The company won the coal linkage during an auction made by South Eastern Coalfields, a subsidiary of Coal India. Around 60,000 tonnes of coal will be supplied by the miner and used in the Raipur cement plant, in the state of Chhattisgarh.

Vietnam suspends agri imports from India

The Vietnam government is suspending the import of five agricultural products from India after several consignments were found to be contaminated with peanut beetle. Agriculture minister Nguyen Xuan Cuong signed an order on March 1 to stop the import of the Indian agricultural products. Within 60 days of the order being issued, Vietnam's agriculture ministry will stop issuing import permits for peanuts, cassia seed, cocoa beans, haricot beans and tamarind from India.

Yang Ming to commence new China-East India service

Yang Ming Marine Transport Corporation has started a new China-East India service. The rotation of CIE is: Pusan, Qingdao, Shanghai, Shekou, Singapore, Port Klang, Chennai, Port Klang, Singapore, Manila North Port, Pusan. A round voyage takes 35 days.

Hapag-Lloyd reports operating profit in 2016

Based on the preliminary unaudited figures EBITDA reached €607 million (2015: €831.0 million) and the EBIT is €126 million (2015: €366.4 million) in 2016. Due to a significantly lower average freight rate in 2016 revenue decreased to €7.7 billion (2015: €8.8 billion). At the same time, Hapag-Lloyd increased the transport volume by 2.7 per cent to 7.6 million teu (2015: 7.4 million teu). Transport costs declined by 12.3 per cent to €6.4 billion (2015: €7.3 billion) mainly driven by a lower average bunker consumption price.

Nissan exports 700,000 cars from India

In a span of seven years of starting production in India, Nissan Motor India has reached a new milestone of shipping out 700,000 Made in India cars to its global markets. The cars, manufactured at the Renault-Nissan Automotive India Ltd plant in Chennai, have been exported to 106 countries.

FASTags for vehicles contracted by government

At an inter-ministerial meeting chaired by Nitin Gadkari, Minister for Road Transport, Highways and Shipping, it has been decided to make electronic toll tags mandatory for all vehicles contracted by government departments, to facilitate the smooth movement of cargo. FASTag, as it is known, is a simple-to-use reloadable tag that enables automatic deduction of toll charges and will forego the need to stop at toll plazas for cash transactions, thereby saving time.

"Last year was very tough one for carriers and I hope there will not be another Hanjin Shipping, but in order to avoid what happened with Hanjin there needs to be a more decent price war between carriers."

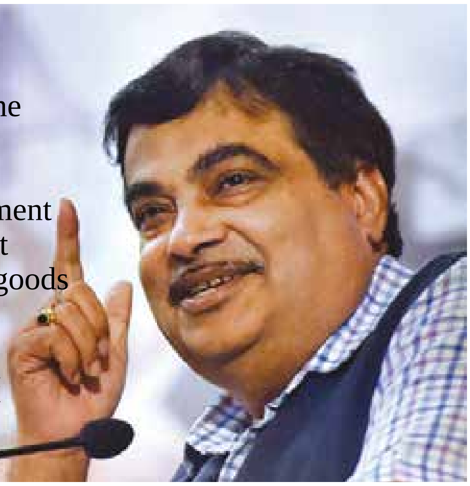
– Rodolphe Saade
CEO, CMA CGM

"We had the initial gush that Trump was going to cure all the world's economic problems. Now reality is setting in that America first-type protectionism is not good for global growth."

– Peter Boockvar
Chief Market Analyst, The Lindsey Group

"It is for the first time that we have taken an integrated approach for the country's transportation. This will increase India's exports, provide employment opportunities, will be cost effective, and will make goods cheaper in the country"

– Nitin Gadkari
Minister for Road Transport
Highways and Shipping



"In a growing logistics market like India, higher investments are much a need of the business to improve earnings and streamline operations."

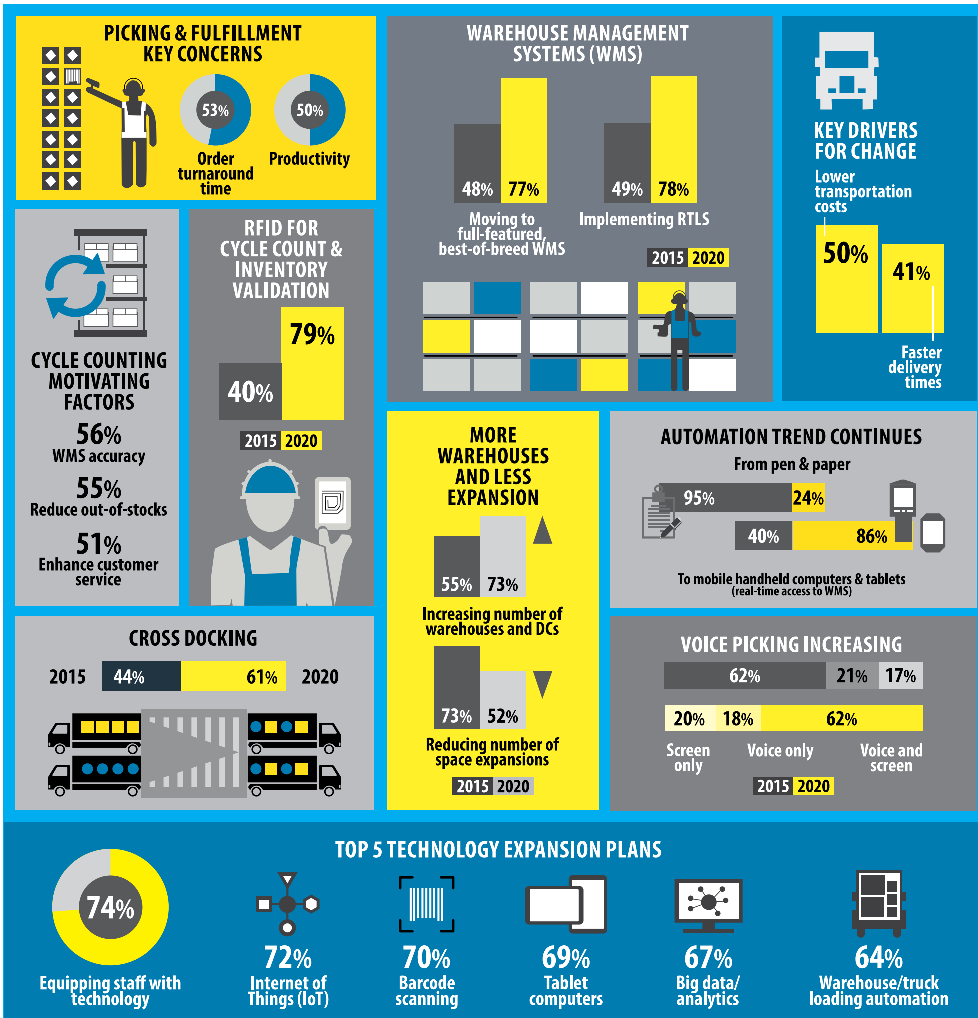
– Abhishek Chakraborty
Executive Director, DTDC Express

"VLCC prices will continue to drop and the spot market will take a true dive within the next 12-18 months. Perhaps then there will be some opportunities. In the shipping industry cycles are getting shorter.

– Fred Cheng
Chairman, Shinyo International Group Limited

"The projects we are doing with IBM aim at exploring a disruptive technology such as blockchain to solve customer problems and create new business models. The solutions will reduce the cost of goods and make global trade more accessible to players from both emerging and developed countries".

– Ibrahim Gocken
Chief Digital Officer, Maersk

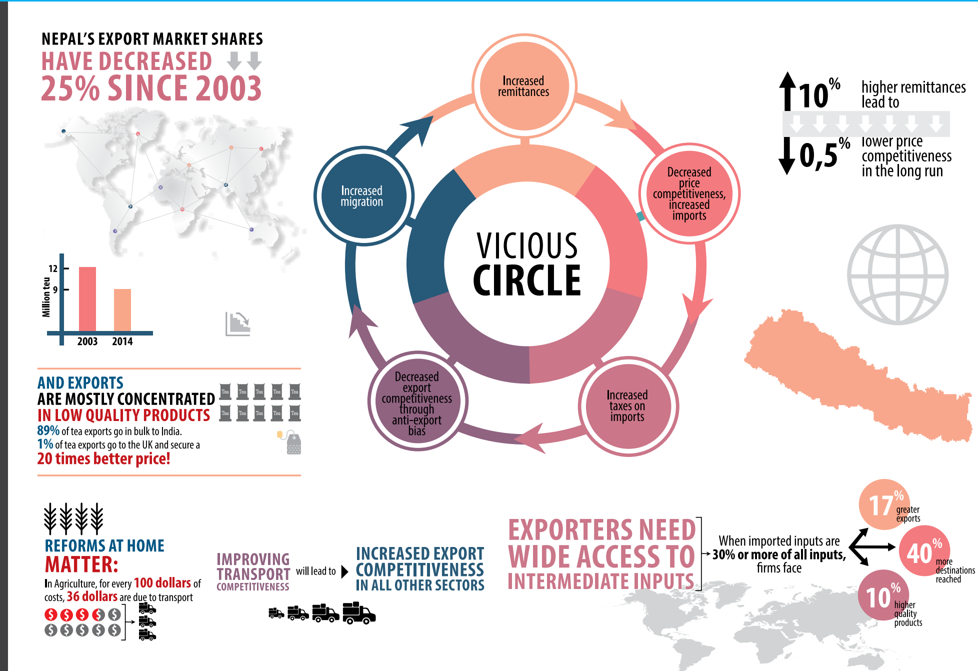


SMART WAREHOUSING 2020

Asset visibility, warehouse productivity and supply chain integration will be the key focus areas in warehousing

FROM EVIDENCE TO POLICY: SUPPORTING NEPAL'S TRADE INTEGRATION STRATEGY

The export competitiveness of Nepal has decreased since 2003. The infographic shows reasons for the same.



PORTS

Seminar on innovation in multipurpose terminal operations

Port of Antwerp is conducting a seminar on innovation in multipurpose terminal operations from May 3-5, 2017. This course will focus on how the Port of Antwerp and ports all over the world implement innovative ideas to improve their different load-handling attachments, to enable cost-effective (un)loading of a broad range of cargo.

DAY 1

- Welcome to the Port of Antwerp
- Senior expert of the Port of Antwerp: the advantages of the Port of Antwerp for specific cargo flows
- Perishables: innovative ideas on handling perishables & site visit
- Container handling: multimodal split and added value & site visit to a container terminal

DAY 2

- Break Bulk Cargo: a port's view on break bulk traffic
- Zuidnatie: organisation of a general cargo terminal & visit to the terminal
- Steel handling: detailed description of the steel cargo flow & visit

DAY 3

- Chemicals: packed chemicals and dealing with hazardous goods
- Port tour
- Closing ceremony at City hall

The program includes

3 day course with lectures and site visits; welcome dinner on May 2nd hosted by Luc Arnouts, CCO, Port of Antwerp; documentation; transport (incl. local transport for site visits and airport pick-up); accomodation (from 2nd of May till 5th of May); breakfast and lunch.

VENUE

Port House of the Port of Antwerp, Zaha hadidplein 1, 2030 Antwerp, Belgium

For more info & registration, please contact raj.khalid@gmail.com

415 projects identified under Sagarmala Programme

Shipping Ministry has identified around 415 projects, at an estimated investment of approximately ₹8 lakhs crore under Sagarmala over the period 2015 to 2035. 6 new port locations have been identified, namely – Wadhavan, Enayam, Sagar Island, Paradip Outer Harbour, Sirkazhi and Belekeri.

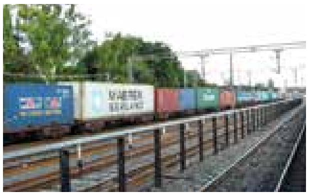
The scope of coastal berth scheme has been expanded and merged with Sagarmala Programme. Under the scheme, the financial assistance of 50 per cent of project cost is provided to major ports/state governments for construction of coastal berths, breakwater, mechanization of coastal berths and capital dredging. ₹152 crore has been released for 16 projects under this scheme. In addition, Cabotage rules have been relaxed for a period of 5 years for specialized vessels like RO-RO, RO-PAX etc.

Mormugao Port Trust reports growth in traffic

A total traffic of 29.12 lakh tonnes has been handled by the Port during the month of February 2017, as against 19.44 lakh tonnes handled in February 2016, registering a growth of 50 per cent.

Traffic handled from April 2016 to February 2017, by the Port was 289.84 lakh tonnes as compared to 180.23 lakh tonnes handled during corresponding period of last year, thereby achieving a growth of 61 per cent. Containerised traffic from April 2016 to February 2017, was 3.71 lakh tonnes (27,698 teus) compared to 3.08 lakh tonnes (23,251 teus) handled during the corresponding period of last year, thereby registering a growth of 19-per cent.

CONCOR container train from Vadodara to Pipavav Port



Giving the much-needed rail connectivity to Pipavav for the export-import trade of Vadodara, CONCOR has commenced scheduled train service for export containers from CONCOR's Rail Container Terminal, Vadodara to Port of Pipavav. On March 8, 2017, the rake carrying the export containers was flagged off by G R Dave, Asst Commissioner of Customs, Vadodara. The second scheduled train was on 22-3-2017 and the third train will be on 5-4-2017. As most of the vessels call at Pipavav Port on Saturdays/Sundays, the schedule is planned to cater exactly to the trade needs. Seeing the response of these services, the frequency can further be increased to one train a week and more.

Mumbai's eastern waterfront revamp

The Mumbai Port Trust's eastern waterfront is being revamped and a development plan has been prepared to give it the much needed boost. The six-member planning committee has recommended earmarking a special zone – port waterfront development zone – for the project. Under the eastern waterfront project, the MbPT aims to develop 500 hectares between Wadala and Ferry Wharf. The project will include development of land for housing, educational amenities and develop the eastern seafront for tourism by creating marinas, promenades, public parks and cycling tracks, among others. Consultants have been appointed to draft the master plan.

The committee has proposed two new zones — port operational zone and port waterfront development zone. While the operation zone will solely be used by MbPT authorities, the waterfront zone will be meant for creation of amenities and housing for citizens living in MbPT areas.

Chennai Port Maduravoyal elevated corridor approved

The Chennai Port Maduravoyal elevated corridor project recently received the nod from the Shipping Ministry. The corridor will be further extended by ten kilometers almost reaching Sriperumpudur. Under the present configuration the length of the corridor between the Port and Maduravoyal is around twenty kilometers and the Shipping Ministry has expressed its willingness to expand the project.

The state government has authorized NHAI to carry out the studies on the revised alignment at the earliest. Work on the project will be completed by 2020. When the project is completed, container trailer leaving the Chennai Port will reach Sriperumpudur within half an hour.

Vizhinjam to have rail line to Balaramapuram

The rail connectivity to the upcoming Vizhinjam International Multipurpose Deepwater Seaport will be from Balaramapuram railway station on the Thiruvananthapuram-Kanyakumari railway line.

Of the 3,100-metre breakwater, the 538-metre core had been completed. Of the 53 hectares that had to be reclaimed from the sea, 15 hectares had been reclaimed so far. The 92.62 hectares of land needed for the project had already been acquired and steps are on to complete the remaining 12 hectares. A 160-metre bund had been constructed using granite as part of the berths. Adani Vizhinjam Port Private Ltd of APSEZ is selected to build the superstructure and operate the seaport.

Vizag Port registers 8.1 per cent growth in cargo

Visakhapatnam Port has shown substantial improvement in cargo handing during the current fiscal, at 8.1 per cent, over last year. The port has so far handled 56.54 million tonnes during the current fiscal as against 52.7 million tonnes compared to last year.

The port expects to surpass the target of 61 million tonnes set by the ministry in FY 2016-17. The port, which now has a capacity to handle 98 million tonne, will have additional capacity of four million tonne with the completion of first phase of Essar Greenfield Iron Ore Terminal and six million tonne with the commissioning of West Quay-7 and 8 during next fiscal.

JNPT goes solar

JNPT has installed solar power panels on several rooftops in the township and commercial premises. The project will help in reducing cost of power purchased from grid by utilization of solar power for power generation.

The total 822 KWp will generate around 9.0 lakh units of electricity annually contributing to 80 per cent of approximate present consumption at the port premises, thereby saving around ₹1.26 crore of electricity expense for JNPT in the first year itself. Till Jan 2017 end over 2 lac units have been generated leading to a saving of approx. 30 lacs.

Concor acquires rail sidings at New Mangalore Port

Concor has acquired the rail infrastructure of KIOCL located at the New Mangalore Port Trust. KIOCL had built a four full-line railway siding on NMPT premises in 2004 to handle iron ore exports. The company has now sold the siding to Concor.

Concor was vigorously looking to expand business by creating ICDs outside Bengaluru (Whitefield). While one would come up at Kadakola near Mysuru on a 60-acre plot in about 16 months, the Mangaluru facility was readily available. Concor plans to run at least 10 container trains a month initially out of Mangaluru. Concor would also get about 47,000 sq m adjacent NMPT land to provide a warehousing facility.

4-lane road connectivity for Mormugao Port

Mormugao Port Trust is developing 4-lane road which is 18.3 km long, connecting the port to Verna Junction. Unfortunately, due to encroachment issues the port could construct only 13.1 km from Verna Junction to Varunapuri and the remaining 5.1 km remained incomplete. The road connectivity in particular is very poor since trucks have to move through highly congested city of Vasco-da-Gama.

The balance portion of the 4-lane project is now being implemented by the Govt. of Goa. The work has been awarded to Gammon India Ltd at the cost of ₹397 crores. So far about 27 per cent of the work has been completed.

Vallarpadam terminal volumes grow by 19 per cent

ICTT Vallarpadam has registered a 19 per cent growth in volume for the 10-month period between April and January over the corresponding period of FY15-16. This is the highest growth rate achieved much ahead of closing of the current financial year. Last year, the terminal had achieved 14.5 per cent growth over the previous fiscal year. The terminal clocked an average gross crane rate of 32 moves per hour in 2017 and the truck turnaround time was 26 minutes, gate-to-gate. The terminal is introducing a new dedicated rail service to increase the connectivity between Karnataka and Kochi terminal. The port has set up a green channel facility at Walayar.

Paradip coast to be made disaster-safe

In wake of the oil spill off Chennai coast, Odisha Government has asked the Jagatsinghpur district administration to prepare an action plan to avoid any such disaster off Paradip coast. Chief Secretary AP Padhi asked industrial units to shift their hazardous units, chemicals and gas storages from heavily populated areas as well as from close vicinity of towns to a safe distance.

The government has also asked companies dealing with explosives and hazardous chemicals to put in place an internal mechanism and standard operating procedure ready for prevention of any crisis and immediate response to any emergency situation.

SHIPPING

Wan Hai launches new weekly service

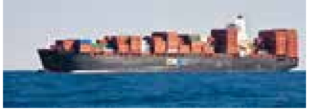
Wan Hai Lines Ltd has announced the commencement of a service to connect the east coast port of Visakhapatnam with Malaysia and Singapore. Wan Hai has joined hands with Bengal Tiger Lines to offer a weekly service by putting in a 4,252-teu, 42,000 MT GRT ship. The service, SC 1, will arrive on every Friday at 16:00 hours and sail on Saturday at the same time. The service, operated with two ships, one each provided by Wan Hai and BTL, will have the following rotation: Singapore, Port Klang (W), Port Klang (N), Chennai, Vizag, Singapore. The transit time from Vizag to Singapore will be 3 days, while to Port Klang will be 6 days.

Baltic Dry Index grows for nine sessions

The BDI factors in rates for capesize, panamax, supramax and handysize shipping vessels, closed up 3 points (0.34 per cent), at 878 points, its highest level since January 24th. The panamax index ended with 19 points (2.01 per cent), higher at 966 points. Average daily earnings for panamaxes, usually carrying coal or grain cargos of around 60-70,000 tonnes, increased $147 to $7,760. The supramax and handysize index rose 8 points each, to finish at 817 and 436 points respectively. The capesize index, however, finished lower by 14 points (1.2 per cent) at 1,151 points.

Average daily earnings for capsizes, which usually transport 150,000 tonne cargos such as iron ore and coal, went down $ 225 to $9,133.

ZIM launches new India – East-Med/ Black sea string



ZIM has launched a new India – East-Med/Black sea string, India Med Express (IMX), with the following rotation: Mundra, Hazira, Nhava Sheva, Colombo, Alexandria, Haifa, Mersin, Istanbul, Mundra. ZIM's new service, ZIM MED PACIFIC (ZMP), will serve both the Asia-PNW trade and the Asia – East-Med/ Black Sea trades. The service will deploy15x4.5k vessels.

In the Asia-Pacific North West Trade, ZMP offers a fast link from Asia to the Pacific North West, connecting major ports in South-East Asia and China to the Vancouver gateway, with smooth rail link to inland destinations in US, Canada, intra-Asia network via the Port Klang hub.

LOGISTICS

ADB funds Vizag-Chennai industrial corridor

The Asian Development Bank (ADB) and the Government of India signed loans and grants worth $375 million to develop 800-kilometer Visakhapatnam-Chennai Industrial Corridor. The signing event was held on February 23, 2017 and followed the ADB's earlier approval of $631 million in loans and grants in September 2016 to develop the Visakhapatnam-Chennai Industrial Corridor. ADB's approved loans comprise a $500 million multi-tranche facility to build key infrastructure in the four main centers along the corridor Visakhapatnam, Kakinada, Amaravati, and Yerpedu-Srikalahasti in Andhra Pradesh.

Govt to consider five new SEZs

At the meeting of the Board of Approval, headed by Commerce Secretary Rita Teaotia, the commerce ministry will consider five proposals of SEZ developers, including Oracle India and L&T Construction Equipment, for setting up new SEZs. Oracle India and L&T Construction Equipment have proposed to set up IT/ITeS SEZs in Karnataka. The latter has proposed two zones. Another developer, Modern Asset, too has planned two IT/ITeS zones in Karnataka over 2.33 hectares. Exports from SEZs logged a marginal growth of 0.77 per cent to ₹4.67 lakh crore in 2015-16. The exports from such 204 zones stood at ₹4.63 lakh crore in 2014-15. Currently, the highest number of SEZs are operational in Tamil Nadu, Karnataka, Telengana and Maharashtra.

India gets ready for transnational multimodal connectivity

India is moving ahead with its plans of accessing transnational multimodal connectivity. The Union cabinet has approved the signing of the Transports Internationaux Routiers or International Road Transports (TIR) Convention by the government. The TIR Convention improves movement of cargo across the countries in the multimodal format. Goods can go from Mumbai or Kandla Port to Iran. From Iran they can go via rail or road to Central Asia or Europe. The TIR Convention will help India move goods along the International North-South Transport Corridor.

DP World Cochin and Concor enhance hinterland connectivity

DP World Cochin and Concor flagged off the newly dedicated weekly service between Bengaluru and Cochin, which will further enhance connectivity between Karnataka and Kerala. The train from Bengaluru will depart every Friday night and reach Cochin on Sunday morning and the train from Cochin will depart every Thursday to reach Bengaluru on Friday.

This new weekly service from Bengaluru to DP World Cochin will significantly reduce transit time and cost for exporters in Karnataka to sectors like Middle East, Europe, Mediterranean etc. The train service reduces the transit time by 5–7 days for the West bound cargo by avoiding the need to route it via ports along the East coast.

Railways' Ro-Ro to unclog Delhi roads

Indian Railways will roll out a new scheme which will help in decongesting Delhi's traffic by transporting thousands of commercial trucks by rail. Nearly 60,000 trucks cross Delhi everyday on the way to Punjab, Haryana, Rajasthan, Himachal Pradesh, Uttar Pradesh, etc. This causes serious traffic congestion and pollution problem in the city. "The Ro-Ro service for Delhi-NCR will carry loaded trucks on goods train in a bid to attract more freight and reduce carbon emission.

On pilot basis 30 loaded trucks will roll on to the flat wagons from Garhi Harsaru station for Muradnagar in UP. The initiative will save toll taxes, fuel and Environment Compensation Charge for truck operators.

Freight to drive Railways' business

The Railways have released a business plan for 2017-18 aimed at increasing the share of freight. It includes long-term agreements with bulk movers, double stacking of small-size containers, introducing road-railers to hasten container movement at terminals.

The cornerstone of the new plan is long-term agreements with manufacturers of cement, steel and fertilisers to attract more loads. Besides food grains, the Railways has depended on eight commodities, including coal, iron ore, cement and fertiliser for freight revenue. It has now identified new items such as plastics, tiles, sandstone, and bamboo. The Railways will use small-sized boxes to increase loading and will introduce road-railers, which can be de-coupled and driven away from the freight terminal.

Cargo airports in Telangana and UP

The centre is considering a proposal to set up dedicated cargo airport one each at Telangana and Uttar Pradesh. Telangana wants a dedicated cargo airport to be built in Northern Hyderabad, while Uttar Pradesh is seeking green signal to construct airport in western part of the state.

Airports Authority of India has appointed a consultant to study and suggest the site(s) in the country that can be developed as dedicated cargo airport.

The site has to be a consumption cluster to ensure commercial viability for airlines. It should also be an 'industrial cluster' with a huge industrial base. Besides, the site should also have well-connected rail and road and airport network for multimodal transport connectivity.

Coal India to diversify business

Coal India intends to diversify into a new "coal to chemical" business domain by converting the high calorific value, low ash thermal coal into chemical. The miner invited Expression of Interest for pre-qualification of licensors of coal gasification technology for proposed coal-based methanol plant.

In pursuit of implementing this new strategy, the premises of the existing Dankuni Coal Complex have been identified as the location for setting up a Coal to Methanol complex by using the good quality coal from Ranigunj coalfield.

Snowman's new warehouse in Kerala

Snowman Logistics has completed the construction of a new warehouse at Alapuzha in Kerala, taking the firm's capacity to over one lakh pallets. The temperature controlled and dry warehouse is ready for operations with a total capacity of 4,500 pallets.

The new warehouse is a multi-temperature facility designed to store products in temperature ranging from ambient to -25 degree centigrade with 10 chambers, 7 docks and ample refrigerated truck parking space. The facility will mainly cater to the storage, handling and transportation of seafood, spices, ready-to-eat food, ice cream, dairy products, quick service restaurants, confectionery and bakery products, fruits and vegetables, and fruit pulp, among others.

Super expressway between Jaipur and Delhi

Highways minister Nitin Gadkari revealed that work will start this year on a super expressway between Jaipur and Delhi that will reduce travel time between the outskirts of Gurgaon and the outer periphery of the Pink City to 90 minutes.

The distance between Delhi and Jaipur is 260 km. The proposed super expressway, between the outskirts of Gurgaon and Jaipur, will cover 200 km. It will be impossible to cover this distance in 90 minutes sticking to the notified speed limit, which is 100 kmph for expressways in India. At present, commuting between Delhi and Jaipur takes around 5-6 hours.

Opportunities for India in Trump's energy policy

United States President Donald Trump and Republican lawmakers have set in motion measures to deregulate American oil, gas and coal sectors. Thirty per cent of all increase in world's energy demand from now to 2040 will be from India, and energy cooperation will be an increasingly key component of bilateral relations, Petroleum Minister Dharmendra Pradhan has said after a meeting with US Energy Secretary Rick Perry. India will start importing LNG from the US in 2018. Right pricing will enable India to ramp up imports from the US. Three Indian public sector companies, GAIL, Oil India and IOC and Reliance have invested in US shale gas production.

Kandla Port crosses 100-mt mark

Kandla Port Trust crossed the 100-million tonne mark in cargo handling on March 15, 2017, i.e. 17 days ahead, achieving an increase of over 5 per cent as compared to last year. The total throughput was 100.28 million tonnes (mt). The break-up of the cargo was as follows: Dry cargo – 33.84mt; Liquid cargo (Kandla) – 12.37mt; and Liquid cargo (Vadinar) – 54.07mt.

The major contribution in this increase was crude oil and POL at Vadinar that recorded an increase of around 3.7mt, more than 1mt in liquid cargo at Kandla, and about 0.50 mt in other dry cargoes. As regards dry cargo, there was an increase in the export of salt, import of coal, whereas major shortfall was in fertilisers, timber logs and steel cargo.

2M and HMM launch strategic partnership

Hyundai Merchant Marine and Maersk Group have signed an agreement to launch strategic partnership on east-west services among Maersk Line, MSC and HMM in San Francisco. This alliance between the 2M Alliance and HMM will include the change of freight spaces and the purchase of freight spaces for east-west route services.

NEPAL

Nepal to import LPG from other countries

India has remained sole supplier of petro products to Nepal so far, but the landlocked country will soon be able to import cooking gas from other countries as well. A new clause is being inserted in the petroleum trade agreement signed between Nepal Oil Corporation and Indian Oil Corporation, that allows Nepal to import cooking gas from other countries as well. Nepal imports around 30 tonnes of LPG from India every month. The draft agreement also includes a provision that allows NOC to buy crude oil and give it to Indian refinery for processing should IOC fail to supply fuel to Nepal as per the demand.

BANGLADESH

Oil refinery planned near Payra seaport

Feasibility study is being planned for a new oil refinery to be built near Payra seaport with a capacity to refine 7.50 million tonnes of crude oil per year. The only oil refinery now in operation is the Eastern Refinery Ltd in Chittagong. The study will include building a single-point mooring system, jetty and storage facility at the petroleum-refining complex.

China is keen to set up the Payra refinery in Patuakhali, and for this China Huanqiu Contracting and Engineering Corporation has sent in a proposal to Bangladesh Petroleum Corporation. The Chinese firm also agreed to finance the refinery project and proposed installation of a strategic oil reservoir with a capacity of 500,000 tonnes.

MYANMAR

Myanmar develops second SEZ after Thilawa

Three years after the start of the Japan-backed Thilawa SEZ, Myanmar launched the development of its second zone that will be developed to the south of the existing Thilawa SEZ. Some land of zone B would be available for leasing to investors by late 2017, and the first phase would be fully completed in mid-2018. Labour-intensive, export-oriented investors and foreign businesses that have a lot of room for cooperation with local ones outside of the SEZ will get priority in investing in Zone B. Manufacturing firms that produce value-added products will also be given priority. Two villages, namely Shwe Pyauk and Aye Mya Thida, need to be relocated once construction of zone B starts.

AFGHANISTAN

Indian Railways connect Dhaka to Istanbul

The Indian Railways is taking the lead in a project

where a train will potentially make a journey of 6,000 kilometers from Bangladesh to Afghanistan for the very first time. This container train will begin its journey at Dhaka, pass through India, Pakistan and Iran, with Istanbul being the final destination. The Indian Railways is in the process of setting up a group of different railway networks across West and South East Asia. The route it will be passing through is called the Trans-Asian Railway southern corridor.

SINGAPORE

CPP invests in Singapore and Indonesia logistics ventures

Canada Pension Plan Investment Board is committing $325 million towards warehouses and other logistics investments in Singapore and Indonesia, in partnership with the Logos Property Group and the Caisse de depot's real estate arm. In Singapore, CPP Investment Board will initially commit $190.2 million for the Logos Singapore Logistics Venture. In Indonesia, CPP will initially commit $134.4 million to the Logos Indonesia Logistics Venture.

SRI LANKA

Colombo Port raises throughput

Colombo Port handled 5.734 million containers in 2016, up 10.6 per cent from a year earlier. Colombo rose to the 23rd position among top container ports in 2016, up from the 26th ranking, by Alphaliner. The Colombo International Container Terminals handled 2.0 million teu in 2016, up from 1.56 million a year earlier. CICT is expected to reach its capacity of 3.2 million teus by 2019. Transshipment volumes grew 11.8 per cent and domestic container volumes rose 6.7 per cent to 81,879 teus. Overall tonnage handled by the port rose 11.1 per cent to 81,878 million tonnes in 2016 from 73,717 million tonnes in 2015. Automobile transshipment at Hambantota and Colombo rose 29.8 per cent to 150,921 units.

MALAYSIA

Malaysia to boost port capacity

Work on expanding Malaysia's multipurpose Kuantan Port located roughly 25km north of the city of Kuantan is scheduled to begin later this year. The owners of the port – local construction giant IJM and China's Beibu Gulf Port Group – are investing $268.2 million to acquire 40 hectares of land for logistics and industrial expansion projects, as well as $241.4 million for a 4-km breakwater. Work will also include the development of a 1-km berthing space. Initial infrastructure development is slated to be completed by the middle of next year, with the port's container-handling capacity set to increase from around 25 million freight weight tonnes (FWT) a year to more than 50 million FWT.

Made in India

India rules the roost in retail and lifestyle exports to the global consumers and 2017 will witness "Made in India" capture newer shores and break into newer categories

by Deepika Amirapu

India's export story has always been one of great learning and debate, especially in the era of globalization where local manufacturers are constantly challenged by global manufacturing hubs having better access to technology and funds. Despite that, India's retail and lifestyle product companies are charting a growth trajectory in world exports that is unmatched by other countries in the Asia region backed by their ability to deliver superior quality products within tight time lines and adjust output in accordance with dynamic market conditions.

An analysis of sourcing data from DAMCO, India's leading provider of freight forwarding and supply chain management services, for the period 2013 to 2016 indicates continued success for the country.

"India outperforming China as the fastest growing geography from Asia for locally-made retail and lifestyle products with 10 per cent CAGR growth over the last four years does not happen at random. Instead it lays testimony to improvements being made in the manufacturing process by local Indian suppliers to become more agile and offer the world high quality, superior design within shorter lead times at competitive costs. Now imagine, if we lower hidden trade costs by just 10 per cent, we can further improve the country's competiveness and add additional revenues of $5.5 billion annually," says **Vishal Sharma, CEO India, Bangladesh, Sri Lanka – DAMCO.**

Home bedding and bath are ahead of textile exports from India compared to the other categories. While traditionally, the textile sector is known to be the largest contributor to India's exports, DAMCO´s data shows that home bedding and bath, followed by home décor & furnishing actually lead India's retail and lifestyle exports, with textiles coming in third place. Together, these three categories dominate the total volume of exports from India at 53 per cent consolidating India's position as a global hub for these products.

Footwear and stationary categories are also growing in popularity globally registering 43 per cent and 36 per cent CAGR respectively. Interestingly, demand for emerging categories like children's toys, hand-tools, camping material and building stones & tiles from the country is also on the rise.

Vishal adds, "India based manufacturers are benefiting significantly from access to quality raw materials that are competitively priced. Their improving agility combined with the efforts of the government is making India an increasingly attractive destination for global brands, especially in the retail and lifestyle category."

North India owns the largest share of exports while South India is growing the fastest

North India and the National Capital Region own the largest share of worldwide exports at 33 per cent since home décor, apparel and bath & bedding mainly originate from this region.

Uttar Pradesh and East India lead in exports to NAM, while South India owns the largest share of exports to Europe.

Despite being much smaller in its volume of exports, South India has witnessed the highest CAGR growth @ 23 per cent and dominates in footwear, babies garments, knitted or crocheted garments and other textiles.

Moving west, Gujarat & Rajasthan have witnessed strong improvement because of abundant availability of quality raw materials, state-level initiatives focused on skill development and conducive government policy aimed at propelling exports from the two states.

A glimpse into the future

2017 holds new promise of further leveraging India's competitive position in retail and lifestyle exports. While the local Industry is ambitiously moving ahead to realize its global potential through improved processes and supply chain, the Government is also playing a significant role in propelling bilateral trade across geographies. "With the additional support provided by Make-in-India, skill building and moving India up the ease of doing business Index, we can expect to see more India-made products going across to capture newer shores and break into newer categories," says Vishal. mg

Redefining Business with Technology

Kalyana Rama , CMD, CONCOR

For several decades now, the government and India's largest container train operator Concor had attempted to make rail transport of cargo as popular and sought after as the road transport system. This time again, the State owned transporter has laid out a well-thought out strategy to woo cargo owners to move their wares on tracks than on mortar.

The youngest-ever CMD of Concor, **Kalyana Rama**, who took over little over five months ago, is tech savvy, customer-oriented and futuristic. In a heart-to-heart with **Ramprasad**, Editor-in-Chief, *Maritime Gateway*, he details on the value addition Concor is offering its customers.

Q Tell us about your expansion plans and the "Vision 2020"?

Today, Concor operates from 67 locations across India's hinterland and in three other locations we have tie ups with CWC which takes the number to 70. We are adding at least another 9-10 locations by FY 2018 and we aim to be present in 100 locations by 2020. We have a strategic plan for this called "Vision 2020." Out of these 100 locations 90 per cent will be owned by us. In addition to these, we are present at all gateway ports and in certain ports such as Paradip and Krishnapatnam, where we do not have a full fledged facility; we have developed a small facility for us to operate from. This is part of a new strategy to create smaller facilities as a precursor for our bigger facilities to come up.

Thus far, we used to take 100 acres in a MMLP and develop it in a phase wise manner. Subsequently, we would start commercial activity there upon acquiring a customer base and focussing on marketing. But now, we have changed our strategy. For instance, at Krishnapatnam, we have begun identifying customers even as we develop our facility at the 145 acre site. So, by the time our phase I is ready, we will have our customer base and business ready. This strategy is being implemented at Paradip as well. We have taken a facility for developing a MMLP on 100 acres.

Q You have been batting for double stacking of containers. What is the progress on this front?

Today we are running double stack container trains between Khatuas-Mundra and Khatuas-Pipavav. These are the only sections cleared by Indian railways for double stack running and we are utilising them fully. However, double stack running is a different ball game and everybody has to get accustomed to it. Even my service provider and customer should know how to work with it. This is because the number of containers transported at a time will increase from 90 teu to 180 teu. But will every double stacker be 180 teu? How would we manage if we have 160 teu? To operate in situations such as these and offer solutions, we have developed a software.

Khatuas is serving all the northern hinterland and we have got four big terminals here – Moradabad, Ludhiana, Dadri and Thughlakhabad (TKD). The fifth terminal is at Panipat. These five terminals keep feeding cargo into Khatuas. From each terminal, we have calculated the breakeven point in cargo we would need to achieve. For instance, from Moradabad if I get 110 teu, I am profitable at Khatuas. It has to be 120 teu from Ludhiana. So these equations are developed in the software itself. The 180 teu number is the optimum capacity, but if I cross 120 or 130 teu then for every teu I get an extra margin. Through this software, I have exports data at hand, but for imports, the ports maintain it. So, I am tying up with ports to help them provide information to me in the electronic data interchange format. The primary data report is the IGM for the ship, which the ports will share with me. The IGM will tell me which containers are destined for my ICD. In turn I will provide the ports with train wise boarding list.

Presently when containers arrive at the port they are discharged and put in the container yard. When I place the train they shuffle and load them. But when I provide them train wise loading list that will eliminate the shuffling process and efficiency will improve. In port operations every move is a cost to them and I am removing 100 per cent moves for them.

Q With the double stacking formula can you divert cargo from road to rail?

We started our double stack operations in 2014. However, during all quarters in the years 2015 and 2016 we were doing only imports in double stacking. After I took over as Chairman of Concor we began loading export cargo on the double stacks too. I asked railways transit guaranteed services to create a timetable for freight trains in exim cargo. I asked for two scheduled trains from Dadri and TKD. In Dadri we were successful in capturing all the road traffic and it became a big success. By doing this we were able to prove that a) If you offer a quality product or service, there is always a market for it and b) With double stacks running we can compete with road transport. For the Dadri traffic, rail was ₹12, 000 costlier than road earlier, but with double stacks, we were able to reduce rates and offer services at par with the road transport. Yet, there was no transit guarantee. All the major customers such as Walmart, Target, JC Penny and many others asked for transit guarantee. Then I asked railways for timetabled trains from Dadri to Khatuas and TKD to Khatuas. Here, we used our market intelligence to our advantage. We know there is market and we know this is the congested section to be crossed. We quoted a price ₹4,000 less than road reducing our freight cost by ₹16,000. In three months, we moved the cargo and proved to the customers that we can reach the destination in 72 hours. Thus, we could divert the cargo from road to rail. From October last year, the train is running an uninterrupted service.

Q How is the railways gearing up to capitalise on this opportunity?

The Railways is currently spending on asset quality and on removing bottlenecks. Once this is done, their capacity will double. So railways will have the capacity to run three times the trains and we will be using this with timetabled trains.

The factors affecting our business include the railways, their policies and the Indian economy in total.

On March 2, the Railways Minister announced a freight action plan. In that meeting, everybody agreed that they were out pricing themselves in freight market. The second thing was the plan to go for long-term contracts with major customers, which means they are looking for some price stability programme. Another plus point for us is that most state governments are objecting to overloading of trucks. If overloading is stopped then rail becomes competitive.

Two good initiatives have come from the government – Make in India and Pradhan Mantri Kisan Kalyan Yojna. Our GDP is growing at 7 per cent, but the growth is happening more in the services sector. If the tertiary sector is growing, lifestyle of people in the service sector improves, but the population in primary and secondary sector is getting poorer. That is why the government has come up with these schemes: Make in India is for

the secondary sector – manufacturing and the Pradhan Mantri Kisan Kalyan Yojna is for the primary sector.

With every 1 per cent growth in GDP, logistics sector grows by 1.5 per cent. But today because only service sector is growing with every 1 per cent growth in GDP only 0.5 per cent growth in logistics is happening.

Q How will the upcoming DFCs add to your advantage?

Coming back to my Vision 2020, I have developed a double stack train along with IT system to support it. Once the Western DFC comes up in 2019, the train length will increase from 700 metres to 1500 metres and the number of teus will increase from 90 to 400 per train. Thus, our cost competitiveness will increase. With the DFC the transit time to port will come down from 72 hours to 20 hours. With these capabilities railways will give stiff competition to road.

Now the challenge is, we cannot run 400 teu train from the port to a single destination or vice versa. So we are developing hubs along Western DFC. We are developing first hub in Baroda for Gujarat region, next hub will be in Swaroopganj. This is the point where trains from Mundra, Pipavav and JNPT will meet. We are looking for directional traffic from each port. Other hubs will be at Phulera and Khatuas.

In the Q3 FY 2016, we increased our freight share from 72.8 per cent to 75 per cent. This was achieved through double stack running and quick cargo clearance from the ports. We are concentrating on faster clearance of cargo at ICDs. We are working along with shipping lines to bring DPD into terminals and deliver.

Q Since you are leveraging on technology. Are you exploring the mobile platform as well?

Every year we spend ₹1000 crore in capex. For every ₹100 on capex, ₹60 will be spent on terminal development, ₹30 on rolling stock and equipment and ₹10 on IT. We have tracking systems fully functional and at dry ports for inventory management we are doing a programme called KYCL – Know your container location. It is functional today at six depots and we will make it functional across India by FY2018. Customers can track their cargo from the time we pick up till we deliver it at the port.

We have launched a mobile app so that a customer sitting anywhere can complete his booking. Today we are mostly in 2PL, but we are not into 3PL. Again in 2PL we are not strong in first and last mile connectivity. The reason is with us being a PSU, we have to go through a tender process to nominate a service provider. Now the efficiency of the service provider in turn affects my quality of service. Instead if we have a panel of 10-20 operators then there will be competition and we will be strong. A customer can post his requirement on the mobile app and the panel of operators will quote their rates. The application will decide on the operator and connects it to the customer. Thus the first and last mile connectivity becomes strong. This is planned to be achieved by FY2019.

Q Are you planning to get into 3PL as well?

Today Concor has 3.75 million sq ft of warehousing space and another 4 million sq ft warehousing is being developed at all 15 MMLPs. We are planning to start warehouse management (3PL) which will be hived off in to a separate vertical. We will offer complete distribution logistics along with invoicing. From customer satisfaction, Concor will move to customer value creation.

Q What are your plans on the east coast?

The east coast requires growth along with industrialisation. Consumer products manufacturing needs to pick up on the east coast. People say our logistics cost is higher, but our logistics cost per kilometre is not higher. In China the length of travel for a product before getting exported is very less compared to India. In India on an average, a product travels about 700-800 km, but in China it travels only 300 km. This advantage can happen only if industrialisation comes on the east coast.

Q Which regions are giving growth for you?

Our growth is coming more from the North West belt, Tamil Nadu and Karnataka. Growth has to come from Odisha and Andhra Pradesh. That is the reason we are developing Paradip and Visakhapatnam, Kakinada and Machilipatnam. At Machilipatnam, I want to develop an integrated logistics manufacturing zone.

Operational performance

The operating turnover of Concor registered a growth of 2.82 per cent during FY 2015-16, increasing from ₹5,585.23 crores in FY 2014-15 to ₹5,742.58 crores in FY 2015-16. EXIM cargo handled at terminals dipped a bit from 26,21,385 teu in 2014-15 to 24,75,868 teu in 2015-16. Domestic cargo also declined a little by -8.40 per cent. In 2014-15, the company handled 4,89,371 teu, compared to 4,48,178 teu in 2015-16. mg

V Kalyana Rama is a 1987 batch IRTS officer. He holds a bachelor's degree in engineering. He is also a trained cost accountant from ICWA. Earlier in his career in CONCOR, he had served as Executive Director & Chief General Manager of Southern Region and Senior General Manager at Visakhapatnam.

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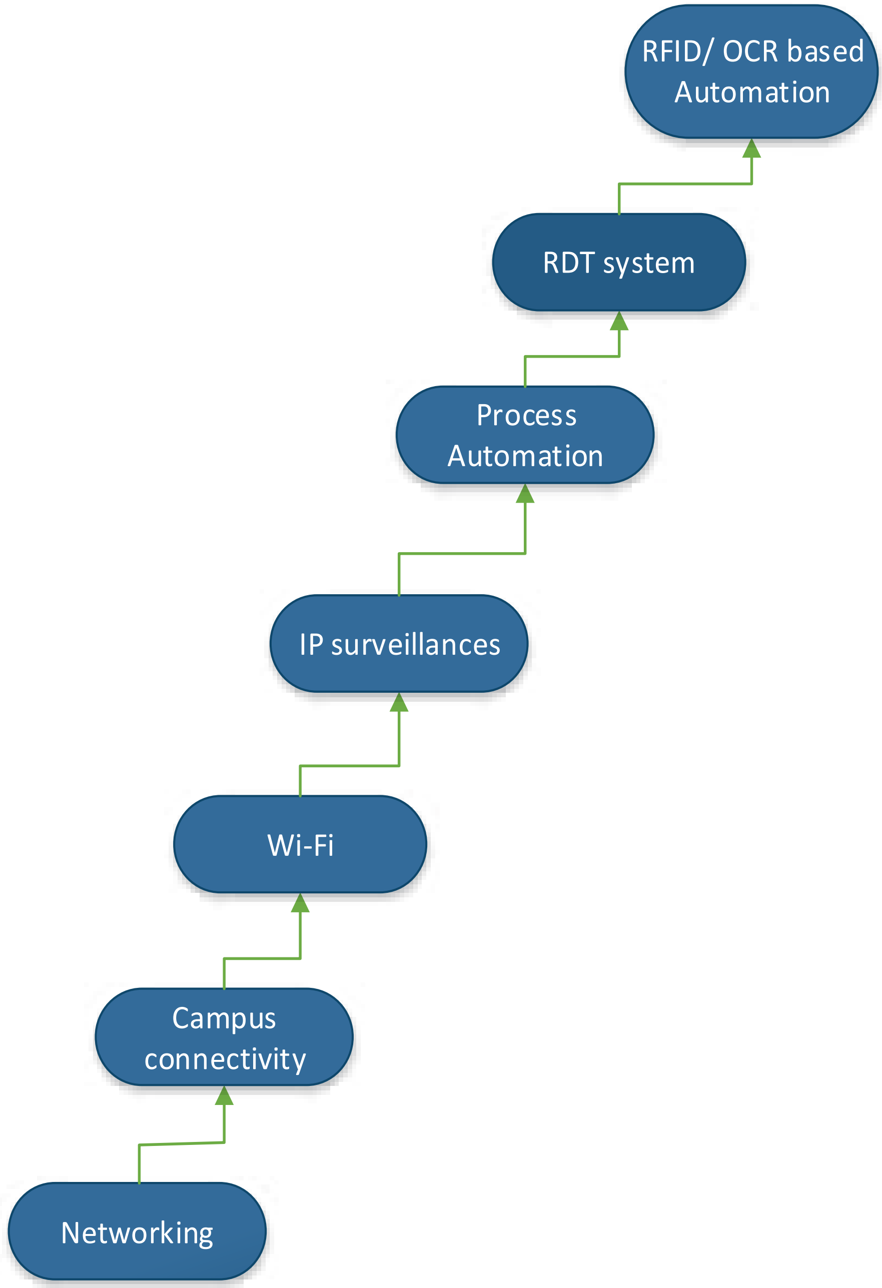

Corporate Office:
E-203, Station Commercial Complex,
C.B.D Belapur, Navi Mumbai: 400 614
Tel: +9122 4030 9800, Email: sales@surajinformatics.com

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Direct Port Delivery: THE BATTLE FOR BOXES

DPD has been introduced to cut down the dwell time and transaction cost by moving the containers direct from the port to the customer instead of routing them via CFS. But CFS operators claim they are well equipped to dispatch cargo quickly and do not add to the logistics time and cost. While DPD will surely dent their business, to sustain CFSs will have to align with the changing patterns of the trade and be open to functioning as warehouses as well for customers to store cargo

by Deepika Amirapu

Direct Port Delivery. Much debated and much contended, yet little done. The dialogue on direct port delivery first began last year when the Ministry of Commerce listed a slew of measures to be taken by the government and trade to ensure easier ways of doing business in India. For this, finished goods and raw materials have to reach their destinations faster. One of the suggested approaches by which goods or cargo could reach the end user or the manufacturing-processing unit faster is by clearing them out of the ports as quickly as possible. That is by reducing dwell time and transaction cost. And so it is toward this end that the Direct Port Delivery system was initiated after the Ministry of Commerce sent out a note asking all major ports and private terminals to extend this facility at their ports. In the past, import containers were sent to Container Freight Stations (CFS), a couple of days after they were unloaded from a vessel. Further, depending on the completion of import procedures and clearances with shipping lines, custom house agents, customs, consignees and CFS operators, the cargo was then delivered to the end user after an average dwell time of 9-10 days. With DPD, importers can avoid these obstacles and import containers can be delivered to the end user directly from the port with an average dwell time of 1.5 days. The DPD system evolved mainly to improve the time and cost cycles on the import side for our export cycles are in tandem with the global parameters.

The Jawaharlal Nehru Port Trust, being India's largest container port by volumes handled issued a trade notice as early as February last year allowing all its Accredited Client Programme, or ACP clients to opt to take delivery of their cargo directly at the port than at a container freight station. ACP clients come under the programme that was introduced by the Customs in 2005 to grant assured facilitation at all the EDI enabled customs stations to importers who are found to be highly compliant to be exempt from the routine examination. These clients also can avail an additional four percent duty waiver because of the scale of their business. Any customer who was importing cargo worth more than 10 crore, paying customs duty of ₹1 crore and filing at least 300 B/Ls annually would be eligible for the ACP initiative. Then too, the cargo would go to a designated CFS and the client could delivery from the facility. However out of the total 170 odd registered clients, only 40 to 50 importers signed up for this scheme and far fewer continued to avail this scheme until 2016.

This was, therefore, the government's first attempt to implement DPD. The next directive came of course, from the government last year after India's ranking in the ease of doing business index remained at 143, far lower than any of the other developed economies. And to the government's credit, it conducted many a workshop to create awareness and stressed on importers to avail this facility. The JN Port was asked implement this scheme immediately as over 55 percent of India's container traffic passes through this port. Port officials say 778 importers of over 4,000 agencies have already availed this facility and are currently taking delivery of their goods at the port directly. Private terminals operating at the same port too kick started offering this facility too. But pray, why then is there so much disease and confrontation from the trade on this issue?

First the concerns raised by the container freight stations. The CFS Association, the nodal body for all the freight stations says the DPD system might dent their business with most cargo owners moving out their wares from the port directly. They argue that the freight stations are well equipped to dispatch cargo quickly thus aid in reducing the dwell time. Also, when JNPT was conceptualised, it was designed to function around the container freight station model after the Mumbai Port Trust could no longer handle box cargo for want of space and larger volumes of bulk and break bulk cargo being handled. So, when importers of container cargo moved to JNPT and the ACP programme was introduced, cargo was evacuated far quickly than it was at the Mumbai port. For an ACP client, who needed no inspection and assessment, movement of cargo out of the port was swift as the Customs would provide him an Out of Charge or OOC certificate once he produced the Bill of Lading and cargo is moved to the CFS. This process helped in bringing down the dwell time significantly from 20 days earlier to about 6.8 days currently. Of this too, about 25 per cent of the cargo is cleared in the first two days, about 35 per cent of it in the next five days. So, roughly about 60 percent of the cargo gets cleared in the first one week. The balance cargo might take longer because it could be nominated cargo or could also be in the high sea sales category. Such cargo might continue to remain at the CFS as it would be a cheaper and safer option for the importer to store his wares for a ground fee at the station.

Arguing for the importer, the CFS man says the cargo owners should be given an option to clear and claim his cargo at his will. "The importer should be allowed to claim his cargo from the container freight station at his will. Most cargo owners pay the customs after recovering revenue from sales made in small tranches and clear the next batch of cargo paying up the customs duty," said one of the members of the CFS Association. Also, the port has designated Speedy Container Freight Station as the nominated station for all cargo left unclaimed within 48 hours to be taken there. This move has left the CFS and the importers in the lurch as they reckon the choice has to be left to the importer to choose from a large option of CFSs. Moreover, if the customer does not have the option of storing his goods at a CFS, he will have to pay perhaps a similar sum to a yard for storing his goods and transporting them thereon. This may lead additional costs if the goods have to be transported to a long distance yard instead of a CFS close by.

With these norms in place, the number of customers opting for DPD was about four per cent until December last year. However, with government efforts and the cooperation of the trade, the number has now gone up to 15 per cent. The Prime Minister's Office has in fact asked the ports to take this figure up to 40 per cent for India to be able to improve its ranking globally. To achieve this magical number, the ports will have to take the CFSs in to confidence and work in tandem than in silos. **Anwar Javed, Vice President, Continental Warehousing Corporation** says, "The freight stations are not against the DPD model. We would like to be equal stakeholders in the nation's progress. However, we would like the port and customs authorities to take us into confidence and implement rules that favour the entire ecosystem."

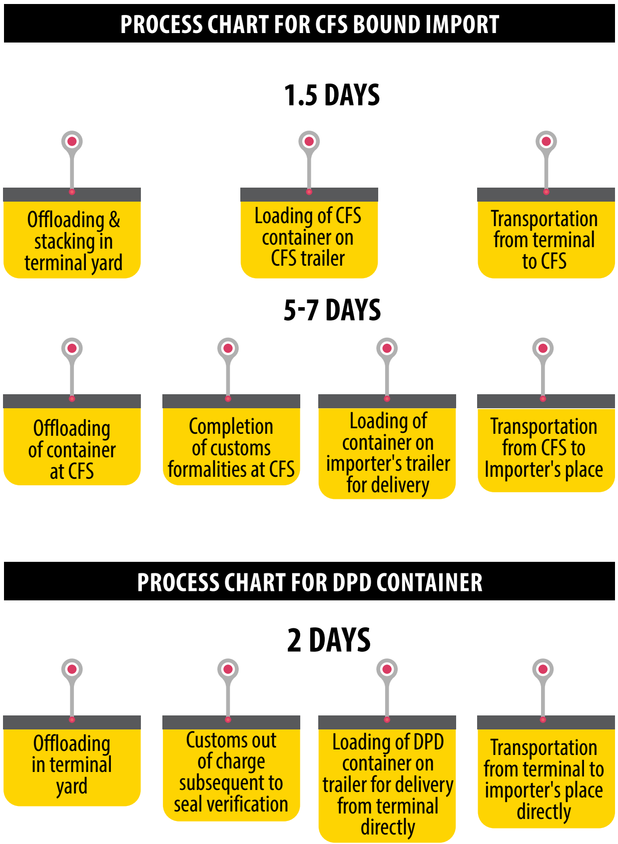
The CFSs, the states had created as an extended arm of the terminal. So, the Association has made a representation for the OOC to be issued at the container freight station which is also a bonded area and customs officials could clear cargo upon inspection. "We would like the government to be like the big brother here and allow us all to function as a unit in helping to meet the goal," he says. He argues most CFSs clear cargo from the port within the free period and perhaps gains little in storing the cargo in his stack house longer.

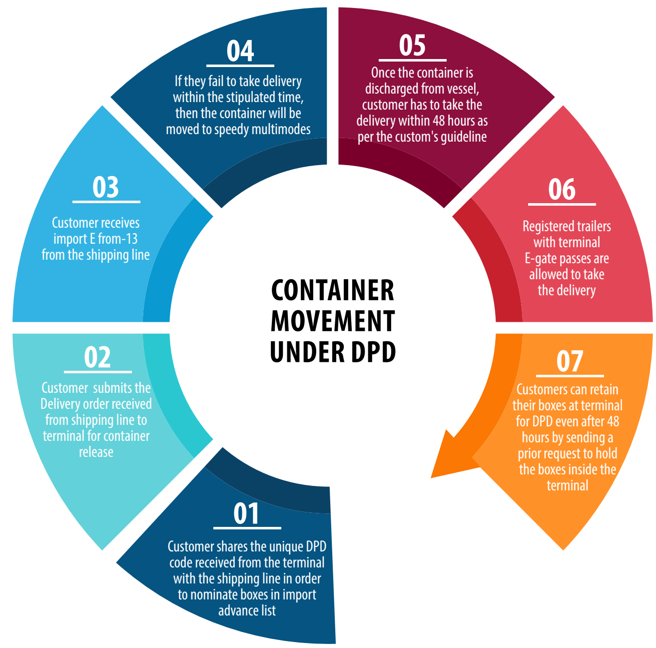
The Port, however, think the CFS model is now redundant and does not lead to as much of time and cost savings as the cargo takes up to nine days to be cleared from the CFS once it leaves the port premises. **Neeraj Bansal, Deputy Chairman, JNPT**

MG VIEW

Customer-oriented approach

The world today has coalesced to be a customer's market place. And for him to win the game, time and cost savings have to be made as primal offerings. In a complex market when every stakeholder's needs demand attention, collaborative working and consistent solutions will be in the best offering to the trade. India is now transforming in to a free market place and every customer or service provider should be given the option of working with who he chooses. Ports and CFSs should remain facilitator and the Customs can do better in terms of providing a more secure environment for trade.





lists his areas of concern. The first is the time taken for the cargo to reach its hinterland, which approximately has been pegged at nine to ten days. Second, he draws to attention the economic cost involved in the trader taking delivery directly at his factory than move its cargo from the container yard in the port to the CFS and from there on to his factory after almost two weeks. By opting for DPD, he says the customer can cut down on multiple movements to and from the CFS. Bansal says, "In the DPD model, the customer gets to save on logistics cost, ground rents, handling costs and seven days of unproductive detention."
For any customer who would like to avail a longer credit period, the port is willing to make an exception in his favour, Bansal says. The port aims to create a platform for those who would like to avail the DPD facility. "The port has not issued single circular that would injure the interests of the trade. The port is only acting as a facilitator in offering a platform for those who would like to conduct business."

To be in the business, CFSs have to align with the changing patterns of the trade and be open to functioning as warehouses as well for customers to store cargo. The port, on its part, is also introducing various measures to ensure the DPD initiative is successful. We handle more than 20,000 teus through the DPD model that accounts today for about 15 per cent of total cargo handled. Similar to the rebates offered to the trade for using rail transport within the systems, using parking areas right outside the port premises, the port is planning to introduce a transport system to deliver all cargo of the DPD customers to their factories directly. The port, he says, is aiming to bring in more transparency in the process. "The port is not designed for the DPD model. So, at the port we are trying to provide a logistics switch to efficiently offer DPD as a model," Bansal says. Transporters shall be identified after a tender for particular routes and ACP or DPD customers can align with these vendors per the routes. Their cargo will then be loaded on to the trailers and dropped off at the factory. The transport rates will be pre-determined thus leading to an efficient model. "Such an out of box idea is required for an out of the box situation," Bansal says mentioning this can turn in to an Uber model where the trucks can perform multiple tasks. They could pick up import cargo from the port, pick up a repositioning empty from an export house and also pick up export cargo on the said route from a factory. This, he says, will help in the trucks also being optimally utilised bringing down the wastage in transportation. The port is now in the process of preparing the ground for a tender before transporters are invited to participate in the bids. At the moment, the trade Bansal says, is supportive of this model of transport.

It may be a few months before the new transport model is put to test to check its efficiency in operating in such as complex system and perhaps a circular from the port would all it would take for the new transport system to be in place. But for a model like direct port delivery to work, it would take much more than just circulars from the regulators.

Can India manufacture containers?

The short supply of containers has not touched the red line but if things don't improve soon trade might end up coughing up higher freight rates for exports from India. Meanwhile, the impending situation has unlocked an opportunity for investors to explore manufacturing container in India. Indian market is not new to container manufacturing but unlike any other commodity the feasibility of this sector depends on the volume of cargo inflow and outflow

by Sisir Pradhan

In the last few years share of containerized cargo in India has peaked up but in the last few months the trade is feeling the heat of container shortage in the market. While there could be several facts that resulted in the tight supply scenario but the underline largely lies with slowdown of manufacturing industry in China and its aftermath. Giving a prospect of container industry in China, the country's major container producer **Singamas Group** revealed, "In 2016, total production volume and maximum annual capacity was 1.85 million teu and 5 million teu respectively. Due to the environmental issues in China, all container factories will apply waterborne paint from April 1, 2017. Some factories will suspend production for line modification to adopt the waterborne paint. The productivity of waterborne paint containers is much less than solvent based one. We expect the container supply will be reduced in 2017."

In the year 2015, total global containerized trade volume is estimated at 1.69 billion tonnes or 175 million teus. And more than 90 per cent of the containers are manufactured and supplied from China. However, intra-Asian containerized trade has slowed down in recent time and one of the factors that came into play is deceleration of manufacturing sector in China. The gravity of the situation could be gauged from the fact that Singamas Container Holdings, a major global player in container manufacturing brought down production volume by 23 per cent in 2015.

Though the short supply has not touched the red line but if things don't improve soon trade might end up coughing up higher freight rates for exports from India. Meanwhile, the impending situation has unlocked an opportunity for investors to explore manufacturing container in India. Indian market is not new to container manufacturing but unlike any other commodity the feasibility of this sector depends on the volume of cargo inflow and outflow.

Slackening Freight Rates

Fall in freight rates and leasing rates further pushed back demand for new containers. The impact of past decisions to bring in larger container vessels resulted in over supply of containers and bigger size vessels in 2015 was not in line with the trade demand. Though the shipping lines could have recovered by means of economies of scale but slower economic activity in China, commotion in Europe, falling commodity prices worsened the situation. As a result container freight rates declined steadily in the past two years. Even one of the most profitable routes Shanghai--the US registered a freight rate fall in double digits. Soon it led to consolidation of shipping industry.

The Green Impact

Stricter environmental regulations are becoming the norm and the container manufacturing industry in China was needed to realign and refit their factories accordingly. In this process, water-borne paint coatings are required to be applied to containers instead of regular spray colors. Meanwhile, the process requires significant investment to upgrade factory paint workshops which many of the companies are not able to do particularly at a time when new container demand is weak.

Moreover, other Asian markets are fast catching up with China in terms of labour and production cost competitiveness. Explaining the situation, Singamas said, "We expect number of container manufacturers will decrease in China as more and more factories have moved out of China to other developing countries, like Vietnam and India. Container manufacturers will closely review the situation of export to see if there is any possibilities to set up new factories in other areas. Also, some small manufacturers may close their plants as they are not willing to invest on upgrading facility to fulfill the new regulations of environmental protection in China."

Economies of scale is the trick

Unlike other products, manufacturing of containers is economically more feasible in a market where exports are more than imports. Otherwise it will make the business unviable as the freight cost to ship an empty container from a country to other could cost equal to almost 30-40 per cent of the market price of a container. And this is one of the reasons for China becoming a hub for container manufacturing. Moreover, China also had an entire eco-system of industries which produce raw materials such as steel, floor board, locking bars, door seal, paint that are used to build a container.

Bijoy Paulose, Managing Director, VS&B Containers Group said, "To make India a significant player in container manufacturing, there is a need to boost exports. Container ports on the east coast of India have higher import volume as compared to export, hence these ports are not suitable for the purpose. However, on the west coast, Mundra is a location where exports have surpassed import hence making it a better location to

"China originally became the prime manufacturer of ISO containers, firstly, because of low labor costs, later because of China becoming the steel recycling hub globally, then of course they surged as the 'factory to the world'. India could be competitive but it must become a larger 'steel recycler'."

Barry Naef
Executive Director, ISBU Association

manufacture containers. With the government policy emphasizing more on coastal shipping and growth in domestic consumption, container manufacturing could become a viable industry sometime in the near future. Currently the demand has not reached to a level to set up a plant in India to meet the requirement because minimum production capacity of a plant is 40,000-50,000 teus per month. But at the moment the demand for new container is much lower in India."

On the other hand, there is a disadvantage for Mundra as it is very close to Dubai and other ports located in the Middle East which is a container surplus region. Middle East is a net importing region and trade is heavily inclined towards containerized imports whereas export from the region is POL and liquid bulk. Hence, the surplus container capacity is mostly moved to the West Coast of India.

Opportunity and Challenge for India

Steel, flooring, paints and other accessories are major components used for container making, but steel accounts for more than 50 per cent of raw material cost. Higher price of steel in India as compared to China puts prospects of container manufacturing on a distinctive disadvantage. While importing steel from China could be a viable option to compete on price front with Chinese manufacturers but steel import from China attracts anti-dumping duty. Furthermore, in the second half of 2015, price of corten steel used in containers declined and weak demand further pushed average selling price of 20' dry container prices to about $1,800 which is 15 per cent lower than earlier price.

Container manufacturing industry can take a cue from China by using scrap as a raw material. **Barry Naef, Executive Director, ISBU Association** had lived in China for about a decade and had closely observed evolution of the industry. Naef said, "China originally became the prime manufacturer of ISO containers, firstly, because of low labor costs, later because of China becoming the steel recycling hub globally, then of course they surged as the 'factory to the world'. India could be competitive but it must become a larger 'steel recycler'."

In the last 24 months, the drastic rate at which flow of new containers have come down in the global market was realized when major container producer China International Marine Containers (CIMC) in September 2016 announced that its dry container sales volume has came down to 238,300 teus in 2016, which is a fall of 67.63 per cent as compared to 2015. Sale of reefer was even worse as it has come down by 74.34 per cent. In such market scenario, it is evident that there is a short supply of container and if global trade volume picks up markets could face a supply crunch. The effects have started to be felt in India as well. A senior executive of a major multi-national shipping lines, on conditions of anonymity, said, "Currently, the container supply scene is getting weak because India's containerized imports have reduced whereas exports have started picking up. Though

there is availability of 40' containers but the shortage of 20' containers is now being felt. Shipping lines and leasing companies are not buying new containers for the last 3-4 years, and since new orders are not being placed container manufacturing units in China have started to cut down on production. The containers available in the market are fast ageing. The peak season starts from end of March and demand for container will increase leading to further scarcity. But when imports go up in coming months the supply of container might stabilize."

Citing reasons for shortage of containers, **Bijoy Paulose, Managing Director, VS&B Containers Group** said, "Till about 7-8 months ago there was a complete surplus of containers in the market, hence many of the container manufacturing factories in China had cut down on production. There were many factors which created demand for containers but one of the major factors was collapse of Hanjin shipping. After the bankruptcy of the shipping line, a large volume of containers owned or leased by the company couldn't be brought back to the market due to regulatory and legal constrains."

Due to the mismatch of demand and supply, prices of containers have increased significantly in India. Container price about 7-8 months ago was $1,400 whereas now the price has gone up to $2,200.

Who control the box supply?

Supply of boxes for trade routes between Middle East and India is majorly controlled by NVOCCs and remaining by shipping lines. However, shipping lines have the control over supply of boxes for trade routes from India to South East Asia, China, the US and the Europe. As compared to other major Asian markets, NVOCCs have a much larger segment and role in supply of containers in India, and it is because majority of trade routes are short haul routes – India-Middle East; India-Singapore; and India-Sri Lanka. But in major Asian markets, shipping lines control supply of containers on trade lanes like China-Japan; and China-South Korea, and in these regions NVOCCs have very little control.

Exports from India is very less as compared to imports, therefore traditionally India is a surplus location for containers. The import and export container ratio in India is 6:4. But over a period of time exports from India has started to pick up pushing demand for containers.

Demand-Supply in 2016 & 2017

In the first two quarters in CY2016 there was large surplus of containers in Asia, and freight rates had come to very low levels, however, soon the market for containers deteriorated with Hanjin bankruptcy, and the after effect triggered a number of consolidations as shipping lines feared that falling freight rates could lead to many more Hanjin like scenario. However, market conditions improved in the third and fourth quarter of CY2016 as there was some correction in freight rates. Though shortage of containers is felt for export from China but the shortage is not very acute in India. India probably has the largest inventory of idle containers in the region, and many container leasing companies and shipping lines were taking empty containers to China and far East countries since demand for export boxes was low in the region and freight rates were even lower. Trade insiders also said the cause for shortage of boxes could be because some of the operators are hoarding boxes to push prices further up.

There are chances that the shortage of containers in India is artificially created to push rise in container leasing rates. Other reason could be that companies are more interested to move boxes to regions where they get better freight rates as compared to India. Trans-Atlantic freight rates have improved in last months while there has been no increase in freight rates for exports from India or Middle East to India, or South East Asia and India. Hence, there are chances that the shortage might be artificial as companies are not interested to serve these markets for lower rate.

In the last fiscal market conditions have forced some container makers in China to make an exit, and some suffered losses. The industry in China also facing labour resource crunch at the same time.

Samir Ghosh, Director & CEO, Transafe Services said, "Companies in India import containers from China and South Korea because the cost is about 20-25 per cent lower as compared to manufacturing in India. Most of the companies which have a bulk dry container requirement import from these markets. Hence, Indian manufacturers find it difficult to compete. The industry purchase containers from Indian container manufacturer only when there is requirement for low volume, and custom-made container requirement."

Indian container manufacturers are surviving by fulfilling the demand for customized containers. The Indian government is promoting coastal shipping which will further create demand for containers. It could be a right time to explore investing in container manufacturing in India, but for a sustainable industry India need to become export surplus country.

The French connection

India and France are strategic partners since the 1990s. France ranks among the top 3 foreign investors in India and both the nations share a common vision of taking the trade relations to the next level

by Omer Ahmed Siddiqui

India is the largest and the fastest growing economy in the world. The country represents a dynamic market of 1.25 billion population. These two factors attract the global community to boost trade with India and the European Union is no exception.

In 2016, the European Union imported €39,265 million worth of goods from India and the exports to India were valued at € 37,800 million. India ranks 9th among the top importing partners from EU and is on the 10th position among the exporters to EU. The EU accounted for 13.5 per cent of India's overall trade with the world in 2015-16, well ahead of China (10.8 per cent).

The gateway to Europe

HAROPA is the leading French port and also gateway for trade with Europe. It brings the Indian subcontinent closer to Europe and is the first port of call on the North-European range. HAROPA is the number one port for container trade of France and import/export of vehicles. Seahorse ship agencies, headed by Capt Avinash Batra, represent HAROPA in India. In 2015, India exported about 41,002 teu goods to HAROPA which increased to 43,967 teus in 2016, registering a growth of 7 per cent. France ranks among the top 3 foreign investors in India.

Connectivity

Most of the major ports in India connect to HAROPA. Nhava Sheva connects to HAROPA and Rotterdam in 20 days, and to Antwerp in 22 days. Imports from HAROPA arrive to Nhava Sheva in 20 days, from Rotterdam to Nhava Sheva it takes 26 days and from Antwerp it is 27 days.

The transit time from Le Havre to Mumbai is 29 days and from Mumbai to Le Havre is 40 days. Similarly, the transit time from Le Havre to Chennai is 25 days and from Chennai to Le Havre is 45 days.

Growing trade with India

To further boost Indo-HAROPA trade, in February a power packed senior delegation from HAROPA organised a roadshow in India that toured from Delhi to Chennai, Ahmedabad and concluded at Mumbai on February 23. Herve Martel, CEO, Port of Le Havre & President, HAROPA Ports lead the delegation that included Herve Cornede, Director, Commercial & Marketing, HAROPA Ports, Laurence Coredo, Director-French Customs and Jean Edouard Nicolet, Vice President-SOGET.

Sharing a glimpse into the growing Indo-HAROPA trade, Herve Martel commented, "In 2016 the trade between India and HAROPA has grown by 7 per cent over 2015. The increase in trade of chemicals is even higher. India is using European ports for growing exports to Africa."

Hervé Cornede highlighted the excellent multimodal connections of HAROPA. Located close to the most important European market i.e. France and directly linked to the UK, HAROPA offers the most competitive edge with connectivity to 600 Ports served by close to 60 leading shipping lines.

The delegation also visited JNPT where they were well received by Anil Diggikar, Chairman, JNPT and Neeraj Bansal, Deputy Chairman, JNPT. The team at JNPT congratulated HAROPA for being the No. 1 Port in 'Ease of Doing Business.' Anil Diggikar reiterated that there needs to be more synergy between the two Ports, so that more knowledge sharing could happen, especially learnings from their Port community system would help in reducing the time and cost of trade.

INDO-FRENCH TRADE - 2016

Exports to France	% share	Imports from France	% share
Textile and textile articles	23.5	Machinery and mechanical appliances	27.47
mineral fuels and oils	17.54	Vehicles and aircraft	19.58
Machinery and appliances	11.73	Chemical and allied products	14.63
Chemical and allied products	9.5	Optical, medical or surgical instruments	10.05
Animal, vegetable and food products	6.8	Metals and articles	8.77
Vehicles and aircraft	4.9	Plastics and rubber	5.26
footwear	4.7	Animal, vegetable and food products	3.1
Metals and articles thereof	3.75	Others	11.14
Leather articles	3.5		
Gems and jewellery	2.9		
Others	11.18		

Source: Indian Embassy

MORE POTENTIAL IS ON THE EAST COAST

Movement of bulk commodities has maintained momentum for coastal shipping which still struggles for attracting more volumes. While the west coast is about finished and containerized goods, the potential is on the East Coast that eyes to gain from bulk cargo

by Sisir Pradhan

For some time coastal shipping is being voraciously endorsed by Union government and fleet operators are trying all permutations and combinations to attain maximum capacity utilization for their vessels. However, the results are far from satisfactory for the industry, and it is costing more dearly to container fleet. Meanwhile, the movement of bulk commodities has kept the momentum for coastal vessel operators. While the west coast is about finished and containerized goods, the East Coast of India eyes to gain from bulk cargo. In the absence of documented cargo mapping, fleet operators have been scrambling to find the right mix of load factor for their vessels to remain afloat. The bulk cargo segment largely constitute of five major commodities such as coal, petroleum, oil and lubricants (POL), iron ore, and fertilizers.

M.V. Kapardee, Deputy Director (Research & Planning), Visakhapatnam Port believes that after years, government is focusing in the right direction by initiating a cluster-based approach towards development of ports and port-based industries. Notably, the shipping ministry had recently conducted an origin and destination mapping of major cargo items to align the port capacity and infrastructure needs as per demand. The cluster-based approach is a step in the right direction, as in the long-run it will create a sustainable business environment for ports.

Paradip Port is a major beneficiary from the bulk cargo rush. **Rinkesh Roy, Chairman, Paradip Port** said "Major coastal cargo that moves through the port is thermal coal from coal fields in Talcher to power plants in south India such as APGENCO and TNEB. The coastal coal volume is about 24 million tonne. Moreover, JSW and Essar Steel move iron ore pellets and iron ore fines through coastal vessels. Essar Steel in FY2015-16 has moved around 2.5 million tone of bulk, and JSW had moved approximately 1.5 million tone during the time period."

Coal is the main cargo on East Coast and it has been growing in the last 12 months. The container movements have not seen any great changes with limited movements from Kakinada, Visakhapatnam and Chennai for other Indian ports. For other cargoes which can possibly move on coastal shipping, lack of regular schedules is a drawback, opines **Capt K G Ramakrishnan, MD, Ben Line Agencies**.

Recently, steel cargo movement has started from steel plants in Kalinganagar and other parts of the state to Western parts of the country. The future growth in cargo volume largely depends on the demand for thermal power plants in south. Most of the coal volume is handled by Tuticorin, Ennore, Krishnapatnam and Kakinada. Coastal movement of coal has dropped by about 1 million tone till October, 2016 due to less production at mines in Talcher, Paradip Port Chairman Roy said. He stressed that there is a demand for storage space, as bulk cargo mover require more space to aggregate and distribute cargo.

Kamarajar Port, being close to thermal power plants in Tamil Nadu has benefitted from coastal coal movement. **M.A. Bhaskarachar, Chairman and MD, Kamarajar Port** said, "Coastal bulk cargo consists of liquid and coal. Due to government's stand to reduce coal import, coastal coal movement will increase in coming times. During FY2015-16, the port has handled 15.27 MMT of coastal coal and 10.34 MMT of foreign coal."

Despite the potential for coastal bulk cargo, cargo profile has been limited to few commodities. Identifying some of the challenges for the segment, **Ishwar Achanta, Joint MD, Portman India and MD**, **Viking Shipping**, said "Roughly 3.5 billion metric tone of cargo is moved within the country, whereas less than 5 per cent of total volume is move by sea in India. But there are lot of issues related to coastal shipping. Vessels pay for duty paid fuel which is about 27 per cent higher than bonded fuel. The discount given by ports on tariff for coastal cargo includes port, marine and cargo related charges. The ports need to give more incentive to encourage coastal movement. Moreover, government has asked ports to build new berths to handle coastal cargo whereas ports like Chennai already have 22 berths. It is advisable to built a berth at ports like Paradip and Visakhapatnam which have congestion but it is not a wise move to invest in berths in Chennai or Tuticorin. Government has to make policies depending on requirements of a particular port."

Elaborating more on the challenges, **Debashis Dutta, Immediate Past Chairman, FFFAI**, said, "Lack of proper infrastructure, handling facilities for coastal vessels, connectivity among ports, inland rail/road with hinterland are the bottlenecks. Time has now come that coastal cargo movement is developed with inland waterways to boost logistics sector."

Currently, coastal vessels have to wait for their turn along with the EXIM cargo vessels to berth whereas in other countries like the US, Europe and Japan coastal vessels get priority berthing because they are competing with road and rail transport. The key to success of coastal shipping lies with effective and efficient inventory management. For example, a manufacturer can move as little as a truck load of cargo from his factory, and he receives the payment once the cargo reaches his client. On the contrary, it requires a minimum of 2,000 tonnes of cargo to move by a vessel. Furthermore movement by sea requires far more multiple handling, and documentation process. Hence, to make coastal bulk movement a more lucrative proposition, all these factors needs to be taken into account, including the inventory holding cost. There is a variety of cargo that can be moved by coastal mode but it can be successful only when the right price point is offered to the end user. Vessels require volume, based on economy of scale, to become viable, hence government needs to work with all stakeholders to generate that kind of volume and effectively manage the inventory.

Sky is the limit

During the early 90s, it was a period when India was opening its economy, which registered a surge in outbound cargo traffic. While India had 10 major sea ports then to handle international cargo, in case of air cargo the onus was majorly on Delhi and Mumbai airports which were severely under capacity both in terms of ground handling and aircrafts. Hence, it forced the government to adapt Open Sky policy. The change in policy was a big milestone particularly for the air cargo sector in India. Removal of regulatory regime prompted international cargo carriers to consider India as an investment destination and undertake commitments on long term basis. The time has come India needs to replicate similar policy approach for coastal shipping.

There are other aspects that also hinder growth of coastal movement. Indian Customs Act is common for all ports, however for each port it is applied differently. Ports like Cochin and Kakinada demand papers for coastal cargo similar to import cargo, whereas Chennai Port instructs that submission of a letter mentioning coastal cargo will be enough to unload cargo. Similarly, there are several other niggling issues like employing foreign crew on coastal vessels. Highlighting some of the major bottlenecks for coastal shipping, **P S S Prasad, President, Apollo LogiSolutions**, said "Slow clearance of coastal cargo and infrastructural gaps in handling coastal vessels at major Indian ports are some of the issues faced by the industry. Meanwhile, all of the major public ports in India are setting up a green channel for the clearance of coastal cargo to reduce supply chain bottlenecks."

Preparedness of ports for coastal cargo

About 3.5-4 million tonnes of coal is moved from IB Valley in Odisha to thermal power plants in Tamil Nadu through Visakhapatnam Port. Other coastal movement handled by Visakhapatnam is about 6 million tonnes of iron ore pellets from Essar plants in Visakhapatnam to their steel plant in Hazira, and steel is moved by SAIL and Vizag Steel Plant (RINL) to the west coast. There is demand for coastal movement for steel, cement, and food grain from the region. Visakhapatnam Port has registered an overall growth in coastal cargo, which account for about 24 per cent of total cargo handled at the port. Among the coastal cargo, about 5 million tonne of iron ore and pellets move to steel plants in Maharashtra and Gujarat, 2 million tonnes of POL products, and about 3-3.5 million tonnes of coal for thermal power plants in Tamil Nadu.

Based on the shipping ministry's Origin Destination study on cargo traffic projections and logistics bottlenecks, in future about 5 million tonnes of POL products will be moved from the oil refinery in Paradip to meet the requirement in Andhra Pradesh and Telangana. Expansion of HPCL refinery in the future will lead to a traffic of roughly 15 MTPA of crude import by 2025. POL coastal traffic is expected to reach 7.5 MTPA by 2025. LPG imports are also expected to increase to 1.5 MTPA by 2025 from current 1.1 MTPA, driven by government's focus on distribution of LPG connections to rural households.

V. Janardhana Rao, Director (Operations), Gangavaram Port pointed out, "In FY2015-16 coastal movement has increased. Once Railways reach 100 per cent capacity utilization, it will be difficult for them to further expand. Most of the ports in India have invested in modernization and doubled their capacity, but they are running at average 40-50 per cent capacity. Hence ports have enough capacity to handle coastal cargo, and ports are extending various incentives in the form of vessel related and other charges to costal cargo. It is not true that coastal vessels don't get priority berthing. But users have to do a cost analysis for moving cargo by costal vessel vis-à-vis rail or road. For example, NTPC requires 6-7 million tonnes of cargo and if they use rail

it will require around 6-7 rakes on regular basis from mines to their plant. But instead they can bring cargo from mines in Odisha to the nearest port and move by costal vessel to Gangavaram, which will be much more cost efficient and it will reduce load on rail network. Moreover, Coal India should invest in developing hub closer to various industrial regions from where various buyers can purchase coal which will also cater to buyers requiring lower quantity of cargo."

Port companies like Adani Group is working on a coastal shipping strategy to bypass its cargo movement by surface mode. The company plans to position Dhamra as an important feeder port for the coastal shipping of coal from the east to south and west coasts of India, and aims to capitalize from Coastal Economic Zones. In FY2015-16, the company registered a volume growth of 23 per cent, and for the first time volume growth at its ports on the east coast surpassed west coast ports. In FY2015-16 Dhamra Port moved 5 lakh tonnes of coastal cargo, mostly slag. In FY2016-17, 3.75 million tonnes of cargo was moved through coastal mode (3 million tonnes iron ore and 0.75 million tonnes coal.)

Similarly, **Prakash Tulsiani, COO & Executive Director (Operations), Allcargo Logistics** in an investor conference call has recently clarified that the company is awaiting what the government is doing on Sagarmala and other initiatives.

The roadmap to execute the vision for modal shift of cargo from road and rail mode to marine has been affected by conflicting interests of various ministries like rail, coal and to some extent customs. Some of the bright spots at the policy front are encouraging coastal clusters for bulk commodities like cement and steel which will allow more smaller users to choose coastal shipping. mg

Coal India to produce petroleum oil in Jharkhand

Coal India is considering producing petroleum oil at its Chatra coal mine in Jharkhand. Petroleum oil from coal is part of the state-run coal behemoth's diversification plan and it will soon invite an expression of interest for it, Coal India Chairman, Sutirtha Bhattacharya has revealed. The Chatra mine comes under Central Coalfields, a subsidiary of Coal India.

Oil from coal can be used in automobiles. With crude prices on the rise, it will be a viable option for the company. Having been able to meet most of the country's coal demand, the miner now plans to diversify into related fields to keep its bottom-line healthy.

The company recently invited quotes from technology licensors for converting coal to chemical for a commercial project at Dankuni in West Bengal. The Dankuni project is for a coal-based methanol plant which uses high-quality coal from Eastern Coalfields, another subsidiary of Coal India. Details of the project can only be known after we know what kind of technology is brought to the table by experts, said Bhattacharya.

Gearing to airlift more cargo

Export cargo from Telangana that was earlier diverted to Chennai or Mumbai will be soon routed through GMR Hyderabad International Airport that is coming up with new terminals fully equipped to handle commodities of all sorts

by Deepika Amirapu

The GMR Hyderabad International Airport Limited that houses the 250 acre special economic zone (SEZ) will set up two new terminals for importing and exporting greater variety of cargo in the coming few years. A perishable cargo terminal and an international express cargo terminal will be set up to cater to the increase in fruit and vegetable import and the express cargo terminal will help GMR ship cargo to international destinations. Currently, cargo from other towns closer to Hyderabad are packed and dispatched to either Chennai or Mumbai from where cargo is shipped overseas.

The perishable cargo terminal will come up in an area measuring 30,000 sq feet. Sourabh Jain, General Manager, Free Trade Zone said perishable cargo witnessed a 40 per cent jump in the last three years. While most of the vegetable export happens from Andhra Pradesh and Maharashtra, some varieties of Alphonso mangoes too are exported from Maharashtra. With cities like Hyderabad and Chennai picking up on consumption of exotic fruits such as Kiwis, Dragon Fruit, Pears and Dates, the cargo terminal here sees many crates coming in from Malaysia, Singapore, Thailand and the Middle East. Last year, out of 1,13,000 mt of total cargo (international and domestic) handled at the Hyderabad air cargo terminal, perishable cargo accounted for about 8,500 tonnes. During 2015-16, India exported fruits and vegetables worth ₹8,391.41 crores which comprised of fruits worth ₹3,524.50 crores and vegetables worth ₹4,866.91 crores.

The major destinations for Indian fruits and vegetables are UAE, Bangladesh, Malaysia, Netherland, Sri Lanka, Nepal, UK, Saudi Arabia, Pakistan and Qatar. With international cargo surprising everyone by posting a 12 per cent year on year rise in the financial year 2017, GMR officials predict there could be more import cargo coming in. Parts and spares for the Brahmos Missile whose production unit is located in Hyderabad for which parts come in largely from Russia. A number of engineering spares including key parts such as beams for the Boeing aircraft's floor manufactured in Nagpur are shipped out of Hyderabad. India's increased consumption of electronic items too has contributed to the rise in finished goods imports from South East Asian countries. The international express terminal will come up in a covered space of 25,000 sqft, Sourabh Jain said.

The third segment of growth will come from the domestic e-commerce logistics. With Amazon setting up its largest warehouse in South Asia in Hyderabad, GMR expects this city to be the hub for South India. The warehouse space measuring 4 lakh sq feet will be operational from June onwards. These added segments will augment Hyderabad's position as the 5th largest air cargo terminal in India in the next three years. However, even as GMR is diversifying its product mix, pharmaceutical products will continue to be the mainstay of GMR. The Pharma Zone that was first set up in 2011 as India's first exim pharma terminal will steadily contribute to GMR's kitty till other cargo picks up.

With more international pharma firms asking for ground space to export and import API and bulk drugs, the Pharma Zone will remain active in the coming years as well. The interest to expand facilities by firms in Hyderabad is perhaps because of its biggest advantage of being centrally located in the country. Almost all cargo can reach major international destinations within 24 to 48 hours.

POL stands out in the cargo kitty of Cochin Port and its Chairman-in-charge **Venkata Ramana Akkaraju** has chalked out lucrative strategies for growing the share of containerised, bulk and Ro-Ro cargo as well. In an interview with *Sisir Pradhan*, Akkaraju details on the port's performance and its growth and expansion plans

Venkata Ramana Akkaraju
Chairman-in-charge, Cochin Port

RIDING ON LIQUID CARGO

Q What are the EXIM and coastal cargo handled at the Port? Have you observed any change in cargo profile in recent years?

Cochin Port is a multi-cargo port with the cargo profile dominated by liquid cargo, predominantly, POL, at 67 per cent of the throughput of 22.10 MMT in 2015-16; containerised cargo at 26 per cent and dry and break bulk cargo at 7 per cent of the throughput.

Coastal imports mainly constitute POL, cement, salt and Iron and steel. Coastal exports are mainly POL. Cochin Port is promoting coastal movement of cargo: cars in Ro-Ro carriers are moved from Tamil Nadu and Gujarat and Steel from Maharashtra, Gujarat and Andhra Pradesh.

Q In the current financial year which are the cargo that have grown in volume and which have registered a fall? How has been the trend for coastal cargo?

Cochin Port had the target of 24.5 MMT of throughput in 2016-17. The Port achieved a throughput of 23.71 MMT in 2016-17 (up to Feb-17) with growth of 10.6 per cent over the corresponding period in 2015-16. Increase of 9.88 per cent has been registered in the case of POL.

POL cargo, is set to increase by 8.0 MMTPA with the commissioning of the Integrated Refinery Expansion Project of BPCL-KR in March, 2017, where the full growth in throughput will be realised in 2018-19. Cochin Port therefore expects to handle 18.0 MMT of POL including crude oil in 2017-18 as against 13.77 MMT of POL in 2016-17.

The containerised traffic at ICTT is growing currently at 19.0 per cent over the previous year, and is set to reach approximately 4.85 lakh teus in 2016-17. Rebates up to 85 per cent on vessel related charges are offered to promote container traffic. Container traffic is set to cross 5.5 lakh teus in 2017-18. Cochin Port expects to have throughput of 28.5 MMT in 2017-18 which will be about 16 per cent higher than that achieved in 2016-17. There has been a fall in imports of fertilizers, raw materials and Illemenite sand.

Cochin Port has positioned itself as a Cement hub with 3 terminals already in operation and 2 under installation. The annual throughput from the cement terminals would be about 2.0 MMTPA from 2018-19. It is also proposed to develop a floating cement bagging plant and allied facilities with a capacity of 1 MMT at existing berth in Wellington Island.

LNG traffic is expected to reach 1.25 MMT in 2017-18. Further growth up to 5.0 MMTPA and above is expected with the pipelines getting connected to Mangalore and Bengaluru in 2018 and 2019 respectively.

Cochin Port will be commissioning a Multi User Liquid Terminal (MULT) by IOC with a capacity of 4.10 MMTPA in February, 2018, where LPG and POL products will be handled. 45 cruise ships called at the port in 2016-17 and 50 are expected in 2017-18.

Q What are the new vessel calls/sailing started in the current year?

Two new services PIX2 & SMILE have started in JV format connecting Cochin with Jebel Ali and Mundra, Kattupalli, Chennai, Tuticorin and Pipapav. One vessel of each service will be calling at Cochin every week. The port has provided rebates in VRC for these services to sustain.

Q Please provide details on the port's hinterland?

The Port is a natural gateway to the vast industrial and agricultural produce markets of the South – West India.

The hinterland includes the whole of Kerala and parts of Tamil Nadu and Karnataka. Moreover, 97 per cent of the total volume of traffic accounted for Kerala is handled by Cochin Port.

Q What are the new infrastructure projects taken up by the port?

The port has initiatied a number of projects to cater to the needs of various business verticals. There has been a physical progress of 95 per cent in construction of subway in front of ICTT and the project is expected to be completed soon. About 65.5 per cent of the construction of RoB at Vallarpadam has completed, and the project is expected to be completed by June.

Almost 35 per cent of development of the multiuser liquid terminal has completed and the terminal will be commissioned mostly by February 2018. As part of the refurbishment and capacity enhancement of coastal liquid terminal, commercial operations have commenced in December 2016. Meanwhile, works at NTB has been deferred to September in view of BPCL's requirement for the plant.

Cochin Shipyard plans to develop an international ship repair facility at Wellington Island. In this project, the Expert Appraisal Committee of MoEFCC had recommended for CRZ and environmental clearances for the ISRF project subject to certain conditions.

Moreover, construction of multi-user liquid terminal at Puthuvypeen SEZ is under progress. Similarly, a barge jetty is being constructed at Puthuvypeen for which piling work of barge berth is in progress.

Q What is the progress in cryogenic warehousing, tea park, and ropeway tourism?

A 5 MMTPA LNG terminal and regasification plant owned by Petronet LNG is operational at Cochin Port. Currently, the facility is running at 7 per cent capacity, but as soon as the GAIL pipeline to the National Grid completes, the off take at the terminal will improve dramatically.

Once the terminal starts running at around 50 per cent capacity, the cold energy available from the regasification process can be used for creation of a zero CO_2 emission cold-chain hub.

Cochin Port has earmarked 10 acres of land adjoining the LNG terminal in Puthuvypeen Port based SEZ for setting up the cold storage on PPP basis.

Meanwhile PLL has proposed to set up a cold chain hub, Cryogenic warehouse which is viable only if the terminal is operating at some minimal load continuously. An area of 3 hectare is proposed for the project.

There are plans to promote a Tea Park at the port which will evolve as a major Tea Consolidation Centre with facilities like warehousing, blending and packaging. Land for the project will be allocated by the port and the port primarily at trade promotional entity like the Tea Trade Association to develop the facilities and operate. The Tea Board has welcomed the move and has assured support to the project.

A ropeway project has also been proposed to tap tourism potential of the region. The ropeway system will be overlooking the scenic backwaters of Vembanad and total length of the ropeway will be around 3 km and the project would cost an estimated ₹100 crores.

Q How has been the performance of RO-RO shipping at the port?

The first call of a car carrier ship, *MV Dresden* with around 500 cars called the port in September last year. A dedicated berth (Q7) has been identified at Ernakulam Wharf for handling RO-RO ships, and a clean yard of 4,000 sqmt area at Q7 is allotted for storage of cars. The port offers concessional wharfage of ₹500 per car and ₹900 per truck, and 50 per cent rebate on notified vessel related charges. A total of 10 RO-RO vessels had called at the port up to February 2017 ferrying a total of 1,902 vehicle units.

Q There has been a fall in spices export in the last few years. Has it affected the Port?

Export of spices is taking place through containers from Cochin. The fall in spices export has not affected the Port since the growth rate of container traffic is around 17 per cent per annum. The containerized cargo constitutes mainly raw cashew, veneers, timber, sunflower oil etc under imports and tea, coffee, spices, marine food products etc under exports. No change in trend in principal cargo portfolio is observed for Cochin.

Q How has been the bunker trade at the port?

All the oil majors like BPCL, IOC and HPCL have facilities at Kochi to supply quality bunkers of all grades. The port has shown a steady increase in supply of bunkers and had handled 2.26 LMT of bunkers during 2015-16. During 2016-17, up to February the handling of bunkers stands at 2.34 LMT which is 10 per cent more than corresponding period of previous year.

Q As a stakeholder in Vallarpadam ICTT, do you think the terminal is fulfilling its objectives?

The ICTT Vallarpadam has exhibited a clear growth trend since 2015-16 when the terminal throughput grew by 14.5 per cent over 2014-15. The growth trend at ICTT is continuing in 2016-17 (Apr-Feb) with 17 per cent growth over the same period in 2015-16. The terminal is set to achieve container traffic of about 4.85 lakh teus in 2016-17.

Even though transhipment at ICTT has remained rather low at about 5 per cent of the terminal throughput, the presence of 4 weekly mainline services at ICTT connecting Europe, Mediterranean and Far East is an important facilitator for transhipment business. This is well evidenced by the large number of mainline vessels calling at ICTT. Notably, there were 169 mainline vessels out of 641 container vessels that called at ICTT during April-February in 2016-17. mg

Eyes set on the target

The target is to achieve 24.5 MMT of throughput in 2016-17 and 28.5 MMT in 2017-18

Aim is to handle 18.0 MMT of POL including crude oil in 2017-18

Container traffic is set to cross 5.5 lakh teus in 2017-18

Annual throughput from cement terminals would be about 2.0 MMTPA from 2018-19

LNG traffic is expected to reach 1.25 MMT in 2017-18

LOGISTICS WOES OF GRAPE EXPORTERS

Nashik district tops the list when it comes to grape export from India but lack of a dry port and unavailability of horticulture and reefer train service leaves exporters at the mercy of truckers. Rail connectivity and entry at ports without any time lag can provide a much needed thrust to the growth of grape exports from the region

by Sisir Pradhan

Farm products of Nashik have a special mention in India's agro economy. It would not be wrong that more than the index of Bombay Stock Exchange, onion production figures from Nashik give more anxious nights to political establishment of the country. The illustrious farm land is also unique for growing number of wineries and vineyards. Sweet and sour taste of the exotic fruit has a strong overseas market as well, especially in the Europe. Nashik tops in grape exports from India and even the district has earned a unique geographical indicator for its crop. The topography of the region is ideal for grape farming. For export purpose, grapes are graded based on size and color. Most of the farmers do the initial post-harvest operations such as sorting, cleaning and grading before sale of the produce. Grape growers have direct linkages with traders and exporters in Mumbai and Pune. Despite Nashik being a major export oriented horticulture produce centre, the district has no dry port, hence grapes are moved by road in reefer containers. Though JN Port has plans to develop a dry port at Nashik.

Since export markets fetch better rate, almost two to three times more than domestic market price, grape export has lured many large corporate houses, and table variety grape is one of the most sought after ones. One such example is Mahindra Group, one of the largest exporters of grape in the country and a majority of the produce is sourced from Nashik. The company had exported 842 containers with a volume of 11,000 metric tonnes in 2016 season. The growth of the company can be a yard stick of growing export of grapes which is a big jump from about 101 containers that it exported in 2007.

According to **Mangesh Khandekar of Mahindra Logistics**, the group is likely to export around 1,000 containers of grapes from Nashik in the current season. "A total of around 12,000-14,000 containers per annum are moved from Nashik for export. The standard operating procedure for grape export is that empty reefer containers are moved from JN Port to grape pack houses in Nashik and after loading the trucks again move back to the port," said Khandekar.

Agriculture Processed Food Products Export Development Authority (Apeda) has brought export oriented orchards under GrapeNet which assures pesticide and other harmful residue free produce, and the system is developed as per the farm product quality parameters of Europe and other export markets, and the GrapeNet is also approved by the European Union. Export oriented grapes need to be certified with Agmark and phytosanitary certification. **Govind Hande, Technical Officer (Exports), Agriculture Department, Govt. of Maharashtra** said, "Among 40,000 grape growers registered with Maharashtra Agriculture Department, 30,000 grape growers are from Nashik. During 2015-16 crop season about 84,000 metric tonnes of grape was exported from Maharashtra to the European Union, out of which Nashik contributed 70,000 metric tonne. From December, 2016 till first week of March, 2017 about 60,000 metric tonnes of grape has been exported to the EU, and 55,000 metric tone was from Nashik alone."

The demand from EU for grapes goes up from April onwards. Earlier grape production was only for 3 months but now production season starts from December and it lasts till May. Most of the cold storages and pack houses are located in Nashik and nearby areas, and are certified by various agencies for quality purpose, and these are used for sorting, packaging and storage of

grapes. One of the major issues faced by exporters is that truckers do not maintain required temperature inside reefers. The ideal temperature that should be maintained inside reefers are 1-2 degree Celsius but many times, truckers switch off generators during transit which affects the product quality.

Jagannath Lukaram Khapre, President, Grape Exporters Association of India, says, "Colder climate is harmful for the crop. Since Nashik experienced a colder season this year, sugar level in grapes was lower and the crop was also affected. Any change of temperature can adversely affect the shelf life of grapes."

Despite Nashik's proximity to major ports like JN Port, it is never a smooth onward journey for the fruit. Earlier reefer containers used to get direct entry into the port but now all paper work and other formalities, especially phytosanitary certification is needed to be submitted first following which the container can get an entry. It takes 3-4 hrs to transport a container from Nashik to JN Port, but many times phytosanitary certificate is issued the next day, hence the consignment has to wait outside the port. The truckers switch off the genset when a container laden truck waits for more than 12hrs as a result products get damaged. Because of the long queue, even entry of the consignments with phytosanitary certificates get delayed.

"We have raised the issue with officials of JN Port and plant quarantine to allow entry of reefer trucks first as the containers needed to be plugged to power sources. The implementation of APEDA's Grapenet System details related to the fulfillment of all statutory requirements from plantation to shipment can be tracked online but still officials at the port insist for a printed hard copy," rues Khapre.

Girish Jain, a star grape export house owner, who also operates Priyadarshini Forwarders which provides freight forwarding service from Nashik, believes that since exporters are not willing to pay the higher freight cost for uninterrupted running of gensets, many times the truckers do not run generator throughout the transit due to which required cooling inside containers could not be maintained.

"Majority of the grape export consignments go to the Europe, and most of the Europe sailing vessels berth at NSICT and NSIGT terminals. Customs clearance process at JN Port is tedious. Moreover, there are four gates to enter into the port terminal area, and containers cannot get entry round the clock. Reefer containers can be gated 48 hrs prior to berthing due to which cargo piles up at the pack house back in Nashik. Hence, exporters find it difficult to manage their inventory. Even exporters cannot use CFS at Nhava Sheva as the cost is high." said Jain.

In recent times, Indian currency has strengthened due to which export rates have suffered. While exporters used to pay grape growers in three digits but now they are paying as low as ₹50. In 2016, 85,000 metric tonnes of Europe bound grape was exported from Maharashtra, and about 75 per cent is sourced from Nashik and nearby regions. But Nashik is yet to get reefer rail service. It requires ₹4-5 crore to develop a pack house of 500 metric tone cold storage capacity. Quality norms and statutory requirements for export of farm and edible products is getting stringent, while new pack houses in Nashik meet the latest requirements but the old ones which were built before 2010 need to upgrade.

> "DURING 2015-16 CROP SEASON ABOUT 84,000 METRIC TONNES OF GRAPE WAS EXPORTED FROM MAHARASHTRA TO THE EU, OUT OF WHICH NASHIK CONTRIBUTED 70,000 METRIC TONNE. FROM DECEMBER, 2016 TILL FIRST WEEK OF MARCH ABOUT 60,000 METRIC TONNES OF GRAPE HAS BEEN EXPORTED TO THE EU, AND 55,000 METRIC TONE WAS FROM NASHIK ALONE."

Another concern is the rising road freight cost which is linked to fluctuation in diesel price. Currently, freight cost for a 40' refeer container from Nashik to JN Port is about ₹40,000-45,000. Stressing on the need for a dry port and rail connectivity, Jagannath Lukaram Khapre, President, Grape Exporters Association of India, said "We have approached the authorities to develop a dry port at Nashik, and to run a train facility to transport reefers from Nashik to JN Port. During peak season there is a requirement for 100-150 rakes per day. The advantage to transport by rail is that shelf life of products remain stable as the reefers get uninterrupted power supply."

There are also significant volume of domestic shipment of grapes from Nashik. Around 200 trucks are dispatched to Delhi and other parts of north India and a similar quantity is dispatched to Kolkata, of which 30,000-40,000 metric tonnes goes to Bangladesh. Hence there could be significant savings in terms of transport cost and time if the cargo could be moved by horticulture train.

CHANGING THE FACE OF CHA

The Brihanmumbai Custom House Agents' Association, popularly known as BCHAA has just turned 80 years old. At this interesting juncture, in a one-to-one with **Ramprasad**, Editor-in-Chief, *Maritime Gateway*, **Ashish S Pednekar**, President of the body shares his vision to focus more on training of CHAs and make them tech savvy

Ashish S Pednekar, President, BCHAA

Q What are the objectives of BCHAA today and what are your future plans?

BCHAA is a 80 years old institution. It was established prior to India's independence and has been a role model for the entire Customs and broker fraternity. Since Mumbai is one of the major indirect tax contributor, hence many issues have been brought to the notice of ministries of Finance, Shipping and Aviation by the association. The ministries have taken a serious note of them and have ensured the implementation is done in a very smooth manner. Since we work on the ground level and our members face many day to day issues, our inputs are taken very seriously.

Over the years the association has grown from 500 members to 1,800 members. In recent times, the government has come out with many new initiatives like 'Make in India,' which we have always supported as it will help to the growth of business for the ports. JNPT being a premium port moves 35 per cent of containerised cargo in the country. We have suggested few infrastructure issues to the Ministry of Shipping and the Minister has been kind enough to take our suggestions seriously as a result the fourth terminal is being constructed at JNPT and the business will also increase with it. We have also brought to the notice of the authorities at Mumbai Port and JNPT about the issue of increase in cost.

Even though we operate in a very friendly manner, but when we notice an issue in operations be it with the shipping lines or the Customs, we candidly bring it to the notice of concerned authorities. We feel that we have a more important role to play in the coming years, so we are putting a lot of thrust on education and capacity building of our members and staff. Now that the government is taking more initiatives for trade facilitation and 'ease of doing business,' they have sought our suggestions as well. Now we are also part of the National Customs Clearance Facilitation Committee.

Q How is your relation with other stakeholders like shipping lines?

We maintain a very cordial relation with shipping lines, but some of the issues with regard to shipping like the nomination charges are detrimental to the trade. So we bring out such issues. We also meet other industry bodies such as CSLA and MANSA to sort out the issues.

Q What are the major challenges Customs House Agents face now-a-days?

The first challenge is that our role is changing and we need to bring in more technology into our operations. Secondly, we are under paid because the hard work put in by Customs brokers is enormous, however it has never got the recognition it deserves from the exim community in terms of the payments made. The time has come people need to realise the role played by the Customs broker.

We are trying to educate our members and staff to make them more tech-savvy. We have been in discussion with technology solution providers to figure out how we can improve our competence using technology. In this regard we have also signed a MoU with Kale Logistics. Another issue is that sometimes some business houses do not clear the dues payable to one Customs broker and they move to another broker. So we are trying to bring in a procedure wherein if a business migrates from one Customs broker to another then it should obtain a no objection certificate.

How is your relationship with other Customs house associations across the country?

We maintain an excellent relationship with other Customs broker chapters in the country. Whatever public notices are issued in JNPT, we share with them. I am also the Chairman Elect of the National Federation. So I will be taking over as Chairman in 2018. We have got three segments: micro, MSME and large. So we also support the micro and MSME and make sure that they interact and help each other.

As the president of BCHAA what is your agenda?

I plan to have a proper training centre for the association where we can train our staff. This will help to improve the quality of work done by our members.

Bringing fluidity to logistics chain

Filing and sharing of information between port operators, exim community and government authorities has just become a cake walk, thanks to the port community system offered by SOGET - A shining example worth emulating

by Omer Ahmed Siddiqui

Without S)ONE

With S)ONE

Ask any importer/exporter in India about the difficulties they face in moving goods and they start complaining about manual data filing at port gates, cumbersome documentation of Customs, lot of duplication in documentation… and the list is endless. While the government and Customs Authority are streamlining procedures through the Single Window Mechanism, it may be a good idea to take a leaf from the experience of those who have excelled. The French ports of HAROPA stand at the numero uno position in ease of doing business. In spite of being the largest French port system, Customs clearance here takes less than five minutes and is completely paperless. So, the obvious question is how is this made possible? The technology that works in the background at HAROPA is the S)ONE - 4th generation Port Community System (PCS) developed by SOGET. PCS is a neutral and open electronic platform enabling intelligent and secure exchange of information between all stakeholders in the logistics chain. Thus, data once entered into the PCS is accessible by all the stakeholders and completely eliminates duplication of data. The improvement in efficiency at HAROPA can be gauged from the facts below:

- 99 per cent goods cleared through Customs with no physical inspection
- 99 per cent acceptance of temperature-controlled goods
- 24/7 free access to the Delta customs clearance system
- 100 per cent dematerialisation of customs clearance formalities
- 85 per cent of the containers have to wait at the roadstead for less than an hour
- Port call satisfaction rate is 97 per cent

The automation, optimization and management of processes through a single submission of data and connecting transport and logistics chains as well as the dematerialization of documents offered by the PCS speeds up information exchanges and, by extension, goods processing. Not only is PCS a facilitator of different business processes, but is also interoperable with the users' private information systems. PCS goods tracking modules ensure the integrity of the logistics chain whilst guaranteeing data confidentiality.

Key benefits of S)ONE:

- Exceptional accessibility through multiple and secure connections, on all devices, with customizable features, etc.
- A client-oriented structure approach by services and type of business, modules dedicated for specific stakeholders, access to Key Performance Indicators, etc.
- Refined design, simplified language, allowing a quick start and intuitive grasp for users, with the help of online tutorials.
- The best of Microsoft technologies and provides a fast client implementation - without changes to existing EDIs.

The company has a strong track record in PCS implementation, be it a greenfield or a brownfield port.

For implementing PCS in a greenfield port, SOGET has developed a proven methodology including business analysis, formation of steering committees, effective communication and tailor-made training programme.

For a brownfield port migration from traditional systems to PCS is done through SOGET's time tested implementation methodology. A complete technical study and business process review is conducted by SOGET experts on-site to know in depth how the stakeholders are working. Then SOGET often has to adapt the system with a rethink and streamlined process in collaboration with local stakeholders.

Intermodality and multimodality have been taken into consideration and a cargo load can easily shift from rail to road, from road to river barges without creating a digital breakthrough on information. For instance, from Le Havre to Paris, a 250 kilometres long multimodal corridor is considered in the PCS as one single transportation system, whatever is the combination of modes chosen by the shipper and the freight-forwarder. SOGET promotes the concept of e-freight corridor to reduce cost and transit time, on import/export, transit and transhipment of cargo. mg

MOVING BIG THINGS FOR BIG PEOPLE

21st Century Logistics moves big things for big people and organisations. Moving art exhibits from France to India for instance, or transporting an entire office load of 2,000 computers

by Deepika Amirapu

21st Century Logistics moves big things for big people and organisations. Moving art exhibits from France to India for instance, or transporting an entire office load of 2,000 computers, intimidating servers, tonnes of stationery and work stations from Delhi to Mumbai. The firm has been doing this since the 1960s and Nirav Thakker who now owns and runs 21st Century Relocations from Mumbai got in to this business because his dad did and before that his grandfather.

Back in the day when owning a colour television set was deemed a luxury, Nirav's grandfather set up a custom broking firm that also specialised in moving imported products. The firm then catered mainly to the shipping needs of high net worth individuals and carried to India white goods and other items that only the rich could afford and pay to transport. Subsequently, the firm obtained a customs license in 1984 and Nirav's father joined the firm. They began to undertake shifting of any kind of personal assets of people who were relocating to India from abroad. "There was a special scheme introduced by the Customs Department called Transfer of Residence that allowed Indian citizens relocating to India to benefit from relaxed rules regarding import of their personal belongings. Certain household articles and goods could be imported free of duty and certain other listed items, on payment of a concessional rate of duty. Since we were very conversant with these rules, most people preferred to travel through us," Nirav Thakker, Head, International Marketing, 21st Century Relocations said.

Over the years, the list of items only got longer. The size of the Indian luxury market was worth $14 billion in 2016. The sector includes luxury products such as apparel, accessories, home decor, pens, watches, wines and spirits and jewellery. The luxury market is expanding rapidly in India on the back of economic deregulation, fast GDP growth, and wealth (re)generation, increasing per capita consumption, and a growing young working population. A single household today ships back a full container load. Back then, a FCL of cargo had items belonging to about 10 to 20 people and a weekly shipping service from the Gulf brought things back for people who made India their home again.

By and by when India's economy opened up to foreign investments in 1991, 21st Century started exporting products as well. Because of India's liberalised investment and trade regime, demand from the services sector grew and many young Indians chose to work overseas, primarily in the United States of America. This lead to the logistics firm seeing potential in the US and it set up an office there to regulate all movement of goods in to the country for people relocating to the US. Nirav says, "We inducted ourselves in to the International Association of Movers and Worldwide ERC that have many human resource executives from various companies attached to them. These executives used to put us in touch with people who wanted to move to and out of India."

As the number of people moves increased, 21st Century also saw a rise in the demand for value added services associated with moving household and personal goods. Officials in the company saw a need for orientation services, especially if foreigners were moving to India. From Mumbai, there would be many calls orienting and familiarising the executives to India's culture and work ethic. Relocating families, settling them quickly and helping them concentrate on the new job as soon as possible was their goal. When the dot com boom happened, it was just the US that was hogging all the business. But later, in the mid 2000s, they also began moving people to the United Kingdom and other European countries as well. After an office came up in the UK, a number of third country movements were undertaken too. That is, moving people's belongings to countries that did not involve any movement to India. Today, the firm moves things between Australia, Singapore, Dubai, Germany, the US and Canada other than shipments to and from India.

As people moved places, pets did too. That's how 21st Century began dealing with pets that needed a change of address as well. They handled all aspects of travel for pets, including veterinary inspection and quarantine services. To this, office and domestic relocations got added in to the basket of services too. One of the primary reasons why 21st Century Logistics has earned high recall value amongst its customers is because of its ability to offer the entire spectrum of services under one umbrella. The firm started a packing division that handled packing of all sizes of products completely. From freight forwarding, customs clearance procedures, to loading them on to a vessel are all taken care of by the same group to avoid any theft or damage to the products. Since theft of goods whilst in transit and from storage can be very expensive, the firm insures all the goods to be shipped. "There is not a single insurer in India who insures used goods. This prompted

Nirav Thakker, Head, International Marketing, 21st Century Relocations

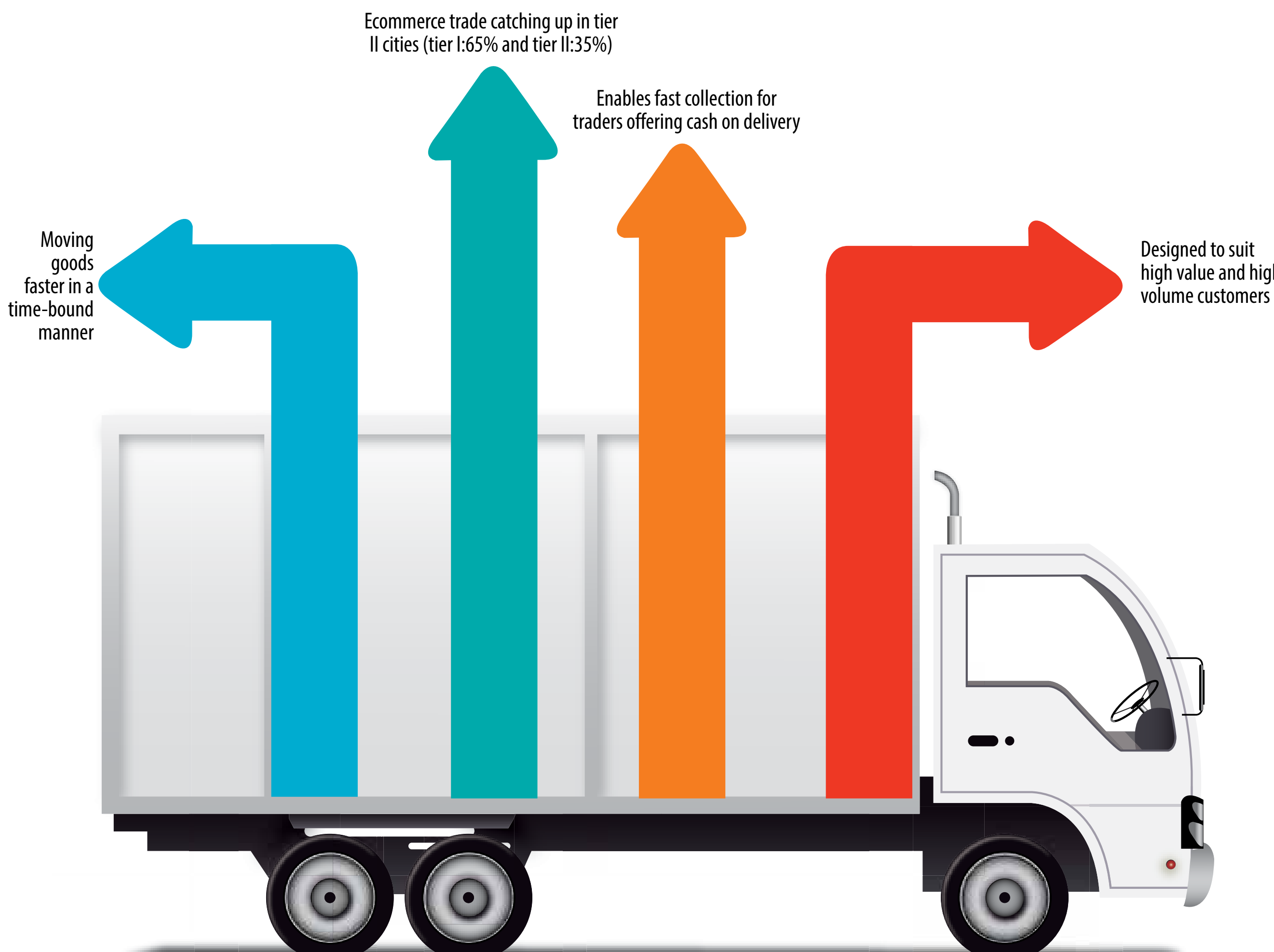
us to insure all our clients' items by a US based insurer who underwrites all goods under transit. We protect everything from single item damages to multiple items' loss. "Whether you are relocating to another country, leaving for a new city or just moving down the road, our programs protect your possessions from the moment packing commences at origin right up to the time they are unpacked on arrival at your new home," Nirav said.

Customers are known to be very touchy about their belongings, whether they are of high value or not. Much of the talking, Nirav says, is about convincing customers that their goods will be safe as they have very high sentimental value attached to their furniture, cutlery and a few luxury items. Often times, this relocation firm has to custom make cardboard boxes to fit some unusual sized items. While some requests are reasonable, others demand a lot more work and money if they have to be acquiesced. A particular Indian dentist who was moving to California wanted to carry over some of India's oldest automobiles so he could put them up for display at his clinic in the US. This required moving a Fiat car (a premier padmini model), a Luna and even an auto rickshaw. Another request requiring great deal of care came from a painter. He was moving to London and wanted all his paintings to be checked in with him. This meant making a special corrugated, padded box for each one. Another of the same ilk who makes money splashing colour wanted about 50 odd paintings of the Indian batsman Sachin Tendulkar to be transported to France. These paintings needed to be handled with enormous care to ensure the consignment is not exposed to atmosphere to maintain its original shade.

If you thought these requests didn't require one to be so querulous, consider this. A customer called from an art gallery in San Francisco and wanted to ship to India some antiques made of ivory extracted from this extinct animal called Mammoth which resembles an older cousin of the elephant. "Luckily, the customer called us from the shop in SF. We had to hurriedly check with our artefacts department to see if such imports are allowed as ivory trading in India is a punishable offence." Without laughing this request off, Nirav and his firm agreed to ship consignment keeping with the Indian regulations.

The customer brought back his antiques and offered goodwill as an additional handout. It is this intangible commodity that has helped the firm survive many challenges it has faced over the years. In the last couple of years, at least 10 logistics firms have sprouted offering similar services in India. More firms means thinner margins and a fall in volumes handled. While globalization first opened up business for this relocating firm, today it has brought with it its bane too. "Most items that were imported earlier from the West are available in India today," Nirav says.

But just as any entrepreneur would do, he too sees opportunity in the face of threat. His firm has started handling small shipments as well weighing as less as 50 kilos. He is positioning moving large numbers of these small shipments by road and sea as an alternate to moving them by air. "The average cost of transporting a kilo by road door-to-door can be ₹400 whereas an airline would charge as much as ₹1,000 to ₹1,500 for it for the same destination," he says. The firm is also trying to consolidate movement of all international shipments to one destination and move them at a time than in smaller parcels to save on costs. And like Mukesh Ambani does, he too thinks US President Donald Trump's visa restriction policy could be a blessing in disguise for India. Er for him, certainly. Didn't get it? It could mean many Indians coming back to their home country with all their accouterments and other paraphernalia. mg



EXPEDITING LOGISTICS

Speedy delivery system is a boon for traders making time-definite deliveries. Goods sold on cash-on-delivery basis can travel faster, ensuring faster collections.

by Deepika Amirapu

Logistics is the business of moving material for businesses or people from factories or warehouses to other firms that need them or to the end user. And express logistics is just moving these faster in a time-bound manner. Until e-commerce made an entry, the express logistics market remained as just an arm of most companies that moved goods and delivered important documents speedily. Non-documents, as the other division is called, hardly accounted for any size in the fast forward business.

However, today the industry is growing at a compounded annual growth rate of 12 per cent every year, thanks to better road connectivity, increase in purchasing power in Tier I and Tier II cities and most importantly, a rise in the purchase of electronic goods online. The rise in electronic spends spurred a revolution in the ecommerce market that led to all other categories of retail products being sold and shipped on sites all across India. A couple of years ago, major metropolitan cities in India accounted for 85 per cent of all ecommerce trade in India. But, today, with E-retail catching up even in Tier II cities, the e commerce trade split now reads 65 per cent in bigger cities and 35 per cent from the smaller ones.

This has given the express logistics industry a boost. **P C Sharma, CEO & Whole time Director, TCI Express** speaks of how this has given players such as theirs impetus to foray into many industries and focus on end to end express logistics than focus on transporting finished goods alone. “Customers in other industries such as automobile and pharmaceutical sectors use express logistics regularly. These industries are fairly predictable in terms of their demand barring a few seasonal fluctuations,” said TCI's Sharma. This expansion has helped TCI Express hedge itself against the seasonal sales led approach in the e-retail market where much of the sales happen during the festivals alone.

TCI, like most other firms such as Gati and Safexpress moves goods from factory to warehouse to the fulfilment centre without any undercutting compared to other smaller players in the disorganised market. A senior industry spokesperson from the Future Group said express logistics was born disrupting the supply chain business; to plug the inefficiencies in the system. Speed logistics, as it is also called, came as a big boon for high value customers who placed orders for these items on websites. In such cases, a speedy delivery system would help assuage the customer’s fears about product misplacement. Secondly, traders selling goods across cities on a cash on delivery basis wanted their wares to travel faster to ensure shorter quicker collections. This led to the express delivery model springing.

Safexpress, one of the pioneers in express delivery says their model is designed to suit high value and high volume customers. They ensure time-definite deliveries through a robust network supported by 'hub and spoke' model, which is intended to minimize the distance travelled and strategic management of logistics. Their fleet of over 4,500 containerised vehicles covers the entire country proving a comprehensive range of fast, efficient & express transport and logistics services. If e-retail demands delivery of products within 48 hours, most big players and manufacturers require 'just in time' and lean supply chain. Their service also allows customers to plan their in transit inventory – an important input for advanced materials and distribution requirements planning. Thus, the harmonizing of express logistics in to age old supply chain systems has helped create an efficient delivery system. As the Future Group executive lists it, the door to door delivery system, scheduled movement of vehicles and a higher degree of visibility and transparency have enabled the logistics players win the confidence of customers.

“When TCI started 20 years back, there were just a handful of players. Today, there are almost 10 noted domestic and international players and with the e-commerce segment growing year on year in double digits, we expect the transport segment to be streamlined further as well,” said TCI's Sharma.

Therefore, unquestionably, the time-bound delivery system is dependent almost entirely on road transport. Air cargo accounts for only 10 per cent of the speedy delivery system, the industry persons said mentioning that rail logistics is almost absent as an option. Therefore, by mode of transport, surface express is expected to have the largest share in the Express market.

The express division, formed by the rail, road and air transport in India is a premium segment of the logistics industry, providing logistics services for movement of time perceptive shipments. By creating an integrated sequence including multi-modal transport modes, both air and surface, the express industry has fine-tuned the logistics process for time-bound deliveries of shipments across domestic and international regions. The express industry stood at $3.39 billion in 2015 and the organized express market had recorded a CAGR of 17.50 per cent till 2015. The unorganized players are the local regional players who deliver the parcels and at a very low cost who also acquire a large share of the market.

Growth in any segment of the logistics industry depends on infrastructure availability and involvement of private players and increased government spending which will catalyze the growth in the industry. Currently, more than half of express shipments are delivered through road network. A thrust on logistics infrastructure and road connectivity specifically, the efficiency rate is expected to improve in future by bringing down the cost of logistics.

The introduction of GST is likely to make the logistics cost in India cheaper as the present distribution of products has been built on a tax arbitrage advantage for the customer. That is, most warehouses and fulfilment centres are currently located in states and cities that offer tax breaks. With GST coming in, taxation efficiency and not tax arbitrage will be the determinant factor in the success of the express logistics system. The TCI executive says the supply chain will be designed with a view for products to reach the customer faster and safer in the absence of any tax disruption. The logistics industry is likely to clip at CAGR of 15-20 per cent during 2016-2020 and if GST is rolled out this year, it can bring down the logistic costs by up to 20 per cent from the present levels.

Logistics will also cost lesser because operators will be able to rationalize and restructure their warehouses and other logistical infrastructure. More firms will adopt the asset light model where trailers and trucks will be leased or owned depending on the delivery location than a regular model of owning all sizes of tonners before assessing parcel size. This will help in reducing the cost of logistics even further helping the industry grow by 16 per cent in the next couple of years.

So what can one watch out for the express logistics segment? A drop in costs means more investment in to supply chain to iron out any inefficiency. Most Indian firms have begun to invest in management information systems, electronic data interface to transmit information faster and in a more accurate manner. This will help the premium logistics segment to grow anywhere between 10 to 15 per cent. The other areas that will ask for a larger chunk of money is infrastructure where most firms such as TCI, Future Group and the others plan on improving sorting centres. The industry is also looking at leaning in on air and sea transport in the coming years to lessen its dependence on surface transport. Therefore, creating an integrated sequence including multi-modal transport modes, both air and surface, express industry will aim to fine-tune the logistics process for time-bound deliveries of shipments across domestic and international regions. mg

HONOURING THE MARINERS' FINEST TRADITIONS

At times a search and rescue unit may be unable to help a distressed vessel either due to vast distance or bad weather. In such a scenario, the Indian Coast Guard requests potential Merchantmen, traversing the seas, to reach the area for rendering possible assistance to the Mariners in distress

ADG K Natarajan,
PTM, TM, Coast Guard Commander (Western Seaboard)

DIG Donny Michael,
TM, CSO (Ops), HQ CGC (WS)

Search and Rescue (SAR) of persons in distress at sea is one of the noblest act that is undertaken by Coastal Nations in a systemised manner. The Indian Coast Guard (ICG) - A National Authority for Maritime SAR services in Indian Search and Rescue Region (ISRR), which spans over an area of 4.6 Million Sq Km. Rescuing over 8000 precious lives in the past three decades stands testimony to the SAR efforts of the Indian Coast Guard, thereby reposing confidence and carved a niche' among the Maritime Community. Availability of a suitable SAR unit to reach the distressed vessel, is at times restricted due to vast distances and severe weather conditions. In order to overcome the limitation, the Indian Coast Guard requests potential Merchantmen, traversing the seas, to reach the area for rendering possible assistance to the Mariners in distress that are beyond the immediate reach of the SAR resource agencies.

The Captain of the Merchantman has an obligation to render assistance to those in distress at sea regardless of their Nationality, States or circumstances in which they are found. This is a long standing Maritime tradition as well as an obligation enshrined in the International Maritime Law. Compliance with this obligation is essential to preserve the integrity of Maritime Search and Rescue services. The Captains of the ships, though obligated to render assistance to fellow Mariners in distress at sea, are also to prudently undertake such rescue act without jeopardizing the safety of their own vessel. Over the years, global economy has shifted its dependence on sea-borne trade and in the ever-increasing pace of delivering cargo on time, even a slight deviation from scheduled arrival causes enormous costs to the shipping companies. The Captain of the ship, however has the authority to override all such issues, whenever he encounters any distressed person at sea, seeking assistance.

In yesteryears, whilst traversing through the International Sea Lanes, a ship used to encounter severe legal problems in handing over people rescued during transit, belonging to a third country, at the next port of call. Such procedure involved serious immigration vetting and repatriation efforts. To cite an example, in 2001, the Norwegian freighter *MV Tampa* rescued 483 Afghan refugees from a distressed fishing vessel in International waters and was refused entry into Australian ports. Moreover, a threat was issued to prosecute Captain Arne Rinnan, naming him as a human smuggler. The brave Captain, sensing the serious condition of the refuges onboard, declared a state of emergency and proceeded to enter Australian territorial waters without permission and anchored near Christmas Island. The Norwegian Government gave him the highest Civilian honour, as reward for handling the toughest incident with sheer courage and professionalism. Captain Arne was also named ''Captain of the Year''

by the Lloyd's list and Nautical Institute of London. The legality of this action has been the subject of debate ever since. The case was studied in detail by the International Community and International Maritime Organisation (IMO) passed resolution A920 (22), which provided guidelines to the member states for measures and procedures to be adopted towards treatment of people rescued at sea. The Safety of Life at Sea (SOLAS) and SAR conventions were accordingly amended to ensure that people in distress are adequately supported, while minimising the inconvenience to assisting ships and ensuring the continued integrity of SAR services.

The Indian Coast Guard has always been proactively coordinating with the Merchantman and other vessels rescuing people in distress and taking over the custody of the rescued people from the Merchant ships even before IMO resolutions were passed in 2002. The ICG has also instituted awards/honours to recognise those Masters who have rendered Yeoman service in saving the precious lives at sea.

Recently, during the peak of South West monsoon, three incidents occurred, wherein Merchantmen swiftly responded and extended assistance to the distressed fishing boats. The case study of such events makes the protraction of the finest traditions SAR assistance of sea by merchant mariners.

On 17 Sep 16, ICG Maritime Rescue Coordination Centre, Mumbai received a distress alert message at 1000 hrs from a fishing boat "*Sai Datta*" with 16 crew onboard in position about 28 Nautical Miles off Mumbai. The ICG ship *Samudra Prahari* on patrol was immediately diverted and simultaneously International Safety Net (ISN) message was also raised. The Merchant Vessel ''*Dependable*'', while on her passage from Mumbai, responded to the message and swiftly arrived at the datum, sighted the fishermen at 1212 hrs in water. The ship undertook all necessary Navigational and Seamanship practices for rescuing the fishermen in the most adverse sea conditions, with the waves over 3 meters high. The MRCC (MBI) contacted *MV Dependable* and ascertained that they could rescue only 14 crew of the fishing boat and continuing search for the remaining 02 crew. The *MV Dependable* provided necessary first aid, food and water to the rescued crew. The ICG ship *Samudra Prahari*, by then, arrived at the scene, took over the rescued crew and relived *MV Dependable* to continue on voyage. During the entire Rescue Operation, ''*MV Dependable*'' exhibited highest level of seamanship practices and extreme courage, despite marginal weather and rough sea conditions. The efforts put forth by ''*MV Dependable*'' in rescuing 14 crew from the capsized fishing boat is in the best traditions of the Mariners.

In another incident on 06 Sep 16, Coast Guard Aircraft during its routine surveillance, intercepted distress message from fishing boat "*Shree Om Shakti Sai*", which had an engine breakdown in position about 82 Nm Southwest of Daman and requested for immediate assistance. The ICG immediately requested Offshore Supply Vessels *Venugopal* and *Triumph*, operating in the vicinity, to provide assistance to the fishing boat in distress. These vessels, without much delay, shaped course towards the datum. On reaching, reported inability to provide any assistance due to its structural limitations and the prevailing sea conditions. Notwithstanding, *MV Triumph* remained in the vicinity of the ill-fated fishing boat till the arrival of assistance by the Indian Coast Guard ship *Sankalp*, rescuing the entire crew. The swift response exhibited by the *MV Triumph* is in accordance with the best traditions of Mariners in extending helping hands at sea.

The third SAR incident occurred on 12 Oct 16, wherein Merchant Vessel *Al Khattiya*, while on passage to Thailand from Qatar, observed 02 fishing boats adrift about 172 NM Northwest off Agatti Island in the middle of the Laccadive Sea. The Merchant Vessel ascertained the nature of distress and found that the boats were adrift due to shortage of fuel. The Merchant Vessel provided fuel and logistic support to the fishing boats to enable reach the nearest land (Lakshadweep) safely and also appraised MRCC (Mumbai), thus rendering yeoman service in saving the precious lives of 25 crew of the fishing boats.

The rescue assistance rendered by the Merchantmen at sea during the severe Southwest monsoon stands testimony to the highest Maritime traditions, which are still in vogue and reinforces confidence to the seafarers that help will come from any quarters whenever in need. The Indian Coast Guard annually rewards the Captain of such merchant ships during National Search and Rescue Board meetings. In addition, such an action by the ship is also appreciated and recognised in the form of citations presented by the Coast Guard Commander (Western Seaboard).

The Indian Coast Guard, being the Maritime SAR Authority in ISAR, co-ordinates SAR services with all resource agencies, ensuring that the assistance reaches the needy in distress at sea in the shortest possible time, in keeping with its motto "**Vayam Rakshamah**" which means "**We Protect**". mg

Samsara Group creates history with World's largest PCTC maiden call to India

The maiden call of *M/V Höegh* Tracer at Indian Ports marks a significant milestone for the Indian automotive industry

Karolath Gopinath, MD, Höegh Autoliners India and **Mukesh Oza**, Group President and CEO, Samsara Group felicitating **Rajeev Tandon**, Chief Commissioner, Mumbai Customs. Also present is **Capt Pankaj Mehrotra**, CEO-Shipping agency, Samsara Group.

India ranks 20th in the list of world's largest car exporting countries and in the previous fiscal year India has overtaken China that now sits on the 22nd position. India's automotive exports got a fillip recently with the maiden call of *M/V Höegh* Tracer, the world's largest Pure Car and Truck Carrier (PCTC) at the Mumbai Port. With a capacity to carry 8,500 car units, Höegh Tracer is 200 metres long and 36 metres wide and is capable of carrying 8,500 vehicles on her 14 decks having space of 71,400 square metres equivalent to 10 football fields.

In a ceremony on-board MV Hoegh Tracer at OCT berth, Mumbai Port, Karolath Gopinath, Managing Director of Höegh Autoliners India and Mukesh Oza, Group President and CEO, Samsara Group felicitated Capt Wu Yi Min, Master of the Ro-Ro carrier; Rajeev Tandon, Chief Commissioner, Mumbai Customs; B Bhattacharya, Principal Commissioner – General, Mumbai Customs; Capt S K Kohli, Deputy Conservator; AK Bose, Traffic Manager, Mumbai Port Trust.

Höegh Tracer and her sister vessels are built to be both "smarter" and "greener" than traditional car carriers. Geared with the latest information technology the voyage can be planned and executed at optimal safety and efficiency, minimising the vessels' impact on the environment. A new vessel design is also implemented to make the New Horizon vessels more efficient and flexible.

Höegh Autoliners' ambition is to be a preferred carrier for the automotive industry and other Ro-Ro segments globally. In India, Höegh Autoliners already has a strong foothold and the company wishes to continue strengthening its services in and out of the country. Höegh Autoliners operates about 50 vessels across the globe in 12 Trade lanes and makes about 3000 port calls annually. Samsara group handled about 2,50,000 cars last year with 12 ro-ro vessels calling indian ports. Höegh Autoliners is represented by Merchant Shipping Services Pvt Ltd (A Samsara Group Company) as shipping agents in India. mg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