Journey to 100mmt Club
Rinkesh Roy, IRTS
Chairman, Paradip Port Trust

HINTERLAND
Do CTOs Face Bleak Future?

LOGISTICS
Ease of Doing Business - A Far Cry?

PORTS
CSR at Ports: A Shining Example

south asia's premier maritime business magazine

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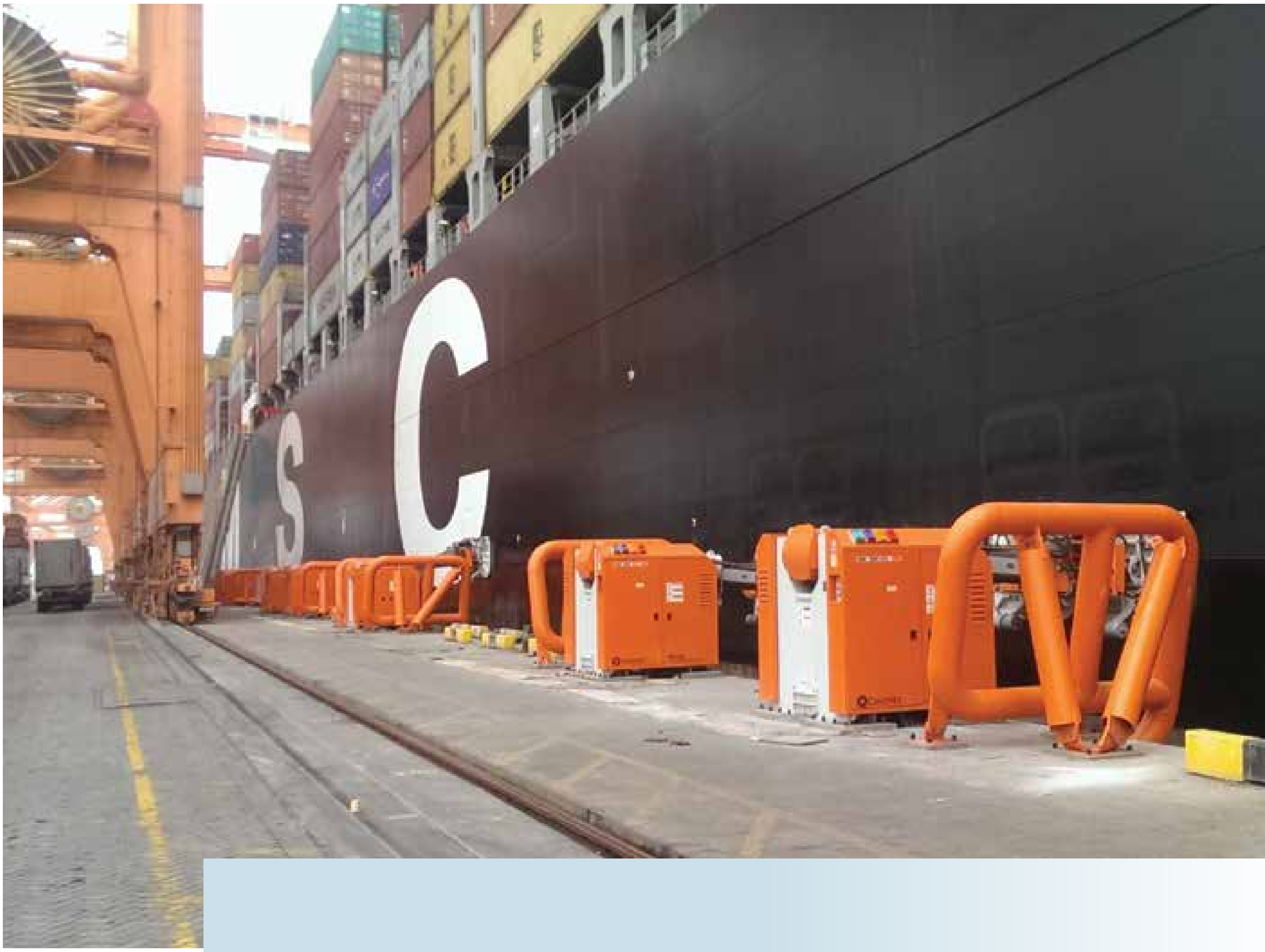
Will Clarity Prevail on Cabotage This Time?

THE TWO SHADES OF DPD

Direct Port Delivery (DPD) has been introduced with the noble intention of reducing congestion at the ports and bringing down cost and time for shippers, but CFS claim they are still the essential cog in the wheel and very much relevant for the success of DPD



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Caught in the Crossfire

Gone are the days when countries used to flex muscle at the war front to showcase their supremacy. The modern day warfare is at the economic and trade frontiers. While Uncle Sam is big daddy of consumption, the dragon is the factory to the world, and when both the giant economies are at loggerheads the ripples could be felt on the Indian shores alike the rest of the world. The irony of present day free trade economics is that turbulence in the economy of one member country could affect all member countries. One of the primary principles of the trading system under WTO is to provide a level playing field to both local goods and services, as well as, those from other member countries. Its aim is to eliminate all sorts of tariff and non-tariff barriers. WTO mandates each member to treat all other members equally. But, as they say all are equal but some are more equal.

The shipping industry has just started to recover from a long lean period, and the tariff war unleashed by Trump government on Chinese goods and a reciprocating restriction from Xi Jinping has pushed the ocean carriers back on to times of uncertainty. Trump government is on a mission to reverse the impact of globalization on American manufacturing industries and the US President has already initiated restricting a number of goods coming from many countries including India. But the biggest target for Trump is China as the trade deficit has widened and currently stands at US$375 billion.

The shipping industry which moves 80 percent of global trade is feared to be caught in the cross-fire of trade salvo between the US and China. Even at times of less tensed world order, the shipping industry operates at a thin profit margin that rarely touches double digit. In such a scenario the shipping industry is up for some tough time. The freight forwarding industry is staring at a loss of trade volume that is going to be triggered by imposition of 25 percent tariff restriction proposed by both the governments. The tariff restrict is expected to impact a number of goods traded between the US and China which is estimated to be worth US$100 billion. Furthermore the tariff restriction would affect the shipping lines in the Asia-US trade route most - to an extent of 7 percent loss of revenue, and a minimum of 1 percent revenue loss to the global shipping industry in total. And container shipping lines will be the most affected lot since majority of cargo traded between China and the US moves in containerized form. The loss of cargo volume will have a domino effect on the entire freight forwarding and logistics industry of Asia-US trade lane. Though trade observers believe that China is likely to soften its stand since it couldn't afford to lose one of its biggest markets for its manufactured goods which for sometime is going through a slump. Similar is the case with US whose industries are dependent on China to keep costs low. In the short run there is little that the freight forwarding industry could do but it is a wakeup call for the stakeholders to be ready for challenging times ahead.

> The freight forwarding industry is staring at a loss of trade volume that is going to be triggered by imposition of 25 percent tariff restriction proposed by both the governments.

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Feedback

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INTERVIEW

OTHERS

Cheap logistics designed for developing countries

The world's first flat-pack truck has been confirmed for pre-production trials, in a bid to provide developing countries with cheap transportation. Created by legendary Formula 1 car designer Gordon Murray and commissioned by oil giant Shell, the Ox truck will be made in the UK as an assembly kit, with testing due to begin in India. Six Ox kits, along with their 2.2-litre Ford diesel engines, can fit into a standard shipping container. Assembling the vehicle does not require "special tools" and takes a team of three people approximately 12 hours to complete. The vehicle can seat up to 13 people and carry 1,900kg (1.9 tonnes) of cargo, almost twice the payload of most regular pickups.

Sri Ganesh Forwarders move major consignment to Nhava Sheva

Sri Ganesh Forwarders Customs cleared shipments of RR Stones and despatched a special train ex-CMTL. The consignment consisted of minerals with a volume of 90x20' D Single lot - One shipper and custodian ICD Thimmapur. The consignment was moved to Nhava Sheva in five days.

ONE officially launches operations

Ocean Network Express Pte. Ltd (ONE) has commenced operations on April 1, 2018. According to Jeremy Nixon, CEO of the alliance, ONE will offer an extensive liner network service portfolio covering over 100 countries. Its key focus will be on enhanced service and innovation, supported by a highly professional and experienced organisation with strong financials. Headquartered in Singapore, it will have a global fleet of over 250 vessels, active participation in all major global trade lanes, deployment of the latest IT systems and an extensive terminal ownership portfolio.

APM Terminals' integrated cold chain solutions

APM Terminals inaugurated its first state-of-the-art cold storage warehouse in India, which will ensure reliable and stable transport of cargo, including goods such as fish, fruits, medicines, and specialty chemicals, which require strict temperature contol throughout the supply chain. The facilities will provide refrigerated container plug-in facilities for cold warehousing with services ranging from customs examination and clearance under controlled temperature, value-added services like palletization and packaging, on-wheel customs seal verification, and bonded cargo movement to different seaports and airports. The services are available for both domestic and international import/export customers.

SEZs report rise in exports

There was an impressive 18 per cent growth in exports from special economic zones (SEZs) in February 2018, at ₹22,364 crore, as compared to February 2017, according to the Export Promotion Council for SEZs and Export-Oriented Units (EPCES). This was primarily driven by sectors like chemicals, pharmaceuticals, electronics, engineering, plastics, rubber, and gems and jewellery.

Export of all edible oils in bulk allowed

The Cabinet Committee on Economic Affairs, chaired by Prime Minister, Narendra Modi, has removed prohibition on export of all varieties of edible oils, except mustard oil. Mustard oil will continue to be exported only in consumer packs up to 5 kg and with a Minimum Export Price (MEP) of $ 900 per tonne.

PIX2 service connects KICT

Kandla International Container Terminal (KICT) berthed *MV SSL Delhi V17150* under the PIX2 service, making it the fifth service out of Kandla for the Gulf and Upper Gulf Sector. This is the first Common Carrier Service carrying SOC boxes to Bandar Abbas out of KICT.

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EXCEED
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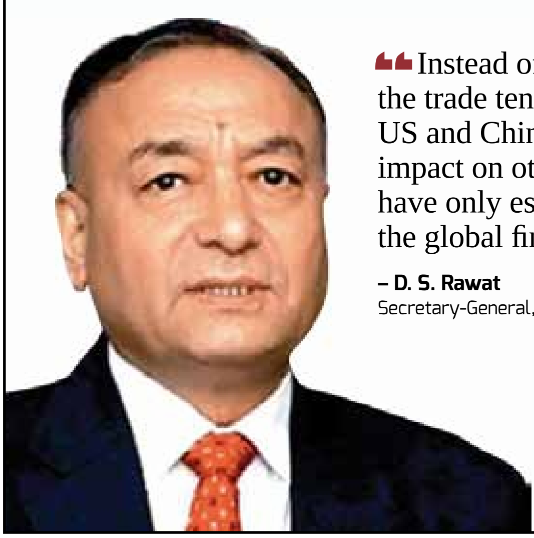
“Made in China products are imported by India... so why not make in India itself. So we will do that. For that China has concrete proposal that they will make industrial parks in India.”

– Suresh Prabhu
Commerce and Industry Minister

“Plans are afoot to make metro airports cargo hubs catering to the neighbouring regions. India can become a transhipment hub for international cargo, given its geographic location and the increasing international air connectivity.”

– Harsh Jagnani
Vice-President and Sector Head - Corporate Ratings, ICRA



“Instead of de-escalating, the trade tensions between the US and China, with the fallout impact on other trading majors, have only escalated, spooking the global financial markets.”

– D. S. Rawat
Secretary-General, ASSOCHAM

“Logistics is the biggest obstacle in the flow of goods in India as there are several inefficiencies in supply. We would like to transfer our knowledge and expertise to make sure cargo moves faster in the most cost efficient way.”

– Sultan Ahmed Bin Sulayem
Chairman & CEO, DP World.

“Over the past year, we have seen an increase in automotive OEMs opting for containerisation of their vehicle shipments from India. OEMs can move large volumes in each consignment, thereby achieving higher economies of scale.”

– Steve Felder
Maersk MD for India, Sri Lanka, Bangladesh, Nepal, Bhutan and Maldives.

THE GATEWAY FOR CEMENT INDUSTRIES

Known for its speedy evacuation and faster turnaround of vessels, Karaikal Port handles cement and associated cargoes, with adequate infrastructural facilities like abundant warehousing spaces. The congestion - free port handles the export and import of cement related cargoes, for the industrial belts in Central Tamil Nadu and International destinations.

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- 5 OPERATIONAL BERTHS
- 13.5 m DEEP DRAFT
- 3 HARBOR MOBILE CRANES
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- MECHANIZATION
- PROPOSED PORT CFS

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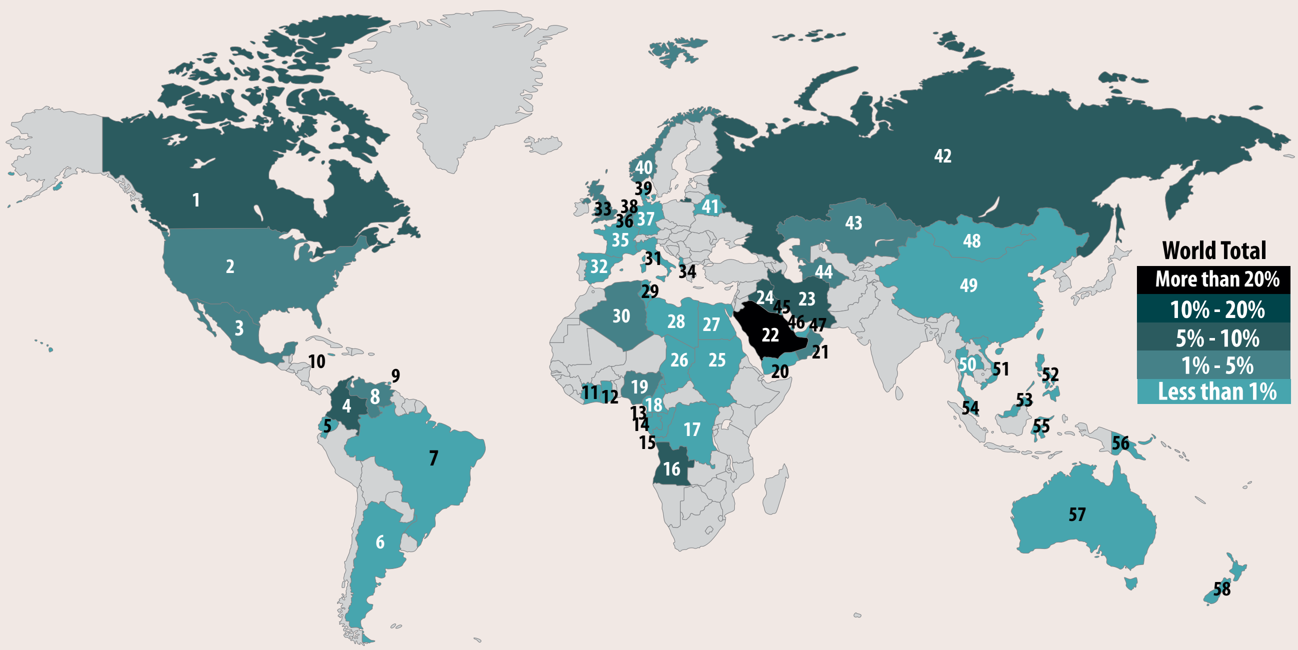
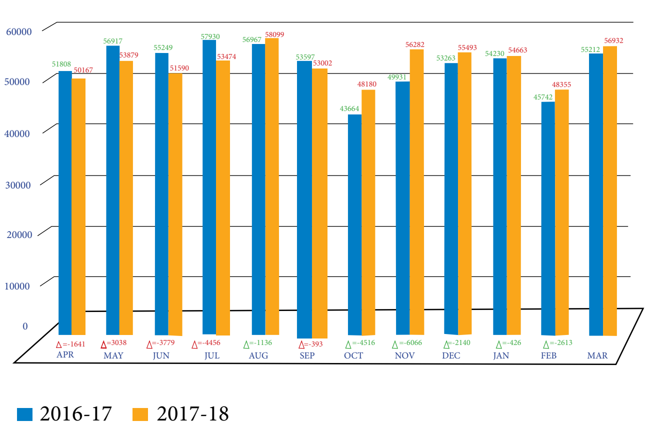
WORLD CRUDE OIL EXPORTS 2016



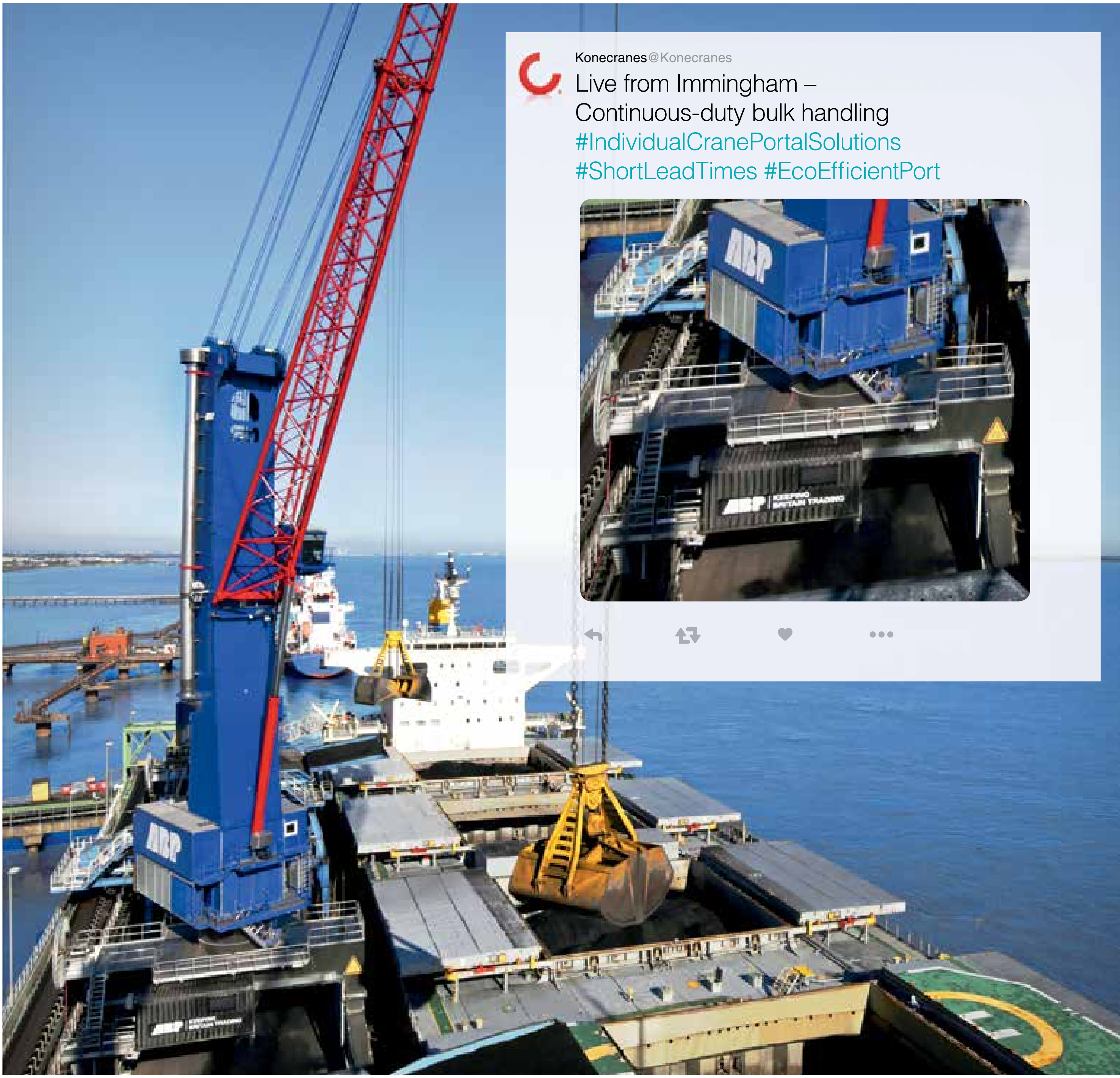
1. Canada $ 39.5B
2. United States $ 8.3B
3. Mexico $ 15.5B
4. Colombia $ 8B
5. Ecuador $5.1B
6. Argentina $ 740M
7. Brazil $10.1B
8. Venezuela $ 20.2B
9. Trinidad and Tobago $ 397M
10. Neth Antilles $ 101M
11. Cote d'Ivoire $ 600M
12. Ghana $ 1.3B
13. Equatorial Guinea $ 3.1B
14. Gabon $ 2.8B
15. Congo $ 3B
16. Angola $ 25.5B
17. Dem. Rep. of the Congo $ 266M
18. Cameroon$ 1.2B
19. Nigeria $ 27B
20. Yemen $ 158B
21. Oman $ 12.9B
22. Saudi Arabia $ 136.2B
23. Iran $ 29.1B
24. Iraq $46.3B
25. Sudan 1.8B
26. Chad 1.4B
27. Egypt $ 1.8B
28. Libya $ 5B
29. Tunisia $421M
30. Algeria 10.5B
31. Italy $228M
32. Spain $ 324M
33. United Kingdom $ 13.3B
34. Albania $ 156M
35. France $ 1.2M
36. Belgium $ 852M
37. Germany $ 0.4M
38. Netherlands $ 7B
39. Denmark $ 1.2B
40. Norway $ 22.68B
41. Belarus $ 472M
42. Russia $ 73.7B
43. Kazakhstan $ 19.4B
44. Turkmenistan $ 534M
45. Kuwait 30.7B
46. Qatar $ 14.6B
47. U A E $ 38.9B
48. Mongolia $ 286M
49. China $ 944M
50. Thailand $ 497M
51. Thailand $ 2.6B
52. Philippines $ 174M
53. Brunei Darussalam $ 1.7B
54. Malaysia $ 5.7B
55. Indonesia $ 5.2B
56. Papua New Guinea 645M
57. Australia $ 3.6B
58. New Zealand $ 406M

CONTAINER HANDLING AT JNPT (TEUS)



EXIM LOAD-EMPTY COMPARISON AT JNPT (TEUS)

MONTH	Import Load		Import MT		Export Load		Export MT	
	2016	2017	2016	2017	2016	2017	2016	2017
APR	25794	24886	347	509	17196	17146	8471	7626
MAY	28503	26889	690	1023	18302	18085	9422	7882
JUN	26072	24553	1213	1773	20443	17338	7521	7926
JUL	28370	27361	1418	988	19646	18901	8496	6224
AUG	28277	28120	2227	2472	20283	21958	6180	5549
SEP	28768	25672	1535	2424	15930	19761	7464	5148
OCT	24655	25106	967	2102	12558	16286	5484	4686
NOV	23955	25219	1250	1231	17480	22035	7246	7797
DEC	25222	26527	1085	1427	18556	20832	8400	6707
JAN	25105	25973	1042	1307	19491	20160	8592	7226
FEB	22652	25017	815	1058	17681	17242	4594	5038
MAR	26731	27667	783	952	21772	20412	5926	7891
Cumulative	316120	312987	15388	17266	219338	230156	87796	79700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SHIPPING

APL's IP2 to boost connectivity with West Asia and Europe

APL will launch India-Pakistan Express 2 (IP2) service to strengthen connectivity between the Indian sub-continent, West Asia and Europe. The weekly India Pakistan Express 2 Service will commence from Jebel Ali in Dubai with the port rotation of Jebel Ali-Karachi-Nhava Sheva-Mundra-Jeddah-Rotterdam-Hamburg-London Gateway- Antwerp-Le Havre-Jeddah-Jebel Ali. The new service will enhance APL's services to five major ports in Europe – Belgium, France, Germany, the Netherlands and the UK. The services promise an enhanced India-Germany connectivity with its direct call at port of Hamburg. Shippers using the service can be assured of optimal cargo handling through a network of ICDs located across the country before heading for the ports of Mundra and Nhava Sheva.

Apeejay Shipping expands fleet

Apeejay Shipping Limited acquired a 76,602 MT DWT Gearless Panamax, Japanese build. The ship has been renamed 'APJ Kabir Anand.' The expansion schedule of Apeejay Shipping has seen the company acquire 3 Gearless Panamax vessels since September of last year and increase its fleet capacity by 2,27,311 MT DWT. This takes the fleet size to 9 with a DWT of 5, 94, 558. Specializing in dry bulk cargo the shipping line's fleet comprises a mix of panamax and supramax vessels. The average age of all vessels is below 13.5 years.

CMA CGM starts Ocean Alliance Day Two product

CMA CGM announced the start of Ocean Alliance Day Two Product that has a carrying capacity of around 3.1 million teus with 331 containerships deployed on 41 services. CMA CGM will continue to play a major role within the alliance, deploying a fleet of 121 ships.

The service includes 20 transpacific services, 4 transatlantic services, 6 Asia-North Europe services, 4 Asia-Mediterranean services, 5 Asia-Middle East Gulf services, 2 Asia-Red Sea services. On the Transatlantic trade, the new offering provides an increased coverage of the East Coast of the United States with a new service: Independence Bridge. The new service also offers a direct connection from North China & South Korea to the Red Sea.

Shipping fuel costs to spike 25 per cent in 2020

Global shipping fuel costs are likely to rise by a quarter, or $24 billion, in 2020 when new rules limiting sulphur kick in. The ballooning costs will come as the change in regulations forces a portion of the world's fleet to switch to lower sulphur, but higher cost, fuels such as marine gasoil (MGO) and ultra-low sulphur fuel oil.

Wood Mackenzie said its "base case" for cost increases is $24 billion in 2020, compared with a total global shipping fuel bill of roughly $100 billion today. However, if no vessels added scrubbers and all ships complied with the rules, the spike could be as high as $60 billion.

Maersk offers exim service at Kakinada Port

Maersk Line India has introduced export and import service offerings at Kakinada port. This end-to-end service (store door) will enable customers in the region to reach global touch points.

With this first-time offering in Kakinada, Maersk Line will be able to containerise cargo at its origin, cut out wastage and complexities of dealing with multiple vendors and help move it to port in a cost-effective manner. This will have a direct bearing on rice farmers and growers in the region that would benefit from the ease that it brings and makes customers compete successfully in key rice export markets like Europe, Mediterranean, Middle East and the United States.

Maersk Line's reefer innovations

The First-ever export of kinnows from Sonepat, Haryana to Novorossiysk in Russia opened the door for shipping fresh produce to global markets. Maersk Line also processed its first-ever shipment of bananas and pomegranates from Krishnapatnam to Dammam and Jeddah in Saudi Arabia. Another debut shipment was of papayas from Mangalore in Karnataka to Jebel Ali, UAE. This was also the first fruit export reefer box from the port of Mangalore. The first of its kind confectionary was imported into Rudrapur from Leixoes, Portugal. The first-ever consignment of fresh fruits for Dev Bhumi Cold Chain in NCR region was imported from Durban. First ever consignment of frozen fresh fruit juice was imported into NCR at DICT Sonepat.

MSC upgrades India-Europe service

MSC has enhanced services from North and Western India to Europe, effective April 2018. The shipping line offers three departures per week from Nhava Sheva/Mundra to Europe. The revised service will ensure better coverage of cargo bound to Europe from Nhava Sheva/Mundra and all ICDs in the region.

The three services, viz. IPAK/HIMALAYA and IPAK2 will offer a total of 8 direct ports in UK/ North Europe and wide coverage to Scandinavia/ Baltic/South America via the hub ports of Antwerp and Rotterdam. In addition, services will be offered to a wide range of destinations in the Mediterranean, South America, North Africa and the Red Sea.

E-transport at JNPT will reduce highway jams

JNPT is starting an online transport solution through four logistics companies that won the bid for operating on five routes under DPD. Importers can book online transport of their cargo directly from the port with customs clearance on the port premises itself. There's a time limit to lift the cargo within 48 hours from the port premises, so there won't be any more traffic jams on the highways. The congestion of trucks on NH 348 and NH 348A stretch near JNPT that slows down vehicular movement at D point towards the Goa highway will soon disappear.

PORTS

NMPT registers 5.28% growth in cargo handling

New Mangalore Port Trust has registered 5.28 per cent growth in cargo handled (including containerised cargo) in 2017-18. The port handled 42.05 million tonnes of traffic during 2017-18 as against 39.94 million tonnes in 2016-17. The port authorities attributed the growth in traffic to the increase in the handling of cargoes such as POL products, LPG, cement, edible oil, iron ore fines and pellets for KIOCL Ltd, and containers during the fiscal.

The port handled 1.15 lakh teus of containers with cargoes of 1.74 million tonnes in 2017-18 as against 94,929 teus with cargoes of 1.41 million tonnes in 2016-17. Of this, the share of coffee cargo was at 12,249 teus (12,200 teus).

DP World terminal in Kochi records 19% volume growth

A strong feeder connectivity along the Indian coasts has facilitated the DP World operated India Gateway Terminal at Vallarpadam to register a 19 per cent increase in volume in the first quarter of 2018. The terminal also handled the highest monthly volume of more than 52,000 teu in March. In the last fiscal year, the country's first international transshipment gateway successfully handled a volume of more than 5.5 lakhs teu. The terminal in the last two years has consistently maintained a high productivity level of gross crane rate (GCR) of 31+ moves per hour and a truck turnaround time of 27 minutes.

JNPT records highest ever traffic of 4.8 million teus

JNPT clocked the highest volume of cargo handled with 4.8 million teus for the year ended March 31, 2018. The record performance comes on the back of 4.5 million teus handled in the previous financial year. JNPT has been registering a continuous uptick in the traffic handled over the past few quarters and has registered 7.4 per cent growth in container cargo volume during this financial year. Total liquid cargo volume handled during this year stood at 7.18 million tonnes reflecting 5.98 percent growth over the last financial year.

Gateway Terminal handled 2.03 million teus of cargo, port-owned JNPCT handled 1.48 million teus, NSIGT and NSICT together handled 1.30 million teus and the newly opened BMCTPL handled 23,212 teus.

Essar Ports to up capacity utilisation

Essar Ports is looking to increase its capacity utilisation at Hazira, Paradip and Visakhapatnam ports, and at Salaya in Gujarat, a new port it commissioned in December. It will also begin construction of a facility in Mozambique this year.

Essar aims to attain a total capacity of around 110 million tonnes (mt) this year. The company's project at Salaya port, with 20 mt capacity, has been completed. It will handle coal, coke, limestone, bauxite and is also looking to have a liquid cargo handling jetty. The company expects to handle 8-10 mt of cargo at the facility over the next year.

COSCO shipping reports improved performance

COSCO Shipping Holdings Co. announced financial results for the twelve months ended December 31, 2017. The company returned to profitability with net profit reaching RMB 2.66 billion. COSCO Shipping Lines posted its shipping volumes increased by 23.7 per cent Y-o-Y to 20,913,746 teus. The total terminal throughput of COSCO Shipping Ports reached 100,202,185 teus, of which the total terminal throughput in overseas regions was 18,840,664 teus, representing a remarkable growth of 38.7 per cent year-on-year.

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WHO WE ARE

We are a dedicated team working united for the past three generations. Commitment, dedication, patience and excellence resulting to a good service has always been our motto and that's the passion that drives us. We at Speedways welcome you to venture into a world where we define Logistics Supply Chain Management towards a whole new level.

1. LOGISTICS
2. TRANSPORT OPERATOR
3. CLEARING
4. WAREHOUSING
5. CRANE

WHAT WE DO

Speedways, providing complete logistics solution to our customers with a one window service station by enabling all services when it comes to executing the supply chain management system. From freight forwarding to transportation of laden containers to warehousing cargo and crane hiring to customs clearing, a customer generally gets all the solutions under various departments of our firm when it comes to logistics.

CUTTING EDGE

"The one who innovates is the one who leads". Leading the industry in its own ways, we at Speedways never focused on doing different things but dedicated ourselves to do things differently. Accepting challenges and crossing hurdles, we have done what was feared to be taken as a thought, from handling huge volume of cargo in one go from customers end to the port, we accomplished it all and still are working towards a future brighter than our past.

"Excellence is an art won by training and habituation. We do not act rightly because we have virtue or excellence, but we rather have those because we have acted rightly. We are what we repeatedly do. excellence, then, is not an act but a habit.

MISSION

Gaining mass success with a remarkable reputation built over the years in the sector, Speedways has now made its existence in Kolkata, Haldia, Vishakhapatnam and Raipur providing the best service to our customers at a competitive price.

VISION

With the coming of Speedways Logistics PVT LTD, the company has now established its position in the industry providing "Total Logistics" solution with services provided for Transportation, Warehousing, Packaging, etc...

WHY SPEEDWAYS

Standing firm in the sector for about four decades, we have gained mass success and reputation standing on the pillars - GOOD SERVICE, RELIABILITY, TRUST, DEDICATION AND PROFESSIONALISM, experiencing the services, one does say - DEFINITELY SPEEDWAYS!!

CHAIRMAN SPEAKS

SPEEDWAYS LOGISTICS PVT LTD, a pioneer company in the Logistics trade stands strong and firm in the Eastern Sector to provide the best solutions to all customers, reputed amongst all, we have been serving the EXIM trade for more than four decades with an endless list of satisfied customers.

SPEEDWAYS LOGISTICS PVT LTD has come into being with a view to provide the EXIM trade with "Total Logistics /solution" including "Containerised and Project Sea freight Consultancy and Forwarding", with allied services being provided for Transportation, Warehousing, Packaging, Stuffing/ De stuffing, Ship Chartering, Handling of project machinery originating from anywhere, or destined to anywhere in the world, and delivering it up to the shippers/ consignees door.

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Major Ports handle 679.35 million tonnes of cargo in 2017-18

The Major Ports have recorded a growth of 4.77 per cent and together handled 679.35 million tonnes of cargo in fiscal 2017-18, as against 648.39 million tonnes in fiscal 2016. Cochin Port registered the highest growth of 16.52 per cent, followed by Paradip 14.68 per cent, Kolkata (including Haldia) 13.61 per cent, JNPT 6.2 per cent and New Mangalore 5.28 per cent.

The growth at Cochin Port was mainly due to increase in traffic of finished fertiliser (105.88 per cent), POL (20.62 per cent) and containers (12.46 per cent). In Kolkata Port, the overall growth was 13.61 per cent. Kolkata Dock System (KDS) registered traffic growth of 3.45 per cent, whereas Haldia Dock Complex (HDC) registered positive growth of 18.61 per cent which was the highest among all the Major Ports.

Paradip port handled 102.01 million tonnes (15.02 per cent), JNPT with 66 million tonnes (9.72 per cent), Visakhapatnam with 63.54 million tonnes (9.35 per cent) and Mumbai with 62.83 million tonnes (9.25 per cent). Together, these ports handled around 60 per cent of Major Port traffic.

DP World Cochin achieves impressive Q1 2018 volumes

The DP World-operated India Gateway Terminal (IGTPL) witnessed a 19 per cent increase in volume in the first quarter of 2018 compared to its performance in the first quarter of 2017. The terminal also handled the highest monthly volume of more than 52,000 teus in March 2018. In the last fiscal year, it successfully handled more than 5.5 lakh teus. The increase has been attributed to its strong feeder connectivity along the Indian coast; it is directly connected to the ports of Mundra, Nhava Sheva, Goa, Mangalore, Visakhapatnam, Chennai, Kattupalli, Krishnapatnam and Tuticorin.

Mumbai Port handles record Ro-Ro cargo in 2017-18

Mumbai Port registered a throughput of 62.83 million tonnes during financial year 2017-18, marginally lower than the 63.05 million tonnes it handled during the previous fiscal, despite the fall in pulses and stream cargo due to imposition of import duty and discontinuation of JSW coal discharge at stream.

However, the Port saw record handling of automobiles. A record number of 6,388 units were shipped on the Pure Car Carrier vessel M.V. Höegh Shanghai in March 2018, surpassing the previous record of 6,312 vehicles. Automobile exports grew by 10.66 per cent in 2017-18, handling 2,27,484 units vis-à-vis 2,05,577 units in the previous fiscal.

Deendayal Port crosses 110MT in throughput

Deendayal Port Trust (DPT), for the first time in its history, has crossed the 110-million tonne (mt) mark in cargo handling, during the financial year 2017-18. The Port handled 99.75 lakh tonnes of cargo during March 2018 as against 91.06 lakh tonnes during March 2017. During the just-concluded financial year, DPT handled 1,100.99 lakh tonnes of traffic as against 1,054.42 lakh tonnes during the previous fiscal, an increase of 46.57 lakh tonnes or 4.42 per cent.

At Kandla, the Port handled dry cargo volume of 379.60 lakh tonnes during 2017-18, as compared to a volume of 353.90 lakh tonnes handled in 2016-17, up by 25.70 lakh tonnes or 7.26 per cent. The liquid cargo volume at Kandla (including transhipment) increased by 14.10 lakh tonnes, i.e. 10.80 per cent to 144.60 lakh tonnes during 2017-18, as against 130.50 lakh tonnes in 2016-17. Crude oil and POL traffic at Vadinar increased by 6.77 lakh tonnes, i.e. 1.19 per cent to 576.79 lakh tonnes from 570.02 lakh tonnes during 2016-17.

LOGISTICS

e-Way Bill mandatory for inter-state movement

GST Council announced the e-Way Bill system has become mandatory from April 1, 2018 for all inter-state movement of goods. The implementation of the nationwide e-Way Bill mechanism under GST regime is being done by GSTN in association with NIC and is being run on the portal https://ewaybillgst.gov.in. A total of 10,96,905 taxpayers have registered on the e-Way Bill portal till date. A further 19,796 transporters, who are not registered under GST, have also enrolled themselves on the portal.

India's containerised trade growing

In Q4 2017, India recorded 14 per cent containerised export growth, exceeding collective increases seen in the previous quarters, resulting in full year growth of 10 per cent. India's 12-month import-export growth closed at 9 per cent, which compared to the global growth average of 4 per cent cements India's position among the fastest growing markets. Unlike in 2016, when India's northern states almost single-handedly drove the country's overall import-export growth, in 2017 the credit for this would go to the eastern region, mainly due to increases in throughput at Haldia and Vizag Ports at 77 per cent and 28 per cent Y-o-Y, respectively.

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India needs to expand air cargo capacity

Given the expected growth in air cargo volumes in the country, the cargo handling capacity at airports would need to be upgraded by around 2 million tonnes over the next five years. Cargo traffic in India crossed 2.98 million tonnes in FY2017, registering 10 per cent Y-o-Y increase and reached 2.5 million tonnes over 9M FY2018 (15 per cent Y-o-Y). Indian airports are estimated to have a combined capacity to handle 4.63 million tonnes of cargo per annum as of now – translating into utilisation of around 75 per cent. ICRA expects air cargo traffic in India to grow by around 60 per cent to 4.7 million tonnes in the next five years – translating into a CAGR of 9.7 per cent.

New MMLP in Goa

A multimodal logistics park at Balli Station near Madgaon in Goa on the Konkan Railway route has been inaugurated with an investment of ₹43 crore through an MoU between Konkan Railway and CONCOR. The distance between JNPT and Goa is around 650 km. Presently, containers from Goa reach JNPT via road in 30-40 hours. As a result of the Balli facility, containers can reach JNPT within 16 to 18 hours, which will not only save time but also the cost of transportation. The facility is spread over an area of 81300 sq.mts and will handle both domestic and exim traffic. About 5,000 sq. m of Custom bonded warehousing space is also being created and a host of value-added services like stuffing, repackaging, etc. will be available.

ODeX expands e-Import services across several ports in India

ODeX India Solutions Pvt Ltd is expanding their e-import services to more ports and inland cities such as Surat & Goa in the coming months. This rapid expansion across big and small ports across India has been done to satisfy the demands of the shipping lines and trade who, thanks to ODeX, have experienced an increase in efficiency of documentation processing and payments - with smooth online integration for import services such as e-Delivery Order, e-Payments, and e-Invoice. Most major Lines such as MSC,CMA CGM, Cosco Shipping, Hapag Lloyd, Zim, APL, OOCL, Hamburg Sud, and more are using ODeX platform.

Ashok Janakiram re-elected President of ASIC

The Association of Shipping Interests in Calcutta (ASIC) elected its new Managing Committee for 2018 and 2019. Ashok Janakiram, Pennon Shipping, was re-elected as the President of ASIC, while Pinaki Ghosh of Sea Freight and Logistics Solutions and Capt. B. K. Khambatta of Interocean Shipping were re-elected as Vice-Presidents. Subrata Chowdhury of Ocean Network Express Line, Probir Chakraborty of PIL (India), M. Rajendran of TLPL Shipping, Gaurav Sengupta of CMA CGM, Debanjan Nandi of Shipping Corporation of India and Lalit Beriwala of A. S. Shipping Agencies were also elected to the Executive Committee of the Association.

Saudi Aramco's mega refinery at Ratnagiri

An Indian consortium consisting of Indian Oil Corporation, Bharat Petroleum Corporation and Hindustan Petroleum Corporation signed an MoU with Saudi Aramco for setting up Ratnagiri Refinery and Petrochemicals Ltd in Maharashtra. The project cost is estimated at around ₹3 lakh crore ($44 billion). The refinery will be capable of processing 1.2 million barrels of crude oil per day (60 million tonnes per annum). The project will be set up as a 50:50 joint partnership between the consortium from India and Saudi Aramco. The plan is to finish the project by 2025.

In addition to the refinery, cracker and downstream petrochemicals facilities, the project will also include the development of associated facilities such as a logistics, crude oil and product storage terminals, raw water supply project and centralised and shared utilities.

Tripura seeks removal of export barriers on land ports

Tripura has requested the Centre to remove non-tariff trade restrictions on export of commodities through its land custom stations (LCSs) to Bangladesh as they have been hurting the interests of the State. Tripura has been exporting commodities worth ₹4.6 crore to Bangladesh, while imports coming through its land ports were worth ₹300 crore. "Our government has chalked out plans to set up industries that make use of the state resources. We produce 50,000 tonnes of rubber. We want it to be processed here so that employment can be generated. We have invited tyre manufacturers to set up factory here," said Biplab Kumar Deb, Chief Minister, Tripura.

UPS opens facility in Ahmedabad

UPS inaugurated a larger integrated logistics facility in Ahmedabad to support businesses and SMEs in Gujarat looking to expand trade globally. UPS will provide integrated services for small package, supply chain solutions and contract logistics for faster and more efficient access to international markets. UPS also offers SMEs in Ahmedabad same day clearance to the US. The new facility is part of UPS's investment strategy into its global integrated network, which moves 3% of the world GDP across 220 countries daily.

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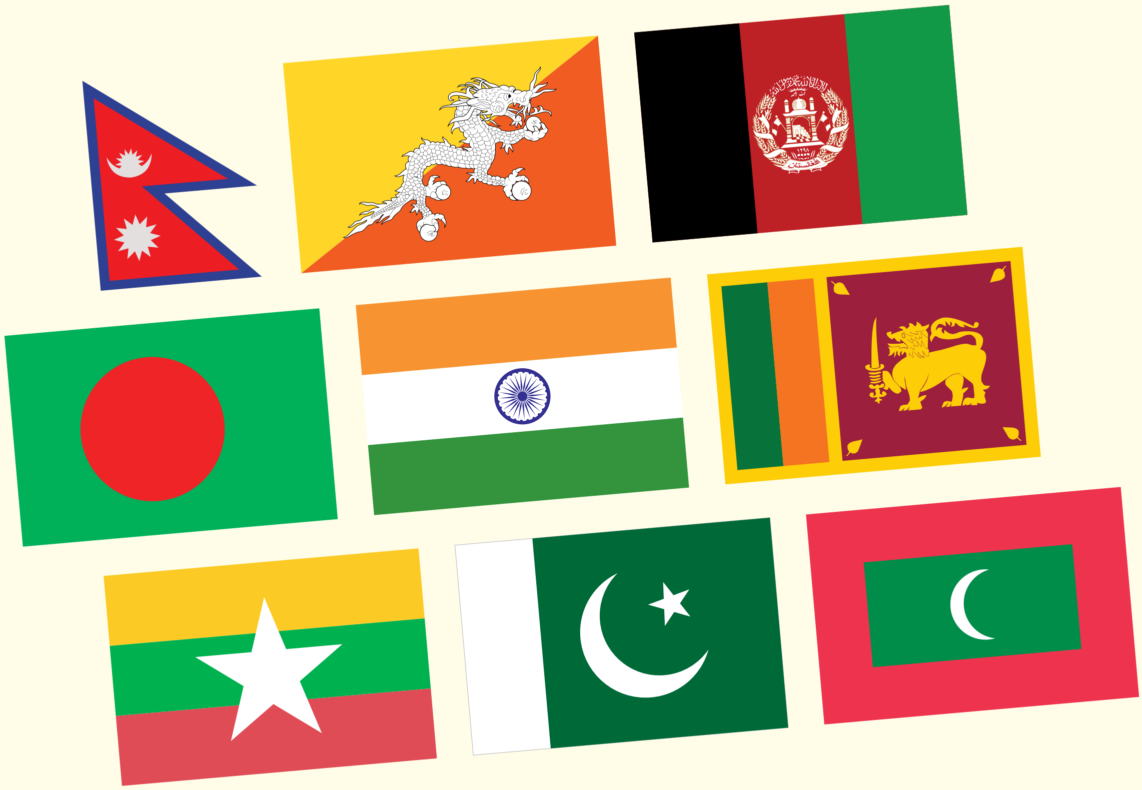

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Paradeep Phosphates Ltd plans expansion

The government of Odisha has approved the next phase of expansion in Adventz Group's Paradeep Phosphates Ltd. Chief Minister of the state Naveen Patnaik laid the foundation stone for the project. Around ₹9459.17 crore will be invested for expansion of the fertiliser manufacturing facility.

Oilmeal exports rise

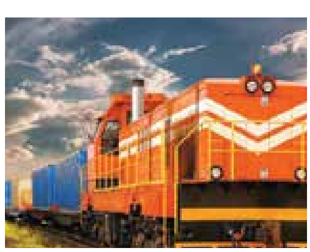
The overall exports of oilmeals during 2017-18 has been provisionally reported at 2,839,623 tonne compared to 1,885,480 tonne during the same period last year. The rise is due to higher export of rapeseed meal (up by 26 per cent), ricebran extractions (up by 27 per cent) and castor seed meal (up by 51 per cent). In terms of value, the total earnings has increased to ₹4,489 crores compared to ₹3219 crores, a raise to 39 per cent, the Solvent Extractors Association of India (SEAI) has said.

Last year, government raised the import duty on edible oils to 15 per cent across the board and increased MEIS (Merchandise Exports from India Scheme) on soybean meal from 5 per cent to 7per cent. These steps resulted in higher export of oilmeals during the current year.

Solar equipment imports exempted Customs duty

The Central Board of Indirect Taxes and Customs (CBITC) has clarified that the bulk of imported solar panels and modules will not attract customs duty. Around 90 per cent of panels used in Indian solar projects are imported. Earlier in September 2016, the CBITC passed an order saying that since solar panels and modules generate power, they should be classified along with "electrical motors and generators" under the Customs Act (HS Code 8501), which attract 7.5 per cent import duty, apart from various kinds of cess, amounting to a total of around 10 per cent.

Railways records highest freight loading in FY18



The Railways has achieved its highest-ever freight loading in fiscal 2018, supported largely by the additional transport of commodities such as coal, cement and containers. This has helped the Railways buck the gloomy trend of the previous two fiscals, when there was a downslide in throughput. The Railways loaded 1,167.5 million tonnes in FY18, lugging an additional 53 MT over the previous year's 1,108 MT. Coal accounted for 40 per cent of the total extra goods the public carrier loaded in the year. While cement's share was 20 per cent, containers formed 13 per cent of the total incremental cargo.

Container train to Bangladesh

V Kalyana Rama, CMD of Concor, flagged off a container train, carrying 60 boxes containing 1,200 tonne of de-oiled cakes from its city terminus to Bangladesh to explore the techno-economic feasibility for commercial operations. Earlier CONCOR had entered into an agreement with Container Company in Bangladesh for operating the container train service between the two nations. The train will take 24 hours to reach Bangabandhu West station. The load restriction and low capacity utilisation of rakes will surely impact the freight tariff.

Agility launches Shipa Freight

Agility announced Shipa Freight, the first fully integrated online freight service that allows users to get rate quotes and book, pay and track ocean and air shipments around the world. Shipa Freight provides instant, no-obligation rate quotes from the countries that account for 95 per cent of global trade and allows users to manage their international shipments with a simple, easy-to-use tool accessible by desktop, laptop, tablet and mobile app.

JSW's mega steel plant in Odisha

JSW has announced plans to set up mega 13 million tonnes (mt) steel project in Odisha. JSW has committed an investment of ₹55,000 crore for the integrated steel mill that will come up along with a 900 mw captive power plant, a 32 mt pellet unit, a captive port and a slurry pipeline to transport iron ore concentrate from Joda to the project site proposed near Paradip. For raw material security, JSW has sought a long-term agreement for 50 years with state-ownead Odisha Mining Corporation (OMC) to supply 30 mt per annum of iron ore fines at IBM (Indian Bureau of Mines) declared price.

ECU Worldwide, appoints Rene Wernli as Regional CEO

ECU Worldwide appoints Rene Wernli as the Regional CEO for the India, Indian subcontinent (ISC), Middle East & Africa region. Wernli reports to Claudio Scandella, CEO, ECU Worldwide. Wernli brings to his new role more than 3 decades of insightful experience in the global freight forwarding and logistics business. A seasoned industry veteran, he has a proven track record in expanding and consolidating logistics operations in emerging markets.

Apparel exporters seek 'lifeline support'

Exporters in the Tirupur knitwear cluster say it will be impossible for them to compete with ‘tariff advantaged’ countries without ‘lifeline support’ through schemes such as duty drawback and Rebate on State Levies (ROSL). In a representation to Union Minister for Commerce and Industry, Suresh Prabhu, president of Tirupur Exporters’ Association Raja M Shanmugham highlighted the plight of exporters since the reduction in the duty drawback rate last October.

“Bangladesh's apparel exports is four times that of India’s share in the global market, primarily because we are unable to compete on the price front. With the introduction of GST and the timeline fixed for replacing duty drawback scheme with GST refund mechanism, there has been a total chaos. The small lifeline support that we enjoyed is also lost,” Shanmugham said.

IR Class authorised as RO by Netherlands

Indian Register of Shipping (IRClass) has received authorisation as a Recognised Organisation (RO) from the Netherlands’ flag administration. The authorisation comes just months after IRClass received authorisation from Europe’s largest flag Malta in December last year.

The Netherlands ranks fourth according to performance ranking released by Paris MOU. To date, IRClass has secured authorisation from four European flags, including Latvia and Bulgaria – all within the past year or so. The RO code agreement was signed recently at a small event attended by Roeland Nieuweboer, Director, Inspectorate for Human Environment and Transport, the Netherlands.

APSEZ expands Dhamra Port capacity

APSEZ inaugurated the Phase II expansion of Dhamra Port. The expansion will increase cargo handling capacity of the port to over 100 million tonnes per annum (mtpa), up from 25 mtpa currently. The company deployed more than 3,000 manpower with around 88 per cent locals for the expansion work. The port is setting up a container transhipment hub at Vizhinjam. This expansion will help us achieve our vision 2020 of 200 mt well ahead of time and we now aim to touch 500 mt by the year 2025, informed Karan Adani, CEO, APSEZ.

Adani inks pact with IOC

APSEZ has signed a long-term agreement with Indian Oil Corporation Ltd (IOC) to provide LNG re-gasification services on a use-or-pay basis, at its upcoming LNG import terminal at Dhamra in Odisha. As per the contract, IOC has booked 3 million tonnes per annum (MTPA) re-gasification capacity spread over 20 years. IOC plans to supply the gas to its refineries at Paradip in Odisha and Haldia in West Bengal. In fact, the terminal will play a strategic role in supplying gas to Bangladesh and Myanmar. L&T will be setting up tankages for gas storage and the terminal is expected to be commissioned during the second half of 2021.

Report on insurance requirements of Indian logistics and warehousing sector released

TCI released an exploratory study, conducted jointly with the Insurance Institute of India (III) that explored the need for insurance in India’s logistics sector. The report, titled ‘Insurance Requirements of the Indian Logistics and Warehousing Industry and their Customers,” was launched by the Honourable Minister for Road Transport & Highways, Shipping and Water Resources, Nitin Gadkari at a gala event held at the Transport Bhawan in New Delhi on 17th of April, 2018.

The joint exploratory study found that Logistics Service Providers continue to be highly vulnerable due to the often; unfair allocation of risk between them and shippers. Shippers are sometimes absolved of liability even where they are at fault, and these costs are borne by the LSPs.

e-marketplace by FreightCrate Technologies

FreightCrate Technologies has launched the first of its kind online logistics marketplace, www.freightcrate.in for international freight and shipping needs of exporters and importers. The brain child of two international freight and logistics experts, www.freightcrate.in is the first of the many products to be launched by FreightCrate Technologies that aim to transform the Indian logistics industry through organised, transparent, cost effective solutions and mutually beneficial growth opportunities for vendors and customers.

Samir Lambay, Co-Founder and CEO, FreightCrate Technologies said, “Through our venture, FreightCrate Technologies, we aim to transform the Indian Logistics sector, especially the international freight and shipping processes, through creation of a standardised, transparent and cost effective ecosystem, equipped with efficient customer service and superior technical support.”

NEPAL

Participation in OBOR in Nepal's national interest

Nepal is not going to align with any country against India but its participation in China'S OBOR is in keeping with its national interest, says K P Sharma Oli, Prime Minister of Nepal. He assured that all finances under OBOR will be assessed against standards internationally practised. Oli also pointed at the growing trade deficit with India and the need to undertake a thorough review of the existing trade treaty to address structural constraints that impede Nepal's exports to India.

INDONESIA

Bonded logistics centers to be developed

Indonesia is now developing a second generation of Bonded Logistic Centers (PLB Second Generation), as PLB First Generation was considered a success in reducing logistic costs. "The goods that in the past were stored in Singapore now can be stored here at a lower cost. A businessman could cut the cost up to Rp 7.18 million (US$502.60) per container," said Heru Pambudi, Director General of Customs and Excise.

In the long term, he added, PLB Second Generation would be regrouped into Large Industry PLB, Small and Medium Industry PLB, E-commerce PLB, Basic Commodities PLB, Air Hub Cargo PLB.

MYANMAR

National Logistics Master Plan on the anvil

The Ministry of Transport and Communications, with help from JICA, is drawing up a National Logistics Master Plan to supplement the existing National Transport Master Plan in Myanmar. A total of 167 projects have been included under the new logistics plan, of which 108 have already been identified under the earlier transport plan. As such, 59 logistics projects have been added based on urgency, available resources and future demand. Each project is estimated to cost around $29 million, or K40 billion, on average. The logistics plan will support the growth in cargo movement that is expected to double to 312 million tonnes by 2030 from 169 million tonnes in 2015.

AFGHANISTAN

Afghanistan exports to China through Uzbekistan

Afghanistan will supply its products to China through Uzbekistan and Kyrgyzstan. The new transport corridor Tashkent - Andijan (Uzbekistan) - Osh - Irkeshtam (Kyrgyzstan) - Kashgar (China) is the shortest automobile route from the Fergana Valley to China. In October last year, Uzbekistan, Kyrgyzstan and China successfully organized the first pilot caravan of nine cars that passed along this route. The Afghan side intends to send its cargoes from Mazar-i-Sharif along the already established railway up to Andijan, then load them onto trucks going through Uzbekistan and Kyrgyzstan to Kashgar. For convenience of consignors and consignees in the Andijan region, a multimodal transport and logistics center has been created in Akhtachi.

BANGLADESH

Indo-Bangla oil pipeline planned

Bangladesh and India signed an agreement to establish a 130 km oil pipeline aimed at pumping Indian oil to Bangladesh with a capacity of 1 million tonnes per annum. The deal is part of the six MoUs recently signed in Dhaka. The pipeline connects Numaligarh in Assam to Parbatipur in Bangladesh. India was currently supplying 660 MW of power to Bangladesh and they were on course to add at least 500 MW more by June. India has also extended lines of credit of over $8 billion to Bangladesh in the last seven years.

SRI LANKA

Chinese firm to develop Sri Lankan port city

China Communication Construction Company (CCCC) will invest $800 million to build an underground road network to Sri Lanka's Port City, a $1.4 billion project built on reclaimed land in Colombo. It will be among the best shipping, logistics, tourism and financial centers in South Asia, with a planned second-level building complex valued at $13 billion. More than 60 per cent of the Port City's area has been reclaimed from the sea. Total reclamation of the 269-hectare (665-acre) tract is expected to be completed by year-end.

MALAYSIA

Logistics streamlined at DFTZ

The government has ironed out issues related to logistics procedures at the Digital Free Trade Zone (DFTZ) to speed up cargo clearance and make Malaysia more attractive in the global e-commerce segment, said Malaysia Digital Economy Corporation (MDEC), CEO, Datuk Yasmin Mahmood. Yasmin, however, said the domestic logistics player needed to work around the clock to ensure that they fulfilled the international requirements. Cargo is now getting cleared within three hours at the DFTZ, which is also positioned as Alibaba's mega transhippment hub outside China. It will position Malaysia as a regional hub for eCommerce logistics and the preferred gateway for global brands and marketplaces into ASEAN.

MALDIVES

Maldives catches on to ease of doing business

A project to bring in a national single window (NSW) system in the Maldives will transform international trade, customs procedures, and ease of doing business, while helping it integrate within the region. ADB is supporting the Government of Maldives to establish an NSW. This is in line with the operational priorities for trade facilitation under the South Asia Subregional Economic Cooperation (SASEC) program. A paper-less cross border trading environment will be developed and international trade procedures will be made transparent. It will enhance border control and provide better insights on trade flows.

IRAN

INSTC to be activated soon

India, Iran and Russia have resumed talks on activating the International North South Transport Corridor which will cut freight time to Europe by half and bring down the cost for the benefit of east and Southeast Asian exporters. Compared to the Suez Canal route, INSTC cuts transportation time and cost by half. The corridor could transport exports from India's west coast, through Iran's Bandar Abbas and Chabahar ports, Central Asian states, Russia and onwards to Europe. Indian-Iranian-Russian customs have discussed transhipment processes while logistics such as containerisation needs to be sorted out.

THAILAND

Alibaba to set up Thai logistics centre

Alibaba is in talks with the Thai government to set up a logistics centre in the country as part of its aggressive expansion into the Southeast Asia region. Alibaba plans to set up the logistics centre in Chachoengsao, one of the three provinces the government hopes to develop into a leading economic zone in the region as part of its flagship Eastern Economic Corridor scheme. Alibaba wants to use Thailand as a logistics base for e-commerce not just to link small and medium enterprises from Thailand, but also Cambodia, Laos, Myanmar and Vietnam to the global market.

PAKISTAN

Non-oil trade increases between Iran and Pakistan

The value of trade exchange between Iran and Pakistan rose by 13.5 per cent in 11 months up to this February. The volume of bilateral non-oil trade was 2.27 million tons, with the value standing at $1.176 billion. Iran exported 1.94 million tons of goods worth $822.20 million to Pakistan during the period, while Pakistan exported some 330,000 tons of goods worth $353.89 million to Iran.

SINGAPORE

13th Singapore Maritime Week opens

The 13th edition of the Singapore Maritime Week (SMW), themed "Positioning for Future Growth – Driving Connectivity, Innovation and Talent", was officially opened by Dr Lam Pin Min, Senior Minister of State, Ministry of Transport and Ministry of Health, at the Suntec City North Atrium.

"The annual Singapore Maritime Week is here again. This year, it comes at a time when change to the global maritime industry has gathered pace – from the rise of disruptive technologies and the entry of non-traditional players, to the demand for better safety and environmental standards. Against this backdrop, it is timely and useful for the maritime industry to hear from thought leaders on how we can overcome key challenges and seize new opportunities, so that we can collectively steer the maritime industry forward," said Dr Lam.

VIETNAM

Seaports need to be improved

Northern central provinces of Vietnam, including Thanh Hoa, Nghe An, and Ha Tinh have advantages to develop port services. Each province has at least one seaport and three to four fishing ports. Under planning, Vung Ang port of Ha Tinh province can receive vessels of up to 62,000 DWT. However, goods transported through the port are non-container goods and the port's logistics system is inefficient for moving containers. Cua Lo port in Nghe An province is the only port which can transport container goods. But, the port needs upgradation.

CHINA

China to dredge Ukrainian seaport

The Ukrainian Sea Port Authority and China Harbour Engineering Company Ltd. (CHEC) signed two contracts for carrying out dredging works at the Chornomorsk seaport (Odesa region): one document envisages dredging works in the approach canal and the second one – in the water area of the first boot basin of Sukhy estuary. The depth at Chornomorsk seaport will be increased to 16 meters. Reconstruction of the maritime approach canal and water area of the first boot basin will further allow for the reconstruction of the berths.

THE TWO SHADES OF DPD

Direct Port Delivery (DPD) has been introduced with the noble intention of reducing congestion at the ports and bringing down cost and time for shippers, but CFS operators claim that they are still the essential cog in the wheel and very much relevant for the success of DPD

by Omer Ahmed Siddiqui, Rakesh Oruganti

Launched barely about two years ago, the Direct Port Delivery system at the ports has shaken and stirred the entire logistics chain. While the ports hail DPD as a tremendous initiative to reduce congestion while saving on time and cost for the trade by moving the cargo directly to the consignee's door step from the port, the CFS claim they are still the essential cog in the wheel, without which the DPD will get derailed as the volume of cargo moving through this direct delivery process grows in future.

Ports hail the DPD strategy

"The path breaking initiatives of Direct Port Delivery (DPD) and Direct Port Entry (DPE) have started showing results helping in not only reducing transaction cost and time but increasing the overall efficiency of the Port," said **Neeraj Bansal, Chairman-in-Charge JNPT**. DPD is gaining more and more popularity with EXIM trade at JNPT and its share in the traffic has gone up to 38 per cent, while more than 1600 clients have accepted DPD mode. When JNPT announced DPD for all ACP clients (irrespective of their volumes) in February 2016, only 11 agencies were availing the facility and subsequently the number increased to 1,317 in 2017. In December 2017, a total of 52,000 teus of cargo was cleared at JNPT under DPD, which is 735 per cent higher compared to December 2016.

Coming to India's only riverine port, the traffic department at Kolkata Dock System prides in revealing that "Kolkata Port has always been one of the pioneers in facilitating DPD. The DPD volume has consistently remained at around 40 per cent over last 3 years. This is mainly because about 25 per cent of our Imports are Nepal/Bhutan bound containers and these containers auto-qualify to obtain DPD from the Port. To promote DPD we have other categories such as port's volume importers recording 1500 teus/FY gets DPD facility. Also, Customs ACP/AEO clients and coastal and ICD and SEZ bound containers also obtain DPD facility from the port." As per Kolkata Customs PN 04/2018, 82 customers fall under the category of AEO clients and these shall avail DPD in the new FY.

"DPD as a scheme is vital since it reduces the dependence on Off Dock CFS. It is essential in port's ability to provide cost efficient service to its customers. However excessive DPD can increase the dwell time of the containers inside the terminal leading to shortage in stacking space. Hence DPD as a facility should be extended to those customers who needs it the most. DPD Policy when formulated efficiently can bring in a paradigm shift in the cost effectiveness of trade through a port."

Coming down to the South, the most recent initiative has been CONCOR, Chennai commencing movement of DPD and Direct Port Entry (DPE) between CONCOR HOM Annexe (Chennai Port) and CONCOR Tondiarpet. The inaugural train, carrying 62 DPD containers, was flagged off in March 2018. The trains will carry DPD/other import containers for delivery/clearance to Tondiarpet and, in the reverse direction, DPE/other export cleared containers will move to Chennai Port.

Neeraj Bansal
Chairman-in-Charge
JNPT

"The path breaking initiatives of Direct Port Delivery (DPD) and Direct Port Entry (DPE) have started showing results helping in not only reducing transaction cost and time but increasing the overall efficiency of the Port

In March 2017 Chennai Customs had inaugurated the 'DPD Cell/RMS Facilitation Centre,' servicing about 224 importers availing the facility and by June nearly 19 per cent of all import cargo at the port was being cleared under this programme. Importers are able to save around ₹5000 per box. These 224 importers handle nearly 60 per cent of import cargo at Chennai port which includes machinery, automobile spare parts and paper products.

A recent study by CARE Ratings reveals that DPD has witnessed steady growth in terms of proportion of total containers handled. In the month of November 2017, 34.7 per cent of container cargo was cleared through DPD compared with 25-27 per cent during the beginning of the year. An importer is assured clearance of cargo in less than 48 hours under DPD as against an average of seven days if routed through a CFS. Additionally, delivery of containers at terminals is expected on a 24x7 basis which is not possible on custom bounded warehouses. Hence improved dwell time of goods and additional cost savings are expected on account of reduction in handling, storage, transportation and container detention charges. Particularly dwell time is expected to reduce by about 4-5 days, according to the CARE Ratings report.

Benefit to importers

As per the CARE Ratings report, importers opting for DPD will benefit with timely delivery, savings in transportation, handling and storage charges at warehouse as a result of reduction in dwell time. CFS charges constitute rentals (50-60 per cent), transportation & handling (30 per cent) and the remaining for miscellaneous charges, cranes charges, refrigeration, plugging, monitoring etc. Importers also require to re-work their logistics chain as they now have to take delivery of containers as soon as they reach terminals.

But, are the ports ready?

While the major ports are chasing targets for moving 40 per cent of their cargo imports through DPD, but they need to keep a strict watch on operational efficiency at the terminals, else it may result in congestion and chaos. Going by the dwell times reported by major ports in first half of the previous fiscal year, there needs to be a serious effort to tighten their belts. In the first half of FY18, dwell times at most of the major ports stepped up to around 3.4 days. While DPD facility primarily aims at reducing the logistics cost and time for the exim community, but increase in dwell time means cargo staying longer at the harbour which can cause congestion and extra storage charges for shippers, adding to their logistics cost.

To expedite flow of cargo, major ports have implemented several measures such as standardizing of carting hours for export cargo and reduction in free storage time for railed shipments. However, the increase in dwell time doesn't gel well with these initiatives.

Deciphering DPD from CFS operators point-of-view

While the ports are hailing the DPD policy for swift movement of cargo, reducing the cost and time for importers, here is the point of view of the CFS operators: **Umesh Grover, Secretary General, CFS Association of India** says, CFS were designed as extension of the ports because ports like JNPT were built on the CFS model, which means the port was designed in a restricted space to handle vessel related activities and they neither invested in infrastructure for handling of the cargo nor in labour for moving the cargo. So the CFS were setup and encouraged by the government of India and the first CFS was setup inside the port and as the volume increased and more terminals cropped up the government had encouraged formation of CFSs through CWC. SOPs were offered to the entrepreneurs to build up CFSs because that was the need of the day, further they were offered exemption under section 80i of the Income Tax Act, similar to what is offered to the port sector.

India till date did not have DPD while other global ports like Rotterdam or Hamburg have it since their inception, because the ports abroad are designed and covered in a very large area – it could be about 10-20 times more than the area of JNPT, with hundreds of kilometres of road ways. Secondly, the trade moves in a different fashion in global ports.

Ashutosh Jaiswal
President - Intl Business Divn & Logistics, Century Plyboards (I) Ltd

> "As far as city- based ports like Chennai and Kolkata are concerned these ports have dearth of space and so they will have to face serious congestion both inside and outside of the port due to DPD"

Now coming to the myth that DPD will help ports in improving ease of doing business and remove congestion – on the contrary CFS have been playing a major role in helping ports to move out the cargo speedier and reduce congestion. Let's take the example of JNPT: This major port handles roughly 2.2 million teu of imports on a monthly basis, out of which 30,000 to 40,000 teu are ICD containers which go directly to the ICDs. So what is routed under DPD or which was earlier routed through CFS is about 70 per cent or 150,000 teus. Now, over a period of years DPD has increased from 6 per cent in a year to 36 per cent and more or less a plateau has been reached. Last month the figure was roughly 52,000 teu which was about 36 per cent, which was more or less the same in the previous two months. So, the DPD movement of cargo has reached a plateau and beyond this point it will be counterproductive to the ports, for the reason, out of 52,000 teu DPD containers only 12,000 to 13,000 are cleared directly by the DPD client, balance containers if not cleared in 48 hours will go to the government/customs designated CFS called "Speedy". So, out of the 52,000 teu containers (which is 36 per cent), 12 per cent containers are going direct to the importers, whereas the remaining 24 per cent (about 30,000 to 35,000 teu) are still being routed through CFSs, which is known as DPD/CFS.

The consignee is taking the DPD container but he wants the CFS to evacuate it. Now the evacuation time is what actually matters as it will determine the congestion at the port. Evacuation of DPD type containers from CFS is being done in 28.1 hours (as per the figures published by FIEO) and the time taken by DPD client in moving the container from port directly to his facility is 51 hours. So, if all the 40 per cent of the imports at the port are to go direct then the time taken in moving the containers will further increase to maybe 70 to 80 hours and there will be huge congestion, opines Umesh Grover.

Coinciding with the views of Umesh Grover, **Ashutosh Jaiswal, President - Intl Business Divn & Logistics, Century Plyboards (I) Ltd** says, "As far as city- based ports like Chennai and Kolkata are concerned these ports have dearth of space and so they will have to face serious congestion both inside and outside of the port due to DPD. Unlike other ports where the CFSs are a little away from the gateway terminals, for Kolkata Port, most of the CFSs are at a distance of two-and-half to three kilometres. As of now DPD in Kolkata Port is about 36 per cent and since the cargo is not coming to CFS, so CFS business is also going down. Currently all the CFS in Kolkata are under-utilised."

He further adds, "On one side, government is going on giving permissions for new CFS and on the other hand they are implementing DPD which again curtails the business of CFSs. So this contradictory policy makes it very difficult for the CFS operators to understand which way the government is heading."

CFS claim to be faster than ports

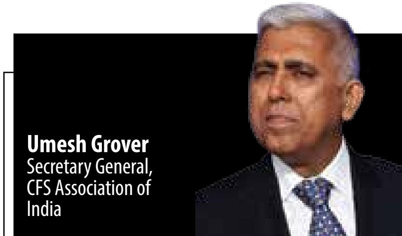
The reason why CFS are able to clear the containers faster than the ports is because they do end-block movement. At the port when the container is lifted from the ship it goes to the container import yard, where they are segregated as per the vessel plan for various CFS and ICDs, so they may take about 40-50 stacks of the containers. Now if there are going to be 1000 DPD clients, to give delivery of four containers to a single client, the trailer which comes in will have to wait for a very long time. When segregation is done at the port, supposing the trailer which takes 1.5 hours inside the terminal, it will take 3 hours before the containers are identified and loaded. As the containers of a particular client will have to be cherry picked from the huge stacks of containers imported, there will be more moves by the crane/reach stacker incurring extra cost and time and further there will be more congestion. Whereas, at the CFS the containers are segregated properly such that they can be delivered to the clients making less number of moves, saving on time and cost.

"Government can still go ahead with the DPD programme and even further increase the volumes of DPD cargo to 60 or 70 per cent, but it will be only successful if they set up complete infrastructure inside the port where customs can do examination and then release the cargo," says Umesh Grover.

CFSs have invested roughly ₹3000 to 4000 crores, apart from the land cost and the 30,000 to 40,000 labour being employed there. Ports are not employing such huge labour, so CFS will only add to the ports capabilities to evacuate the cargo faster. CFSs have re-engineered their plan and they are evacuating the containers out-of-charge for which their earnings are much lesser. But the existing equipment, infrastructure and manpower present with the CFS should be well utilised, before the government considers adding any new infrastructure, suggests Umesh Grover.

DPD clients still routing their cargo through the CFS

After the container is out-of-charge, many consignees do not have sufficient warehouse space to keep their containers. Customs were well aware of the fact that there is going to be a huge storage problem. While the consignee can dump the containers at any warehouse, but CFS offer a cost-effective and tech-enabled optimum solution. But after the container is out-of-charge, since port and CFS both are customs notified area, so an out-of-charge container, after exiting a customs notified area (port), cannot enter another customs notified area (CFS). Now since the container is going to



Umesh Grover
Secretary General, CFS Association of India

"Government can still go ahead with the DPD programme and even further increase the volumes of DPD cargo to 60 or 70 per cent, but it will be only successful if they set up complete infrastructure inside the port where customs can do examination and then release the cargo"

enter a CFS again for ease of business, so the customs de-marked certain area in each CFS for DPD boxes.

In the developed countries most of the imports are FMCG, chemicals or machineries which can directly go to the consignee's location, but we import about 35 per cent of heavy metal scrap, which necessarily needs to be inspected by customs, now ports do not have the infrastructure and space to examine this. So such cargo has to be re-routed through CFS.

Further if the consignee does not remove his containers within 48 hours from the port, then they will be sent to the speedy. Whereas a better alternative is that the containers can be brought to a CFS within 24 hours of unloading from the ship and can be stored at the CFS at a nominal amount, which gives a lot of flexibility and comfort to the consignee. This is the reason that out of the 52,000 teu DPD imports, 32,000 to 33,000 teu is still routed through the CFS.

Not many importers are convenient with DPD

Not many importers are happy with the DPD because certain consignments they would like to import as DPD, while others they may not like to import as DPD. But the law says that if you are a DPD client, you should compulsorily clear all your imports as DPD.

"I fully endorse that DPD should

Pramod Kumar Srivastava
Director & CEO, Allied ICD Services Limited

"DPD is a good policy by the government where the pricing for customers can be made under control and I personally feel the definition of DPD should be widened because even at JNPT they have declared CFS as the DPD extension of the container yard"

be there, but the government should not enforce it. DPD should be the prerogative of the importer. The regulations should be enforced in such a way that there should be no binding," suggests Ashutosh Jaiswal, President - Intl Business Divn & Logistics Century Plyboards (I) Ltd. Coinciding with the views, **Pramod Kumar Srivastava, Director & CEO, Allied ICD Services Limited** says, "DPD is a good policy by the government where the pricing for customers can be made under control and I personally feel the definition of DPD should be widened because even at JNPT they have declared CFS as the DPD extension of the container yard."

Suggesting on similar lines, S Padmanabhan, Director, Sattva Logistics Group says, "In future, as Customs clearance becomes fast and easy, it will move to the port premises, but all other activities will happen at the CFS. The importers should not be forced into DPD but they should be allowed the space to choose the DPD service voluntarily evaluating their cost and business model."

CFS contribute to success of DPD

A major contribution of CFS is that by faster evacuation of import containers the dwell time for exports will also be reduced. If a port is congested with import containers then there will be no space for export containers. Another reason

INTER-MINISTERIAL PANEL ON FREIGHT STATIONS SCRAPPED

The government has disbanded an inter-ministerial committee that screened applications for setting up CFS and ICDs, as it adds more ports to the list where such facilities are not allowed, following a thrust on DPD. The government is in the process of withdrawing the earlier notification on constituting the committee. In 2017, the government stopped granting permissions for fresh CFS in vicinity of JNPT and Chennai Port Trust. Recently Visakhapatnam and Mundra Ports are added to the list. The ban on setting up new CFS will gradually spread to the entire country, until then applications for new CFS will be vetted by CBEC.

S Padmanabhan
Director, Sattva Logistics Group

"In future, as Customs clearance becomes fast and easy, it will move to the port premises, but all other activities will happen at the CFS. The importers should not be forced into DPD but they should be allowed the space to choose the DPD service voluntarily evaluating their cost and business model"

for the delays at the port is that the rail infrastructure is obsolete and the rakes cannot move until they are full, which again increases the dwell time at the ports. CFS will continue to aid in faster evacuation. Today the success that DPD programme has achieved is largely due to the active role of CFS in faster movement of cargo, else the 36 per cent DPD target would not have been achieved, reveals Umesh Grover.

Sharing the views, Ashutosh Jaiswal says, "Small industries with limited capacity in their warehouses will suffer as they can't take the entire imports at once into their facilities. When CFS concept was introduced in Kolkata Port the port volume was around 263 thousand throughput and the port was getting congested. Over the years the port volumes have grown to around 650,000 teus and CFS have played a significant role in this growth to keep the port free of congestion."

Impact of DPD on CFS

The revenues of CFS and the volumes moving through them have surely seen some impact. Ashutosh Jaiswal says, "If the port has instructions from the government for DPD then automatically CFS will be deprived of their volumes. Now the six CFSs in vicinity of the Kolkata Port are underutilised by around 35-40 per cent. Millions of investment has been made in CFS infrastructure till date and suddenly the government cannot deprive them of business."

Talking about the survival strategy for CFS, Ashutosh Jaiswal adds, "CFS cannot have their own survival strategies as they are an extended arm of the port. CFSs should focus on exports and domestic volumes to sustain in business. Otherwise, just depending on imports it will be very difficult to sustain and the investments made in infrastructure will be jeopardised. We are working on a strategy wherein exports and domestic volumes will be our first priority and imports will be our second priority. CFSs can also denotify some of their area and use it for warehousing."

"Initially we thought there would be a big impact but there has not been much impact especially for Mumbai region in terms of container volumes handled," says **S Padmanabhan, Director, Sattva Logistics Group.** "Of course, there has been considerable reduction in the storage charges at the CFS so this has surely impacted their revenue model. Many of the CFS had to rework their pricing model to make their services attractive to customers."

CFS reorient their business model

"Basically CFS were introduced in 1994 to facilitate customs clearance, but over the years the service model evolved to include other services as well such as warehouse, cargo storage, cargo handling and lashing for the benefit of the exim community. So even though we are not providing Customs services but we continue to offer other services. To further stay relevant in the logistics cycle, CFS have done a lot of value addition to their service model," adds Padmanabhan.

Even at the global level there are container yards being operated by steamer agents, vessel operators or container operators. These facilities hold the cargo on behalf of the exim community till they obtain delivery order and other formalities are completed. In India, these services are offered by CFS for Customs facilitation, but since Customs has launched digital platforms and their procedures have become swift and streamlined, so today customers no longer have to wait at the CFS for Customs procedures, but a lot of other activities do happen at the CFS still, such as consolidation of cargo, inventory management, approving ownership of the cargo and providing logistics to the door step of the customer.

S Padmanabhan further reveals, small businesses that cannot own or operate a warehouse will eventually have to come to a common user facility like CFS, after their containers are cleared from the port. Automobile manufacturers like Ford and Hyundai use their facilities for manufacturing and storage of finished goods. They cannot spare their factory space for storing raw materials or imports, which necessarily have to be kept outside the factory. Here comes the role of CFS. The CFS have modified their service model, acting as storage point for manufacturers.

"CFSs need to evolve their business strategy, for instance, as per the absolute CFS policy DPD can be declared in the additional space of CFS as well. If a CFS has capacity of 5000 containers, they can easily make out 1000 containers space as additional container yard area and the containers can come directly from the vessel to the container yard area before being delivered to the customer. In future, CFS need to offer end-to-end solutions, they also need to develop 3PL operations and warehousing solutions. Another opportunity is the Direct Port Exports (DPE)," reveals Pramod Kumar Srivastava. mg

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Rinkesh Roy, IRTS, Chairman, Paradip Port Trust

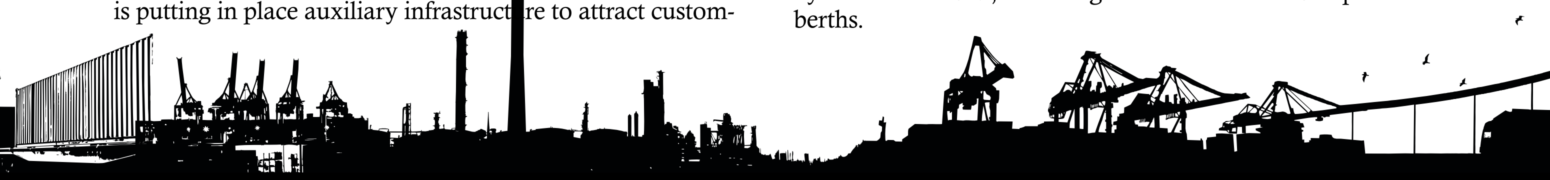
Paradip Port in the last 3-4 years worked on a broad strategy and also successfully executed plans to achieve the cargo volume. The port has not made any changes to its tariff since FY2012-13, and the tariff will remain unchanged till 2019.

Q Paradip Port is the 3rd port in India and first on the east coast to handle 100 million tones of cargo in a financial year! What are the factors that contributed to the volume?

A Paradip is one of the largest dry bulk handling ports in the country. Dealing with dry bulk comes with some inherent challenges like pollution, involvement of multiple handling agencies, and many other issues. So it requires lot of co-ordination to seamlessly manage the cargo. One of the fundamental reasons for cargo growth at Paradip is that the port has been able to provide quality services to customers at the cheapest price. The value that the port provides to the customers is the most important factor for the success. The port in the last 3-4 years worked on a broad strategy and also successfully executed plans to achieve the cargo volume. The port has not made any changes to its tariff since FY2012-13, and the tariff will remain unchanged till 2019, and in recent years Paradip is the only port in the country to keep tariff steady. Unlike earlier days when there were anti-competitive practices at the port, but now a fair degree of competition was introduced into the system, and it helped in a way that the cargo handling cost for customers has came down by 30-40 percent in FY2017-18 as compared to the year 2012. Due to healthy competition, cargo handling efficiency at the port has also improved. Staying competitive is need of the hour, and Paradip's competition is not limited to Dhamra or Gopalpur ports, even bigger ports like Gangavaram which can handle capesize bulker and offer very economical rate are capable of diverting cargo meant for Paradip. Hence, a great deal of co-ordination with all stakeholders including railways has helped Paradip to achieve the growth in cargo volume. With cost of service coming down due to improved efficiency, the port is now focusing on adding infrastructure into place to remain competitive. Cargo volume is growing at a rate of 16-17 percent Y-o-Y for Paradip, and the port aims to overtake Kandla to become the highest cargo handling port in the country in FY2018-19.

Q Which are the other cargo segments that you are looking at other than bulk?

A We are looking at changing the eco-system in and around Paradip like handling clean cargo. In this direction along with the clean cargo handling berth, the port is putting in place auxiliary infrastructure to attract customers. The port has invested heavily to control pollution. The construction of container-cum-clean cargo handling berth is going to be completed 1 year before the scheduled timeline. The first vessel is expected to be berthed sometime by the end of April 2018. Apart from containers, the berth will handle steel coils and other steel products. Among other infrastructure, the berth has a warehouse adjacent to it, and a quayside railway terminal. One of the highly industrialized regions in the country is located within 100km radius of Paradip Port that include, heavy industries like steel, aluminum, fertilizer, coal mines and oil refinery. The Indian Oil refinery will soon operate at full capacity of 250 million tonne in current year, Essar pallet plant will augment capacity, and there is growth expected in iron ore pallet movement. Coal movement to southern parts of India is also going to increase. A new mechanized import coal handling berth will be operational by December 2019, an iron ore handling berth will be commissioned in December-January of FY2018-19, and the container handling berth will be fully operational in two months. Most of the planned infrastructure will be complete by December 2019, including mechanization of 3 export coal berths.



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Efficiency	FY 14-15	FY 15-16	FY 16-17	FY 17-18
Cargo Handled (in MMT)	71.01	76.39	89.95	100.12
Berthday output (in MT)	17,736	21.139	23,727	24.814
Turnaround Time (Days)	7.01	4.50	4.99	3.34
Pre-Berthing Delay (Days)	4.11	2.04	2.47	2.81
Productivity: Bulk-Mech (MT/Hr.)	1370 TPH (32880 MT/day)	1685 TPH (40440 MT/day)	2284 TPH (54825 MT/day)	2134 (51222 MT/day)

Currently, the cargo demand is more for coastal shipping compared to exports. Manufacturing units located in the coastal areas of south and western India like Jaigarh and steel plant in Dolvi are the drivers of coastal cargo movement for Paradip Port.

Q What is the current status of multi-modal logistics park (MMLP) and industrial park?

A The MMLP is being set up in collaboration with CONCOR as a supplementary infrastructure to container handling operation, and 100 acres of land has been allocated for the project. The MMLP project will have the largest warehousing facility, approx. 11 lakh sqft, in eastern India. It will offer value added services like labeling and packaging of products, and there are plans to develop the facility as a major distribution centre for consumer goods. The project work is expected to start in May-June of this year. As part of the development of industrial park, land has been allocated for setting up a pellet plant of around 4 million tone capacity to a consortium led by Triveni Group. An expression of interest has been put forward for development of a food park at Paradip industrial park, and the port has appealed the union government to allow lease for a period of 75 years. A timber processing zone is also on the card for the industrial park to tap the timber processing industry currently located at Kandla. Though tenders have been floated many time for the timber processing zone but the response has not been very encouraging, and the port looks to market the potential of this project in a larger way to draw the attention of industries. Additionally many chemical industries have been invited by the State government and Odisha Industrial Infrastructure Development Corporation to set up units in the industrial park and the port is facilitating them with required infrastructure like tankage. Around 600 acres of land have been earmarked for the industrial park and about 277 acre has been allocated.

Q How the port looks to benefit from the marine food export industry in the state?

A Earlier also the port had offered reefer container services to the seafood industry, and Concor has invested about ₹5-6 crore to develop rail side warehousing facility. The maiden train service carrying reefer containers was started in March 2018. Meanwhile, Concor is looking at bigger investment to serve upcoming marine food park at Deras, on the outskirts of Bhubaneswar.

Q If you have to highlight the challenges before the port, what are they?

A Mandate from the central government is to develop Paradip Port as the gateway hub port for eastern India. And a major challenge is to develop the eco-system such as attracting the ancillary industries to set up units in the region. Moreover, as the cargo volume grows, there is need to develop separate roads for freight and general traffic movement. Other challenges are putting in place major railway projects like Haridaspur-Paradip on time, and if these projects are not completed on time it will choke the growth of the port. The Haridaspur-Paradip rail project is running late by 2-3 years, and the government is focusing on completing it quickly. Paradip Port rail siding is one of the top three freight rail terminals in the country and one of the highest volumes of rakes are unloaded at the Paradip rail terminal.

Q What kind of cargo growth do you notice in the hinterland?

A Most of the steel plants in the region are on expansion. Paradip is the natural port of choice for the hinterland and it works in favor of the port. The port has initiated plans to handle Cape vessels, and in another 2-3 years fully laden Capes can discharge at the port. The aim is to achieve mechanization level of 97 per cent to meet the growing cargo demand in the region. Gypsum and fertilizer is being exported to Bangladesh through the port. About 79 heavy duty trucks were shipped from the port to Africa in April this year. The port has been able to retain and gain back customer owing to lower tariff.

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The government's focus is to improve transshipment scenario at Indian ports to save on logistics cost for EXIM trade. And foreign carriers are also keen to put Indian ports on the world map of transshipment hub ports. However, due to the ambiguity and lack of clarity in the cabotage policy, container handling ports and terminals are shying away from transshipment, and EXIM trade being dynamic in nature, no port and terminal operator is sure of achieving 50 percent transshipment target Y-o-Y.

Will clarity prevail on Cabotage this time?

by Sisir Pradhan

With reports of Indian cabotage policy under review, the debate has once again resurfaced whether India should or shouldn't allow foreign flagged vessels to ply on Indian coast. The most recent general order from the Indian government was announced in March 2016 which states that in case of container transhipment ports with compliance of certain conditions could be allowed to handle foreign flagged vessels, and the foreign flagged vessels can transport EXIM and empty containers from the transhipment port to any port in India and vice versa. But even after 2 years since the ruling came into force, there are hardly any takers from the port and terminal segment. With the government's focus on lower cost of logistics for manufacturers which can drastically improve Indian exporters' competitiveness in the global trade arena.

India due to lack of transhipment ports, to a large extent is dependent on hub ports in neighbouring countries for the movement of its EXIM cargo where containers are moved to Indian shores on smaller (feeder) vessels, and vice versa. Though many Indian ports have registered significant growth in containerised cargo volume and have infrastructure at par with their global peers, the question arises what keeps them away from taking a plunge into the lucrative transhipment segment. The reason is there is a trick off the sleeve, and here there are more than one, which ports are finding hard to deal with.

Unlike the ruling of 2015 which had very clearly mentioned that foreign flagged Ro-Ro, car carriers, LNG vessels, project cargo carriers etc. after obtaining statutory clearance can ply on Indian coast for a period of 5 years commencing from the date of issue of the order, on the contrary the 2016 rul-

ing lacks similar clarity.

Why the change in law?

In 2016, when the change in cabotage policy came into effect, the policy makers argued that the cabotage relaxation will enable shipping lines to consolidate Indian EXIM and empty containers at transhipment ports in India for onward transportation to destination ports by main line vessel.

At a time when the government is confident that the new changes will enable the spare capacity of the foreign flag ships, which could not be utilized due to cabotage restrictions, could be gainfully utilized allowing them to offer competitive container slot rates to exporters and importers leading to competition led efficiency in container transportation and lower logistic costs for shippers. However, Indian ports and terminals are not keen to take the benefit of transhipment and the reason for the jaded response is the ceiling imposed by the law which depicts that the container handling ports need to individually apply for cabotage relaxation and the applicant port should be able to trans-ship 50 per cent or more of the cargo handled in a year else the benefits will be revoked, moreover, the port will not be able to gain the benefit of cabotage relaxation for 3 years.

The said ruling has been a major deterrent for container ports even in case of large ports which are clocking transhipment cargo beyond 50 per cent. EXIM trade is volatile in nature, and no port and terminal operator are sure of achieving 50 per cent transhipment target year-on-year. Meanwhile, with the transhipment policy failing to gain momentum, the government has hinted at going back to the drawing board and reframe the policy to pave a middle path for all stakeholders, especially to generate interest among container ports and terminals.

Speaking about the prevailing policy regime for cabotage, sources at Adani Port said that the law doesn't have much to do with the ports, and ports handle cargo of Indian origin as well as EXIM. Because of the cap of 50 pe rcent transhipment, ports refrain to apply for cabotage relaxation. The 50 percent transhipment rider is not a practical approach for any port, and rarely any Indian port could meet the target on a regular basis. Adani Port wouldn't like to restrict itself by opting for the prevailing cabotage relaxation which has a rider of 50 per cent transhipment target. The EXIM business is very dynamic, and ports would like to keep options open and depending on market conditions they might be doing transhipment or might not. Also a port doesn't take a call on whether to offer transhipment and it largely depends on the network planning of shipping lines. Hence, ports have limited control over transhipment cargo.

How the market reacts?

The Indian fleet operators have pronounced to dump Indian registration if the change in cabotage law and revocation of right of first refusal (RoFR) benefit exclusively available to Indian flagged vessels, comes into effect. Speaking on the matter, **Anil Devli, CEO** of Indian vessel operators' industry body **Indian National Ship-owners Association (INSA)**, told *Maritime Gateway*, "There is no cabotage law in India for shipping sector and if we take the example of domestic airline sector passengers don't have the privilege to go for a foreign airline flying between two Indian cities as a result domestic airline operators in many instances charge exorbitantly. Even in case of railways, a foreign rail operator has to have an Indian registered company to move cargo in India. But Indian flagged vessels couldn't have monopoly because for an exporters or importer if there is no availability of Indian flagged vessel, then the exporter has the option to charter a foreign flagged ship on the Indian coast."

Capt. Deepak Tewari
CEO, MSC Agency (India)

"Cabotage should be relaxed completely. Because it will facilitate clearing and shipment of EXIM cargo at Indian ports, and it will also ease the movement of empty containers. As a result it will translate to savings for the shipping lines and Indian trade as well. If we make a peer-to-peer comparison, there will be an average savings of 28-30 per cent in operating cost."

There are enough Indian ships to take care of cargo and transhipment because Indian container vessels have grown by 100 per cent in past 2 years, and Shreyas, Sima Marine India, and TCI are the three coastal container vessel operators that connect to 18 Indian ports, including all major ports. But despite that Indian vessels are not getting enough cargo and on many instances vessel slots are not getting utilised and have to run empty, explained Devli.

In a bid to curtail a domestic airline like monopoly, the Indian government had come up with the RoFR procedure to keep a check on freight rate, and create a competitive market. As per the RoFR procedure, the cargo owner can get a quotation for freight rate from a foreign shipping line, and ask an Indian vessel operator to match the lowest price offered by foreign vessel, also called as L1 rate. And if the Indian vessel operator denies to offer a corresponding tariff, then the cargo owner is free to hire a foreign operator, and the practise in there for decades.

Devli said that the Indian vessels have to match the rate quoted by a foreign vessel, whereas domestic operators didn't stand on a comparative ground due to higher expense on each sailing owing to taxes and other statutory requirements, such as IGST and expensive bunker fuel. Devli reiterated that Indian vessel operators have been demanding before the government to provide a level playing ground so that domestic ships could compete or the foreign vessels shouldn't be allowed to operate on Indian coast at all.

Meanwhile, **Capt. Deepak Tewari, CEO, MSC Agency (India)** explaining the stand of foreign shipping lines, said, "Cabotage should be relaxed completely along the Indian coast. Because it will facilitate clearing and shipment of EXIM cargo at Indian ports, and it will also ease the movement of empty containers. As a result it will translate to savings for the shipping lines and Indian trade as well. If we make a peer-to-peer comparison, there will an average savings of 28-30 percent in operating cost."

Speaking on less favorable market condition for Indian flagged vessels, Deepak Tewari said, "Since independence there is cabotage law in place but there isn't much benefit to the trade due to it and domestic operators didn't do enough in the past years. The larger interest of the trade shouldn't be kept on stake to benefit one or two domestic container vessel operators. If the Indian operators feel at a disadvantage they have the option to register as a foreign flagged operator. Protectionism is leading to inefficiency and higher cost for the trade. If the cabotage law is changed India will be able to retain transshipment cargo outflow to overseas ports."

Transshipment: Can India pull it off?

A study by Shipping Ministry reveals that around a quarter of India's total container volume is transshipped through Singapore, Port Klang but the major outflow is through Colombo. Notably, India's container traffic is expected to touch 25MTEUs by 2025. In such a scenario, country's foreign currency outflow will be significant. Also transshipment through a foreign port incurs additional cost in terms of feeder service from Indian port to transshipment port and it also adds to the burden of multiple handling costs.

All these factors put together,

Anil Devli
CEO, Indian National Ship-owners Association (INSA)

"There is no cabotage law in India for shipping sector and if we take the example of domestic airline sector passengers don't have the privilege to go for a foreign airline flying between two Indian cities as a result domestic airline operators in many instances charge exorbitantly. Even in case of railways, a foreign rail operator has to have an Indian registered company to move cargo in India. But Indian flagged vessels couldn't have monopoly like airline or rail."

Indian port sector is losing roughly ₹1,500 crore per annum on transshipment charges. It further translates to an estimated loss of ₹3,000-4,500 crore to the economy based on the economic multiplier effect of 2-3 times for ports on country's economy. If we take an example of an Indian trader exporting a container to Europe, transshipment at foreign ports like Colombo increases the logistics cost by about ₹5,000-6,000 (roughly US$ 80-100) per TEU making the Indian export less competitive in the global market.

In such a scenario having a transshipment hub port would very much be in favor of Indian trade, and India offering cost-efficient feeder network could attract mainline vessel operators. Currently, the capacity of Indian feeder network for a weekly service is about 5,100 TEUs, which is expected to grow to about 8,300 TEUs by 2025 which may not be sufficient to fulfill the demand. Hence, India needs to open up its shores to attract international feeder network. Furthermore, Indian coastal shipping costs are relatively higher compared to international standards, and it needs to be addressed to make Indian transshipment port competitive. An Indian transshipment port could also improve cargo movement to Africa, Europe and Easter America, and act as a more economical alternative for the Indian subcontinent, especially by providing better feeder linkages to Bangladesh and Myanmar which are transshipping their EXIM cargo at Singapore.

While the domestic and foreign vessel operators are looking to protect their turfs, but there is no denying the fact that Indian ports offering transshipment service have added to the ease freight movement for domestic trade. It could lead to a competitive market environment and multiple cargo handling could also come down significantly as a result shippers can better plan the cost and most importantly the time needed to ship cargo.

Another major factor is availability of empty containers to exporters, which plays a major role for shippers to make time commitments to overseas clients. Let's take a prospect for shippers related to the importance of time; apart from detention to move cargo to mainline vessels, the unpredictability in freight movement time leads to increased inventory cost for the consignees. Consignees who on an average maintain 15-20 days of inventory stock round the year because of various logistics uncertainties they face during peak season would increase their inventory to a 1 month to avoid any shortage of cargo.

From transhipment point of view during peak demand days such as Q1 and Q4 of the year, containers had to wait at transhipment ports like Singapore and Colombo longer than usual. But after the introduction of transhipment at ports like Krishnapatnam, the delays could be reduced, subsequently the waiting time. Moreover, exporters and importers can also save on freight cost as instead of moving cargo on feeder vessels to overseas transshipment ports, they can avail mainline vessels at Indian ports. Even if the domestic vessel operators have competitively lived upto the expectation and demand of growing EXIM trade but in the long run India requires its very own transshipment hub ports to compete globally and it is also important from strategic point of view. It is also a fact that India doesn't have a global shipping line backed by which the country could float a transshipment hub. Whether any Indian port could be a transshipment hub or not largely depends on putting it on the map of port of call for major foreign lines and it couldn't be possible with a restrictive environment and clarity on policies.

EXIM trade benefited area :

Infrastructure:

CFS/ Bonded Warehouse

- Total Area - 10 Acres
- 6.40 Acres Custom Notified Area of land for CFS / BONDED WAREHOUSE
- 4 Acres for future expansion
- Located on Visakhapatnam - Vijayawada - National Highway NH 16 (Near Anakapalle)
- Warehouse 18,000 Sq.ft, including 9,000 Sq.ft for Public Bonded Warehouse
- Proposed 30,000 Sq.ft in future
- 100% power back up with 125 KVA Generator
- High Mast Lights with LED eco friendly lighting
- Wi-fi enabled CFS
- Fire hydrant and Fire prevention system
- Dedicated space for Customers
- Reefer Points for handling EXIM reefer containers and PDI checkup
- Electronic weighbridge with 120 Tons capacity
- Reach Stackers, Mobile Crane, Forklifts, Hand Pallet and also Fleet of trailers
- 3 PL facility
- Facility for storing Temperature Controlled Cargo

Empty Container Depot:

- Modern Empty Depot for storage of Containers: 2,20,000 Sq.ft
- Well trained manpower headed by 'IICL' certified team members to carry out MNR work, fumigation, cleaning, etc
- Round the clock Delivery / Receipt of Containers
- Web enabled customised software as per Shipping Line choice for daily reporting purpose
- State-of-the-art handling equipments and trailers

Benefits to Trade:

- Direct access from NH 16 - on Vijayawada - Vizag route
- Ideal location to cater to the needs of importers/exporters
- Away from city traffic
- Connectivity by NH to all major cities
- Nearer to the proposed "Multi Model Logistic Park" at Anakapalle – to be developed by Government of AP and Visakhapatnam port trust
- Closer to "Visakhapatnam Economic Processing Zone" (VEPZ)
- Assured faster single day clearance
- Quick turnaround time

SATTVA

VISAKHA CFS AND LOGISTICS PRIVATE LIMITED

CFS/BONDED WAREHOUSE

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Do CTOs face bleak future?

In the recent NISAA conference the prospects for the CTOs appeared anything but engaging. High cost and lead times, policy issues, dwindling cargo volumes are resisting CTOs from making a headway

by Vijay Kurup

On 4th January 2007, a historic concession agreement was signed between the Indian Railways and 14 container train operators. The concession agreement was an important move in the implementation of Public Private Partnership (PPP) between the Government and the private parties. The then Railway Minister described the agreement as a win-win situation for the parties concerned, i.e. the Railways, the operators and the customers. Now after almost a decade, the sheen of the concession agreement appears to have worn off. Where do the private Container Train Operators (CTOs) stand today?

In the recent NISAA conference the prospects for the CTOs appeared anything but engaging. Cargo volumes had dwindled - ceding the ground to roadways. It was in 1981 that the first container shipment moved to an inland destination in India by rail. Today there are 18 CTOs with 430 rakes and 90 terminals between them. However, since then the penetration of containerisation in India has been 55 per cent as opposed to 75 per cent to 80 per cent in other countries and private CTOs have not been able to make much headway.

CONCOR, which had secured a beachhead in intermodal movement, seemed to have forged ahead from the pack. Kalyana Rama, Managing Director, CONCOR, said that they were planning to increase the size of future depots from the current 40 acres to 200 acres. It plans to develop 100 logistic centres and 20 MMLP all over the country.

The basic problem today was that there was no transit assurance for customers and cargo visibility, he said. In order to overcome this shortcoming, it had commenced continuous cargo visibility for all the shipments handled by CONCOR. It would also provide inventory of all containers loaded or empty, under-stuffing or de-stuffing, in transit etc, location-wise to all their customers. This information would be provided either through mail or through an app in their phones for all its locations.

While CONCOR was forging ahead, the other CTOs, have not been as progressive. Rajasthan, Punjab and the NCR have become the largest contributors to the region's exim business. "One would have expected that the movement of cargo would in some way be a matter of national priority," said **K Sathianathan, Managing Director, Distribution Logistics Infrastructure**. Unfortunately that is not the case. Today there has been a decline in exim movement of containers into northern India.

The same view was echoed by **Amit Kumar, Director, Prestine Logistics Pvt. Ltd**. The north had not attracted the kind of cargo that could be carried through intermodalism. The Private Freight Terminal policy has been changed five times in five years. This stymies investments to these schemes. Amit Kumar said that the 4-5 year delay in setting up some multimodal parks in the NCR had resulted in flagging enthusiasm for funding from banks, which then look at other sectors. Today bank loans for the sector have become a problem. The current land acquisition problems have also aggravated the situation. It was impossible to acquire 200 acres of land for development of MMLPS.

Out of 18 container train operators in the field, about 5 to 6 have wound up operations. APL LInx has exited from Ludhiana due to overcapacity in that region.

Nothing had changed in the last 25 years, says Pankaj Sharma, Head of Logistics, Honda Motors. The basic customer requirements of cost and lead time continues to dog them even today. The cost incurred in bringing a container from Japan to Pipavav was less than shifting the container from Pipavav to the hinterland destinations. A shipment from Thailand reaches Pipavav in 12 days but takes another 12 days to reach Dadri, giving logistics heads like Sharma sleepless nights.

Due to these problems the last factory commissioned by Honda Motors was at Tapukara in 2008, after which no new factories have come up in North India. Likewise, he said Maruti moved to Gujarat. Yamaha to Chennai. Honda Motorcycle & Scooter India Pvt Ltd (HMSI) moved to Gujarat and Bengaluru. Nobody wants to come to the north, Sharma said.

Today bureaucrats are even questioning the need for ICDs and CFSs in hinterland areas, says a ruffled **Manish Puri, Managing Director, APL India Linx** who had attended meetings with the bureaucrats. DPD (Direct Port Delivery) and DPE (Direct Port Entry) is further drawing away cargo from the north. Going forward several measures taken by the Government would go against movement of cargo to the north.

The port led development, one of the pillars of the Sagarmala project, would see a majority of industries shifting to coastal states. This would also see a demographic shift to those areas. There are immediate goals to increase DPD from current level of 37 per cent to 50 per cent by April 2018. DPD would be made mandatory for AEO customers.

Customs authorities at Jawaharlal Nehru Port Trust have made it easier for shippers to take advantage of the DPE scheme meant to speed export traffic and reduce logistics costs. Currently, factory-stuffed export containers for five specific categories of manufacturing units are allowed to gate-in without a "Let Export Order," or LEO, certificate at India's busiest container gateway.

All these measures do not augur well for the CTOs. Sanjay Bhanushali succinctly stated the predicament faced by them when he said "issues have not changed much but the depth of issues have changed over the period of time." The cargo traction that was expected did not materialise. The way of getting the cargo to the hinterland had to be efficient and less costly.

Clearly, the government's effort with the Sagarmala project is to sift manufacturing away from the hinterland to coastal states so that there is efficiency in cargo movement. Are the grandiose plans of creating CTO to take cargo from the hinterland to the ports now being shelved? For CTOs to survive, the numbers have to reduce and efficiency has to become much greater. Would consortium or consolidation work?

Krishnapatnam Port records 88 per cent rise in container handling in FY18

- The port plans to become a key transshipment hub on the east coast
- Rail connectivity to Maharashtra to start from May 2018
- Total cargo handled by the port in FY18 registered at 45 MMT
- Total number of containers handled by the port in FY18 - 4,81,408 teus
- The port has witnessed a stark rise in solar shipments

Krishnapatnam Port Company Limited handled 45 Million Metric Tonne (MMT) of cargo in 2017-18 (FY18) thus, achieving a 25 per cent growth over 36.10 MMT handled in the previous fiscal. The company witnessed a record 88 per cent rise in the number of containers it handled at 4,81,408 teus vis-à-vis 2,55,439 teus during the last fiscal. Total bulk cargo handled by the port stood at 37 MMT.

Coal, Iron ore and Granite dominated the cargo portfolio handled at Krishnapatnam Port. It is now aspiring to achieve an impressive 52 MMT in bulk and 2 lakh teu in containers this fiscal. The port has planned a total investment of $3 billion of which 1.23 billion has already been invested for development till date with second phase of expansion underway.

On the occasion, Anil Yendluri, Director and CEO said, "Favourable government policies and handling of new cargo such as sand, steel products and agri-commodities have added to the growth of our shipments. Cargo in Andhra-Telangana, north and east Karnataka, besides eastern parts of Maharashtra which were earlier going to other ports have witnessed an instant cost advantage availing route optimization, multimodal connectivity, and competitive pricing after they switched to Krishnapatnam Port."

"Our world-class technology driven infrastructure further reiterates our claim to offer the most convenient and trade efficient gateway on the eastern periphery of the country," he further added.

The number of vessels visiting the port rose by 22 per cent to 1290 vessel calls in 2017-18 as against 1061 vessels registered during the same period, last year. With government's push towards solar energy, the port has also witnessed a sharp rise in solar related shipments. It has successfully concluded 13,084 feus of solar cargo for the year FY17-18. With excellent rail connectivity in the states like Telengana and Bangalore the new connectivity from Nagpur, Maharashtra beginning this May 2018, will offer an additional spurt in shipments.

CSR at ports: A shining example

Ports should implement CSR in a more holistic manner to ensure not only rehabilitation but by creating livelihoods to the displaced and affected local communities


Navaneeta Public School established by the port for education of local communities

Seaports are essential for the development of local, regional and global economies. Currently, the maritime sector is among the fastest growing industries. Ports have to be planned with a long-term perspective, so port and port-centric industrial development requires large scale land acquisition. Future industrial development and logistics needs must be envisioned in planning land acquisition. This often causes conflict on coastal resource use, resulting in resistance from the surrounding communities where the port infrastructure is being developed.

Such conflicts can be avoided through involving the communities who are displaced or whose livelihood is affected by the port development. Rehabilitation and resettlement of the communities that are displaced and re-skilling of the people who have lost their livelihood due to port development is essential.

Our country has seen many huge protests against such land acquisitions for port development. Though govt came up with Land Acquisition Act, 2013 to address the concerns of the displaced, still there exists trust deficit between the developers and the locals. There are many allegations like forcible land acquisition, inadequate compensation, inefficient resettlement and rehabilitation policy etc. for this trust deficit.

Displacement of people for huge infrastructural projects impacts them in various ways:

1. Disturbance to the well built age-old social networks. People often grieve to leave their ancestral lands for the sake of common good. For example, tribals complained about loss of their bhoodan lands during land acquisition for Kirtania port development of Odisha.
2. Loss of Livelihood is a major concern. Ports development normally evicts fisherman community. For example, Enayam Port development faced huge protests from fishermen community.
3. Fishermen in the Kovalam hamlet in Kanniyakumari district of Tamil Nadu protested against the Kanniyakumari International Container Transshipment Terminal. The terminal was earlier planned to be developed in Enayam, but was later shifted to Kovalam by VOC Port Trust due to protest by the local fishermen community.
4. Even the union government's flagship Sagarmala project did not pass uncriticised. M.Ilango, Chairperson of National Fishworkers' Forum said, "We the fishermen are facing a serious threat as the government is planning to dot Indian coastline with about 300 big ports, about 50 nuclear power plants, dozens of smart cities touching industrial corridors. This development is highly unsustainable and is aimed at driving the traditional community of fishermen away."


Medical services provided by the port to local communities

So, in order to address all these issues and provide a peaceful industrial development, Govt introduced the concept of Corporate Social Responsibility (CSR) under Sec 135 of Companies Act, 2013. Though the principle behind CSR i.e., "Giving back to the society" is not new, GOI made it legally mandatory on certain criteria.

Under corporate social responsibility, the promoters of the ports can design a region-specific Resettlement and Rehabilitation (R&R) Policy, by providing decent housing, basic amenities like drinking water, sanitation, schools and hospitals. Apart from these, the insecurities of loss of livelihood must be addressed through innovative skilling activities. Locals can be trained and recruited into operational activities of the Port, thus, making them an integrate part of the port development.

Every village will have some unique cultural aspects. Support to sustain

Courtesy: Mark

Under Navyata programme women are trained in tailoring to stitch and supply uniforms, not only to port, but also to other establishments as well.

such cultural aspects is also crucial for peaceful coexistence of the port and community.

Convincing the local communities about the prospective socio-economic benefits must guide the port establishment. And, a genuine R&R policy will build the trust on the port authorities and can help to get the support of the locals for further expansion of the Port and surrounding industries.

Krishnapatnam Port, developed on the East coast of India is a classic example as there has been no significant negative impact to the local communities due to the port operations. Krishnapatnam port started its CSR endeavour in 2008, by building 500 houses with all the basic amenities as part of its rehabilitation and resettlement programme for over 500 poor households, living in various villages. To address any insecurity, the houses were registered on the names of the displaced. The port then went on to create broader community and local economic development programmes that is helping in empowering the local community to grow along with the port.

The CSR activities of the Port are carried out by CVR Foundation. These activities are designed to cover five important aspects of the society.

1. **Education:** Under the name of "Vidyaratna", Scholarships are provided to the local students to pursue higher education. Under "ASRA", they are providing evening tuitions to local children in order to bridge gaps in primary and secondary education. They have built one school "CVR English medium school" exclusively for R&R colony children and provides free education. About 4000 children are provided education, half of them being girls. These children are from the 100 villages across four mandals of Nellore district.

Krishnapatnam Port has recently built another modern international standard "Navaneetha Public School" to provide free world class education for the poorest of the poor children, in the surrounding villages of the port.

2. **Health:** Under "Sanjeevani," port arranges for periodic mobile health clinics in the villages, with professional doctors from super-speciality hospitals. Also, R&R colony has an exclusive hospital providing free medical care and medicines.

3. **Women empowerment:** Under "Navyatha", local women are being trained in sewing and are employed to stitch uniforms for the security and field operators. Also, they are given training in hospitality services, Pickle making and packaging, bouquet making etc. This skill training has improved their incomes as well as their status in the home and the society.

4. **Skilling:** Under "Bhavitha", local youth are trained in many areas like solar equipment installation and repairs, security services, driving, welding, crane operations, hospitality etc. After training, they are provided with jobs in port and in the surrounding industries. This addresses major concern of loss of livelihood.

5. **Community Welfare:** Under "Samatha," the port supports many community activities like local cultural festivals, local sports, development of parks, construction of RO plants, sponsorships to local sports talent, providing fishing nets and latest GPS devices to Fishermen etc. Also, Port stands as a support in providing men, food and medicines during natural disasters like floods etc.

A recent sustainability report reveals that Krishnapatnam Port has spent about Rs.16.3 crores on CSR activities during 2016-17, which is almost 10 times more than the mandate. The breakup of the CSR funds spent is as below:

- Education: 5.03 crores
- Health: 1.02 crores
- Women Empowerment and Skills: 19.80 lakhs
- Community Development: 9.25 crores
- Other welfare activities: 54 lakhs

When Port was being built, utmost care was taken to protect the existing mangroves. Subsequently, mangroves were additionally developed in 50Ha along with nurseries with a capacity of 20 lakhs propagation per year. Part of its green belt development, the port has planted over 3.2 million saplings. The Port has adapted many eco-friendly measures to upgrade and improve the environment in the port by involving the community.

The Port has prepared a detailed road map for CSR activities, developed a blue print on sustainability and has involved the community and administration in designing and implementing the CSR activities. Developing confidence and trust among the local communities and making them part of the port's inclusive growth story is essential for harmony and sustainability. The prime duty of any corporate is to give back to the society and environment. Krishnapatnam Port subscribes to the philosophy of compassionate care with a policy of respecting the environment and supporting its local community. mg

About the Author

Anil Yendluri (IPS) is the Director and CEO of Krishnapatnam Port Company Ltd. Under his able leadership Krishnapatnam Port has been showing tremendous developments and is instrumental in creating new records, winning awards and accolades. Mr Yendluri earlier is his career served as Addl. SP at Kottayam, Kollam, Kerela; SP, Palakkad, Kannur, Thrissur; Commissioner of Police, Kozhikode, Kochi, Ernakulam; DIG and IG of Kerala. He also served as SP, CBI at New Delhi, Visakhapatnam. He has been deputed to UN Mission in Bosnia & Herzegovina.

Anil Yendluri, CEO & Director
Krishnapatnam Port Company Limited

MOVING **TEMPERATURE SENSITIVE** CARGO RESPONSIBLY

Maintaining the quality of temperature sensitive and perishable cargo across the cold chain is challenging in India owing to several issues relating to infrastructure, efficiency of human resources and geographical distribution of cold storage systems

by Manoj Pant, Regional Business Manager (West)
Snowman Logistics Ltd.

Cold chain industry has evolved over the years and has played a crucial role in helping other industries thrive, ultimately boosting the Indian economy. Indian Cold Chain industry is expected to grow at a CAGR of 28 per cent, over the next 4 years and reach a market size of $13 billion in 2017 – 2018, through increased investments, modernization of existing facilities, and establishment of new ventures, via private and government partnerships. The Indian cold chain market is highly fragmented with more than 3,500 companies in the whole value system, with organized players contributing 8–10 per cent of the cold chain industry market. However, the market is gradually

getting organised and focus towards multi-purpose cold storages is rising.

Indian cold chain sector – Expected growth

A fast-paced lifestyle, changing eating habits, higher purchasing power of consumers are not only fuelling expansion and growth of quick service restaurants (QSRs) across India, but also of the cold chain logistics industry, which helps food reach fast and fresh. The market for chain restaurants including cafes and QSR is expected to grow at 20 per cent a year to reach ₹51,000 crore ($8bn) by 2021. Cold Chain plays a key role in supplying food quick and fresh, enabling QSR Industry to meet the growing demand. The biggest challenge faced by any QSR in Indian market, be it a domestic or an international player is to maintain consistency of the product and quality of service across various outlets. The QSR focuses on providing standardization in both product and experience.

Challenges in the reefer transportation

One of the crucial aspects of cold chain logistics is to have a seamless refrigerated transportation network. 32 per cent of refrigerated cargo loaded onto refrigerated vehicles is at the wrong temperature at the time of loading. Many times, cargo is left sitting too long on the loading dock, and the carrier runs the risk of the load being rejected by the receiver. Transport refrigeration units are not designed to alter the temperature of the cargo; they are designed to maintain the cargo at the loaded temperature. If transport refrigeration unit fails, the sensitive cargo is at risk.

Quality cold warehouse infrastructure

Nearly 75 per cent of the cold storage infrastructure created in the past is suitable only to store single commodity, rendering them futile for utilizing for the multi temperature and multi commodity storage.

Low awareness

In India, the supply chain of products is quite long and fragmented, given the lack of awareness of labourers in handling temperature-controlled products. Most resources are not suitably trained. Cold chain industry consists of multiple players, of which, 85 per cent constitute the unorganized players, who are unable to invest much in the technology required, to build high quality cold storages, along with reefer trucks.

Uneven distribution of cold storage

The uneven distribution of capacities of the existing cold storages, where only single commodities can be stored are a major issue. The majority of cold storages in India have been established in states like Uttar Pradesh, Uttarakhand, Maharashtra, Gujarat, Punjab and West Bengal. But the establishment of such cold storages needs to be more geographically diverse and uniform.

Electricity availability & Pan-India supply

Currently, India faces about 9 per cent of peak power deficit, which enforces the use of fuel based operations, leading to a marked increase in operating costs. The majority of electricity deficiency and unavailability could be found in the major agrarian states of the country, having a significant percentage of cold storages.

Recommendations for way forward

Infrastructure creation & management

Infrastructure creation in the cold chain sector has been identified as an important factor for growth and is receiving a fair amount of support from the government. A holistic approach to addressing all the stages of the supply chain needs to be considered. India has a well-connected railway network, with a fair share of it, covered under stable power grid. This can be used for increasing the connectivity of the reefer transportation. Development of more perishable cargo centres in the key localities, making available enough reefer containers with grid connectivity and priority in clearing the trains carrying perishable cargo are the key intents required to make this actionable.

Key Facts

Indian cold chain to grow at CAGR of **28%** over next 4 years

The market size in 2017-18 is estimated at **$13** billion

Highly fragmented with about **3500** players

Organised players account for **8-10%**

Quick service restaurants to grow at 20% reaching **$8bn** by 2021

Technology development

Cold chain companies are instrumental in adopting the latest technologies, but the lack of prior data about produce with the fragmented supply chain, is hindering in realizing the advantage of cold chain completely. On technology front, the following aspects are to be taken up:

- Promotion of research and development of low cost technologies to address the glitches of local supply chains.
- Developing the monitoring and tracking models with technologies like WSN and IoT, representing the local conditions, is the need of the hour.
- Low cost and small capacity reefer trucks with technologies like PCM's are to be developed to connect the difficult areas.
- Transfer of technology should be assisted with small and large scale demonstration projects and fiscal incentives.

Policy implementation

Cold chain sector is receiving the best policy support from multiple agencies like MoFPI, NHB, APEDA, State governments etc. It is immensely important that a focused effort is required on part of the government to encourage the use of cold chain, among market participants. Fine tuning of support is required on the following aspects:

- Provide required support like funds for setting up cold chain infrastructure facilities.
- Creating awareness campaign and educating market participant about the importance of cold chain facilities.
- State governments can encourage setting up of cold storage facilities by providing subsidized power tariff, as power forms a significant proportion of the operating cost.
- Support should be extended to local companies in the development of technologies like RFID, WSN, and IoT.

Food safety regulation

Product and storage standards are clearly laid for frozen foods and other temperature sensitive foods by FSSAI. But there is no clear understanding about the food safety risks of frozen or temperature sensitive foods in the supply chain. There is a need for developing product/ product group specific guidelines and importantly, risk mitigation plans for food safety hazards arising from supply chain failures. mg

EASE OF DOING BUSINESS - A FAR CRY?

There are still certain archaic procedures dragging along that act as friction against the very spirit of ease of doing business

by Vijay Kurup

Despite all round improvements in shipping procedures, documentation, movement etc, there are still some areas that have remained unattended and had tenaciously held on to drag down other procedures with it. The recent NISAA conference highlighted a few of these.

"We do not have a single documentation protocol," says **Sachin Bhanushali, CEO, Gateway Rail Freight Ltd.** He was pointing at gaps in the logistics sector and regulatory framework. There is not a single documentation for transportation of cargo to the hinterland. The current manual of transportation is not only complicated but also full of gaps in liability transfer regime.

Pendency in the movement of containers - be it export or import - has remained an intractable problem over the decades. The pendency was sometimes as long as 25 to 40 days in many of the ICDs and CFSs in the NCR region. And at times it stretched to over 40 days.

The pendencies aggravated due to seasonal cycles of monsoon, public holidays etc. In summer, the railways run summer specials for passenger trains at the expense of freight trains. **Audrey Dolhen, MD, CMA CGM Agencies (India) Pvt** Ltd said that there was a need for better coordination between various operators to overcome pendencies and better management of available resources. Though there was improvement in Customs documentation procedures, there are still areas where the procedures were "archaic", Dolhen said. Even today, hard copies of the Customs cleared shipping Bills need to be couriered to Mumbai Customs. Hard copies of EGM also need to be sent to the port, even though soft copies are transmitted across.

Handling of Dangerous Cargo (DG Cargo) is still an issue. The recent incident involving the dangerous cargo at the ICD Tuglakabad, highlighted once again the frailty in the system in handling such cargo. **Seema Kapur, GM, Jubilant Life Sciences Ltd** said that when it came to handling DG Cargo by sea and air there were clear IATA and IMO guidelines.

However, when it came to carriage by road there were no guidelines. There was no well laid out documented procedure for handling dangerous cargo in the event of a mishap. The truck driver was unable to do anything in such contingencies. There were no trained personnel available for domestic movement either. The situation was same at ICDs and ports. The Customs too tended to be dependent on the knowledge of the owner of the cargo to handle any misadventure.

Dolhen claimed that 15 non-hazardous commodities were considered hazardous in the Railway books, which led to considerable confusion. The lack of fair knowledge on dangerous cargo was highlighted over an import shipment which took place a few years ago. The Railways once declared an import Garment on Hangers container as dangerous and a penalty was imposed on the line. The baffled line was told that this apparently inexplicable declaration was because coat hangers were made of a chemical element which was considered dangerous in their books. It was only after the matter was escalated to a higher level that the penalty was retracted by the Railways.

The road movement today is beset with uncertainties. There is no way of tracking containers which move by road. The consignor was entirely dependent on his contact with the truck driver, till the container reached the port. As a result, shippers are unable to plan their intended vessel. Even today the basis of payment to a truck driver is based on the signature he obtains on the lorry receipt from the consignee.

Dolhen felt that there should be pan-India integration of Customs for better coordination. There was a need for better coordination among various ministries. In India logistics is handled by at least seven ministries. In this regard the National Integrated Logistic Policy was a welcome move.

Yards for stacking empty containers continue to pose problems for shippers and shipping lines alike, Capt Kaura said. Stagnation of water in the yard area damages the containers and cargo. Ideally each ICD should have an empty yard where empties could be stored and examined, he felt. Proper repair facilities should be available. Repairs take a long time. All these added to the logistics cost.

Several giant strides have been made in the logistics sector which has improved the LPI rankings. However, has all this really brought down the logistic costs, K Sathianathan, MD, Distribution Logistics Infrastructure, astutely observed.

And miles to go before I sleep...

Li Ka-shing, a wartime refugee who used to sweep factory floors in Hong Kong for a living, retired after a career spanning more than half a century amassing one of Asia's biggest fortunes from building skyscrapers to selling soap bars

"It doesn't matter how strong or capable you are; if you don't have a big heart, you will not succeed."

Li Ka-shing
Chairman,CK Hutchison Holdings Ltd

The 89-year-old Chairman of CK Hutchison Holdings Ltd. and CK Asset Holdings Ltd. will stay as an adviser to the group after stepping down in May. His elder son Victor will take over a conglomerate that touches the lives of practically everyone in Hong Kong - the family's Power Assets Holdings Ltd generates their electricity and ParknShop supermarkets sell their groceries. The group also operates mobile-phone stores and Superdrug and Savers in the UK, owns ports around the world and a controlling stake in Husky Energy Inc. in Canada.

Hong Kong's billionaire Li Ka-shing may no longer be the richest man in Asia, but with a current estimated net worth at $20.1 billion, his wealth is still nothing to sneeze at. Li Ka-shing has an incredible rags-to-riches story. He was forced to drop out of school as a child to support his family, but today, he is one of the world's richest men. He opened his first factory at the age of 22 and within a few years saw great success as a manufacturer, property developer, business magnate, and investor.

He's now become a major investor in disruptive technology. He was one of the first big investors in Facebook, and his most recent big acquisition was the British telecom company, O20.

Li Ka-shing was saddled with financial responsibility from a young age after his father died of tuberculosis. He had to leave school before the age of 16 to work in a factory.

His early success as a breadwinner taught him the generous values which have made him famous for his philanthropy today. Li showed promise as a leader and a visionary when he opened his first factory in 1950 at the age of 22. The factory, Cheung Kong Industries, manufactured plastic flowers. He anticipated that plastics would become a booming industry, and he was right.

Though Li dropped out of school at a young age and never received a university degree, he has always been a voracious reader and attributes much of his success to his ability to learn independently. For instance, he completed Cheung Kong's accounting books in the company's first year himself with no accounting experience – he simply taught himself from text books.

Li's first visionary move was with plastics, though he was ahead of the curve again when he moved into property development in 1979 with the acquisition of Hutchison Whampoa. This set the stage for him to become a major real estate tycoon before Hong Kong's global boom.

Though he is known mainly as a property developer, Li's companies control 70 per cent of port traffic and most electric utilities and telecommunications in Hong Kong. He also owns a majority stake in Husky Energy, a Canadian company. Li was one of the first big investors in Facebook and invests in technologies that are "disruptive."

The recent consolidation of his holdings into two companies appears to be a move in preparation for when he hands his empire over to his oldest son, Victor. However, at 89 years old, Li Ka-Shing shows no signs of slowing his success anytime soon.

Courtesy: Business Insider

POWERING GROWTH AND OPPORTUNITIES IN CONTAINER SHIPPING

Digitalisation in shipping and logistics is riding on disruptive technologies such as Block Chain and Artificial Intelligence that have the power to massively improve our capability to deliver goods and services

Inna Kuznetsova, President and COO

Peter Spellman, Chief Technology Officer

Karim Jumma, Interim Head of Product Management and Vice President, for New Products Development, INTTRA

Digitalization is impacting every industry and ocean container shipping is no different. The latest trends have organizations focusing on smart, technology-driven management to reduce expenses and increase efficiency. Artificial Intelligence (AI), Machine Learning (ML), IoT and blockchain are the most talked about transformative and disruptive technologies.

These technologies will massively improve our ability to deliver goods and services, as they're applied to every step of shipping, from land-side to terminals to ocean. Digitalization will ultimately connect buyers and sellers, automate paper trails, and improve working capital through centralized settlements. The opportunity to tie the physical operating process to the digital financial operating process will accelerate to deliver on the promise of digitalization.

INTTRA is the largest neutral digital transaction network in the ocean container shipping industry, with more than 800,000 container orders initiated over INTTRA's platform weekly through more than 60 carriers. The company manages over one quarter of global container volume, with additional visibility into nearly 40 per cent of global container trade.

Artificial intelligence is the concept of machines accomplishing tasks that have historically required human intelligence. While AI has the potential to massively disrupt the container shipping industry, today's applications will assist in jobs rather than replace jobs. For example, scientists at MIT illustrated how Google's image-recognition AI could be fooled into believing a baseball was an espresso or a cat was guacamole through slight distortions that humans would instantly recognize.

The results show that AI programs are susceptible to misidentifying objects that are slightly distorted, whether manipulated intentionally or not. This echoes an earlier study showing Google's AI could identify cats in videos in more than 70 per cent of cases, yet a human child could identify them in 100 per cent of cases.

AI programs will continue to advance, but their weaknesses illustrate why humans will remain a critical part of AI implementations as they'll be required to handle exceptions and higher-end tasks, ones that require creative and original thinking, as well as ones requiring leadership roles.

AI promises to improve efficiencies in ocean container shipping, but many fear it will lead to a loss of jobs; however, it's much more complex than that. McKinsey Global Institute estimates that up to 800 million global workers could lose their jobs by 2030 due to automation; meanwhile, Gartner suggests that by 2020 AI will automate 1.8 million people out of work, but it will create 2.3 million new jobs, adding that "AI will improve the productivity of many jobs, and, used creatively, it has the potential to enrich careers, reimagine old tasks and create new industries."

Anything that can be standardized can be automated

AI will lead to a shifting in the types of jobs performed, and in the process create more opportunities. In IT there is a belief that anything that can be standardized can be automated, but one of the challenges in container shipping is there are a high number of exceptions. AI will allow workers to focus more of their time on those exceptions.

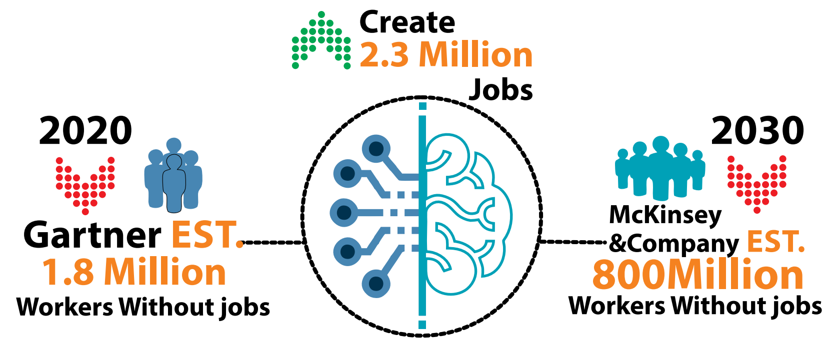
The past is often the best predictor of the future. When cars replaced horses, few predicted the emergence of the automobile industry and the resulting massive new job creation, as well as the birth of the entire trucking and shipping industry that drives logistics. Another disruption occurred with the invention of pallets and then the modern shipping container, which many feared would lead to increased job losses. Because of that, decades back drivers delivering pallets were required to unpack them and then have the contents packed onto pallets again in an effort to preserve jobs they thought were threatened. That inefficiency ended for obvious reasons, yet the number of employees in global shipping and maritime skyrocketed. There are approximately 1.2 million people currently employed in the maritime industry. The fear was unfounded. Pallets and then shipping containers helped expand container shipping and foster globalization.

Artificial Intelligence and Machine Learning will help remove additional inefficiencies in the system by directing technology at areas that can be easily standardized. This includes the pre-filling of various forms, or aspects of customer service at the search-engine level to help customers find information and sources before they speak with a client. Shipping is always full of exceptions due to human error, weather interference and unexpected events. Humans are better at dealing with exceptions, so the role of AI in logistics is to free up workers for higher level tasks that will help clients.

The building blocks to AI

AI offers a few different dimensions that rest on the foundation of recent technologies to help answer two key questions enabling digitalization and eventually AI:

1. Can I store it?
2. Can I process it?



AI promises TO Improve Efficiencies In Ocean Container Shipping, But Many Fear It Will Lead To A Loss Of Jobs

In answer to the first question, we can now save virtually every piece of data using a simple cloud solution such as Amazon Web Services. This enables organizations to accumulate data at a reasonable cost, to the point where they can keep and store all the data they touch, and because they can keep and store all the data they touch, they can then reason with it. This enables one of the great benefits of Artificial Intelligence known as Machine Learning, which leads to the promise of improved efficiency through predictive analytics. So connecting the technology dots to get to AI starts with digitalization, which is happening now.

Applications for AI in container shipping – today and tomorrow

One very real, near-term initiative that incorporates AI are chatbots using NLP, or Natural Language Processing. INTTRA is exploring enhancing its cloud solutions with chatbots to further enhance a customer's experience. They won't replace workers, but instead will give users a more efficient way to interact through chat for support before talking to a human. Chatbots represent the early face of AI and will impact all areas where there is communication between humans. The growth in chatbots across all industries will be explosive. According to Gartner, by 2021, more than 50 per cent of enterprises will be spending more per year on bots and chatbot creations than traditional mobile app developments.

Gartner projects that by the end of this decade, the average person will have more conversations with virtual assistants or bots than with immediate family. Such penetration of artificial intelligence will depend on further advances in the technology to become smarter and easier to interact with. While many expect this progress to occur from advances in machine learning and deep learning, there are new techniques being introduced as well.

Imagine an AI application that configures forecasts with an automated, conversational interface. By looking at a customer's previous bookings, the AI app could see the customer had three flavors of bookings, enabling the parameters to be automatically pre-filled because the application learned from past behaviors. This will allow organizations to improve the booking process while freeing support people to focus on higher tasks.

In the future, AI will increasingly help with other critical tasks while working in conjunction with humans. One area is with Harmonized System (HS) codes, which is based on an international standard that classifies traded products. An error in the HS code, which is not uncommon, can cause significant delays and increase costs. AI coupled with MR will be able to correct many of these errors upfront by assigning the proper HS codes, only involving humans on exceptions that can't be easily resolved.

Another area AI will help is with smart containers. AI and IoT will allow reefers to be monitored and handled remotely, increasing and decreasing temperature and air flow as required. The AI-enabled system will only involve humans for exceptions. mg

From L to R: **Jayyannt Lapsiaa**, President-AILBIEA; **Raj Chandaria,** MD, Aegis Logistics Ltd; **Nadir Godrej**, MD, Godrej Industries Ltd; **Rajiv Tandon**, Chief Commissioner Customs-Zone 1 & GST; **S K Das** Principal Commissioner of Customs - Mumbai Zone 1; **Mrs & Mr Nandlal Chawla**,MD, AAK Kamani Pvt. Ltd; **Anil Yendluri**, Director & CEO, Krishnapattanam Port Co. Ltd; **Rupesh Agarwal,** Director Procurement - South Asia, Hindustan Unilever Ltd; **G Chandrashekar,** Senior Business Analyst and Adviser to the Association.

Charting **The Road Map**

Stakeholders in the liquid bulk business discussed various challenges confronting the trade and brainstormed strategies for future growth.

AILBIEA (All India Liquid Bulk Importers and Exporters Association) celebrated its 16th anniversary in April this year at Hotel Trident. The august gathering included senior officials from the Customs Department, port officials, top corporate houses engaged in liquid bulk trade, noted industrialists including Nadir Godrej, Godrej Industries Ltd and a large gathering of stakeholders in the liquid bulk business, under the auspices of AILBIEA discussed various challenges confronting the trade and brainstormed strategies for future growth.

Highlighting the strong correlation between economic growth and commodity consumption, AILBIEA Advisor, senior journalist and agribusiness and commodities market specialist G. Chandrashekhar asserted that the country's consumption of liquid bulk cargoes is set to expand because of strong GDP growth.

In his welcome address, AILBIEA President, Jayant Lapsia referred to some of the recent achievements of the association with respect to addressing the operational issues faced by importers and exporters. He urged the revenue authorities to trust the members of the association who were generally known to uphold ethical standards. He also expressed optimism that the country's liquid bulk trade covering crude oil, vegetable oil, chemicals and others will continue to expand in the wake of strong GDP growth and demand.

Dignitaries from the revenue side who shared their views with the delegates included Rajiv Tandon, Chief Commissioner of Customs, Mumbai and SK Das, Principal Commissioner of Customs, Mumbai. The meeting was chaired by Nadir Godrej, Managing Director, Godrej Industries Ltd and co-chaired by Rupesh Agarwal, Director-Procurement South Asia, Hindustan Unilever Ltd.

The Chief Commissioner Customs, Mumbai, Rajiv Tandon, highlighted the various initiatives of his department to promote, facilitate and expedite clearance. This included deferred payment of customs duty and the Authorized Economic Operator Scheme. He also referred to the proactive role of AILBIEA, particularly that of the President Jayyannt Lapsiaa, in working closely with the department.

The Principal Commissioner of Customs SK Das spoke on the various initiatives undertaken by Customs department. He complimented AILBIEA for the proactive role and also their support in promoting AEO scheme amongst their members.

Rupesh Agarwal assured the Customs Commissioners of the Trade coming much closer to the department's call on various issues and also to closely interact with the department.

Raj Chandaria, Managing Director, Aegis Logistics Ltd. spoke about the high standards set by Aegis in their operations at various installations, spread over five ports. "Plans were on anvil to expand the presence in more ports", he added.

Anil Yendluri, CEO and Director, Krishnapatnam Port Co. Ltd. gave an overall view of the Port, giving details of the state of the art infrastructure and other salient features of the port.

The highlight of the meeting was the conferment of "AILBIEA LIFE TIME ACHIEVEMENT AWARD" on Nandlal Chawla, Managing Director, AAK Kamani Pvt. Ltd. The honours were done by Rajiv Tandon, Chief Commissioner of Customs, Mumbai and SK Das, Principal Commissioner of Mumbai by presenting a silver lamp and a citation. Nadir Godrej, MD, Godrej Industries felicitated Nadlal Chawla with a colourful shawl. mg www.krishnapatnamport.com

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