**Cargo Movement at Borders**
**COL P K MISHRA,** Director (Operations)
Land Ports Authority of India

SKILL DEVELOPMENT
**Learning should be Pervasive and Compelling**

CONTAINERS
**Domesticating Containers**

**Grooming the Best Workforce**
Capt M M Saggi, Director, NMIS

south asia's premier maritime business magazine

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# maritime gateway

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**Expanding Services Amidst Challenges**
**Prabal Basu,** CMD
Balmer Lawrie & Co Ltd

maritime CEO 2019 conclave
where next level leadership meets

# NAVIGATING THE CHALLENGES

At the fifth edition of Maritime CEO Conclave, **Mr Sivasailam, Special Secretary Logistics**, speaks to audience extensively on how his department will deal with the challenging task of improving logistics scenario

# Improved Ecosystem at last!

To achieve the ambitious target of having a 5% share in world exports and climb up the ranks in ease of doing business, India needs to address its port ecosystem, says a report commissioned by government think tank Niti Aayog. The report says that processes and operations across India's ports are not standardized or uniform, costs and time for key processes are unpredictable and there is an unacceptable level of variation across ports as well as within ports. It listed five issues – port congestion, custom clearance, shipping line issues and charges, documentation and paperwork and regulatory clearances – as the major hurdles leading to detention and demurrage challenges faced by traders.

While the current narrative in the shipping industry is around digitalization, a quiet transformation was happening on the ground. According to the government's 2018 ports' review there is a reversal in functioning of government owned ports. Not only major ports cargo share remained steady but there is a significant 55 percent increase in handling capacity at major ports – powered by efficiency improvements, tighter productivity norms, and infrastructure upgrades

When you look at the productivity improvements average vessel turnaround times at major ports have decreased to 64 hours in fiscal 2017-2018, from 82 hours in 2016-2017. For container ship calls, average turn times have decreased to 40 hours, from 43 hours. This was possible because of the efforts made to reduce TAT in pilot movement, mooring and berthing, reduction of non-working time and e-clearance of cargo.

For years the debate was in favour how private ports were fast overtaking major ports in terms of capacities and cargo handling. Twenty years ago, private ports handled just eight per cent of the country's cargo traffic. By 2012-13, not only did their share soar to 42 per cent, but they also overtook their big brothers – the major ports in traffic growth.

In his first full budget speech, Finance Minister Arun Jaitley, while praising the efforts of private players in India's port sector said ports in the public sector need to both attract such investment, as well as leverage the huge land resources lying unused with them. Shipping Minister Nitin Gadkari set a vast campaign in motion to improve the state ports' efficiency and scale earmarking ₹8tn ($124bn) in spending over 18 years. "It will be the biggest project in the history of the country," Mr Gadkari said while announcing the Sagarmala scheme, which includes upgrades to the big 12 state ports.

The process of creating a port ecosystem will soon be capable of processing freight at a faster pace and lower costs. Initiatives like implementation of new version of PCS and RFID will further contribute to increasing the efficiencies of ports. It is heartening to hear fewer complaints about customs operations. Government of India's focus on port development seems to be yielding positive results.

**R Ramprasad**
Editor and Publisher
ramprasad@gatewaymedia.in

"According to the government's 2018 ports' review, not only major ports cargo share remained steady but there is a significant 55 per cent increase in handling capacity at major ports."

south asia's premier maritime business magazine

**maritime gateway**



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**Feedback**

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

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# SPEEDWAYS LOGISTICS PVT LTD

## 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.

## 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.

## 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.

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

## 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!!

## 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.

**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.**

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"Even those sceptical of mainstream shipping's place in the 3D printing, artificial intelligence and robotics conversations acknowledge that Amazon, Ali Baba and other disruptors see our industry as ripe for e-commerce platform convergence."

**- Ronald Spithout**
President, Inmarsat Maritime

"The anticipated rebalancing of the container market seems to have been postponed, which is more bad news for carriers that face substantial increases in costs as a result of the stricter 2020 fuel standards."

**- Simon Heaney**
Senior container research manager, Drewry

"RBI's move to provide loan-restructuring window for MSMEs comes at the right juncture and will provide the much-needed momentum to push the growth levers as MSMEs make a significant contribution to domestic output and exports."

**- Sandip Somany**
President, FICCI

"Confidence in the shipping industry dipped slightly towards the end of 2018, but that was against a four-year high recorded in first-half 2018. There is an appetite for investment in shipping. That is likely to continue in 2019 so long as shipping lives up to its ESG responsibilities."

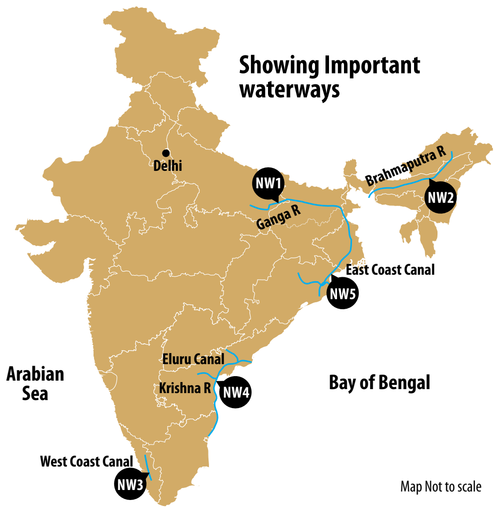
**- Richard Greiner**
Partner, Moore Stephens

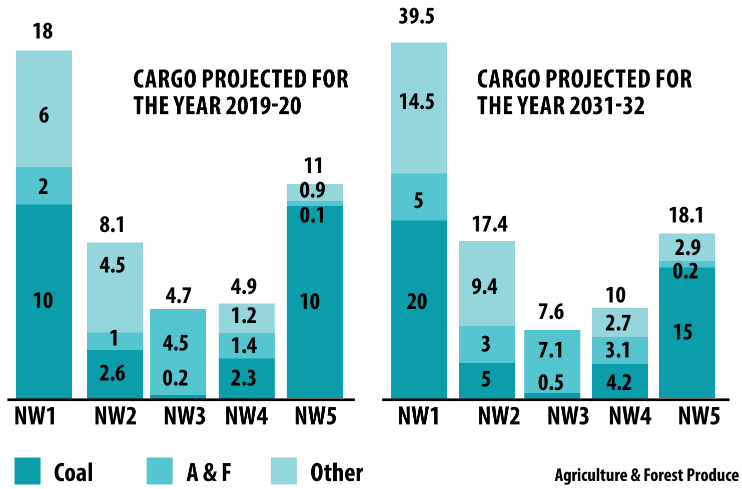
"Expect 2019 to be a year of growth for the airfreight sector. The Indian airfreight industry is expected to grow at over 9% during the next few years. It is necessary to develop the infrastructure to handle the increasing cargo volumes."

**- T. A. Varghese**
President, The Air Cargo Agents Association of India

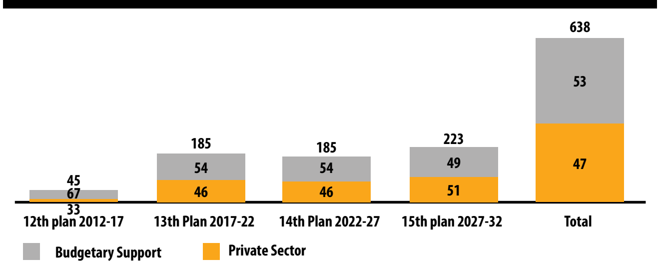


## PROJECTED CARGO POTENTIAL ON NATIONAL WATERWAYS (MN TONNE)

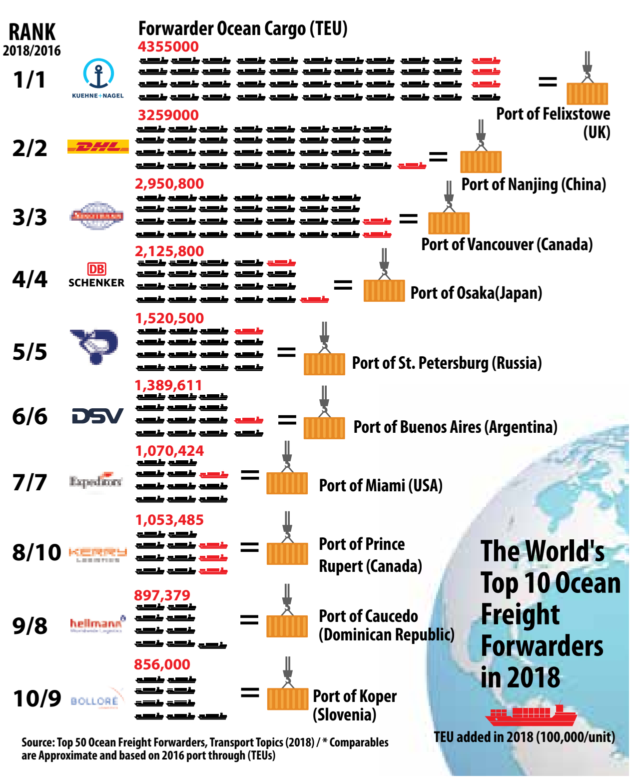



## INVESTMENTS IN IWT & SOURCES OF FUNDING (BILLION)




## WORLD'S TOP 10 OCEAN FREIGHT FORWARDERS

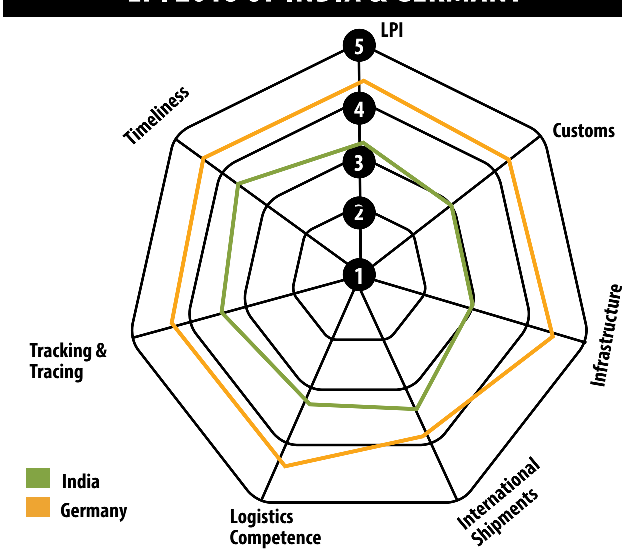


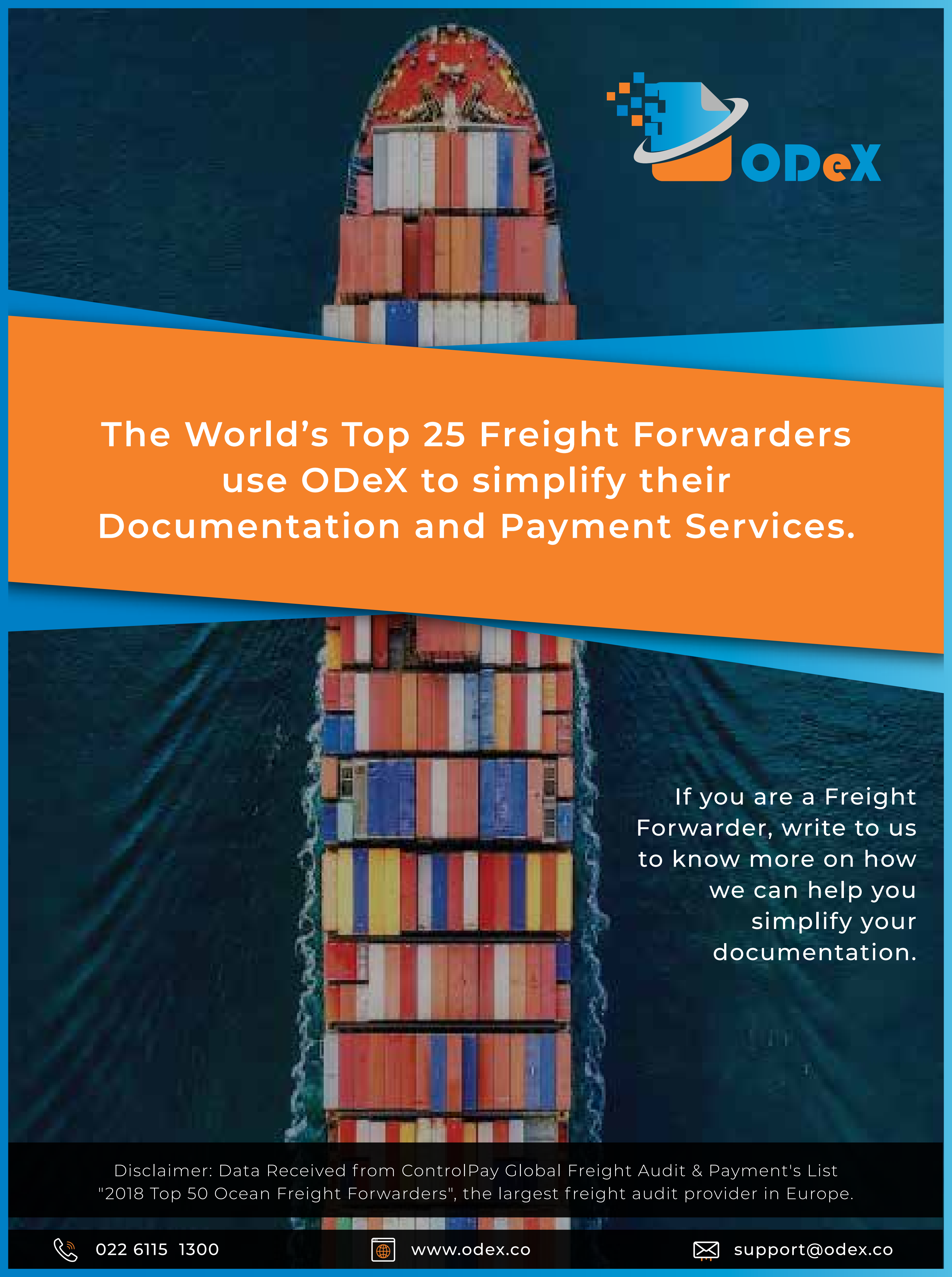

Source: Top 50 Ocean Freight Forwarders, Transport Topics (2018) / * Comparables are Approximate and based on 2016 port through (TEUs)

## STATUS OF INLAND WATERWAYS

| State | Total Length of Waterways (Km) | Navigable length (In Km) | Ratio of navigable to total length (In%) |
|---|---|---|---|
| Andhra Pradesh | 3762 | 1160 | 30.83 |
| Assam | 4267 | 1938 | 45.42 |
| Bihar | 3763 | 1391 | 36..97 |
| Goa | 274 | 249 | 90.88 |
| Gujarat | 653 | 102 | 15.62 |
| Karnataka | 2902 | 1215 | 41.87 |
| Kerala | 3311 | 1775 | 53.52 |
| Maharashtra | 631 | 462 | 73.22 |
| Odisha | 1378 | 508 | 36.87 |
| Nagaland | 0 | 276 | 0 |
| Mizoram | 790 | 155 | 19.62 |
| Tamil Nadu | 197 | 12 | 6.09 |
| Uttar Pradesh | 2345 | 425 | 18.12 |
| West Bengal | 4741 | 4593 | 96.88 |
| Total | 29014 | 14258 | 49.14179362 |

## LPI 2018 OF INDIA & GERMANY

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## Sanjay Sethi takes charge as the new Chairman of JNPT

Sanjay Sethi has taken over as the Chairman of JNPT. Sethi is an IAS Officer of Maharashtra Cadre of the 1992 batch and was the Additional Municipal Commissioner (Projects) for MCGM (Municipal Corporation of Greater Mumbai), prior to this appointment. He brings with him 26 years of experience at senior levels in government of Maharashtra and government of India. Some of the other key portfolios Sethi served are: CEO - Maharashtra Industrial Development Corporation (MIDC), Additional Metropolitan Commissioner - MMRDA, Secretary and Development Commissioner – Industries Department, Government of Maharashtra, Municipal Commissioner of Thane and Nagpur, and Managing Director – Maharashtra State Electricity Transmission Co. Ltd. He has been entrusted with the responsibility of Mega Projects like Mumbai Metro, Coastal Road, urban projects of water supply and sewerage.

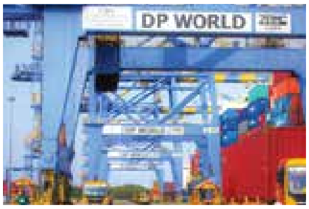
Recently, JNPT is the only Indian container port to be listed amongst the top 30 container ports globally, as per the latest Lloyds Report. JNPT notched up five spots, to be 28th on the list, compared to its previous ranking. Another point of adulation was, JNPT crossing the 5 million teus handling milestone in 2018. JNPT also launched their App service to facilitate better tracking and ease the trade process for their EXIM partners. The App will allow traders to access all the relevant information about their consignment and port related updates regarding traffic and weather.

## T K Ramachandran assumed charge as Chairman, V O Chidambaranar Port Trust

T K Ramachandran, IAS, assumed charge as Chairman, V O Chidambaranar Port Trust, Tuticorin. An Indian Administrative Service Officer of Tamil Nadu cadre 1991 batch, he was earlier the Principal Secretary at Tamil Nadu Hindu Religious and Charitable Endowments Department.

He has served in various capacities in government of Tamil Nadu including Collector & District Magistrate in Ramanathapuram and Villupuram, Secretary to Government of Tamil Nadu ( Highways and Minor Ports), Principal Secretary to Government of Tamil Nadu (Information Technology), Managing Director, Tamil Nadu Newsprint and Papers Ltd., Director General of Training, Government of Tamil Nadu, Managing Director, AAVIN, Deputy Commissioner of Corporation of Chennai, Project Director of TN Road Sector Project, Project Director of Sarva Shiksha Abhiyan(SSA).

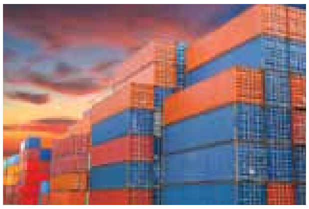
## DP World Cochin registers exponential growth




DP World operated India Gateway Terminal Pvt. Ltd. (IGTPL) delivered a Compounded Annual Growth Rate of 13.57 per cent in the past 3 years. This has surpassed the three year CAGR of 11.41 per cent registered at all Indian ports. IGTPL is India's first international transshipment terminal that achieved an annual throughput of more than 574,000 teus this year and recorded its all-time highest monthly throughput of more than 52,000 teus in March 2018.

This growth is accredited to the terminal's persistent efforts in enabling smarter trade solutions to deliver exponential value to customers and stakeholders through reduction in transaction cost and time that transforms into potential reduced cost of logistics for the customers. The installation of the RFID-based automated gate management system has improved truck turnaround time from 27 minutes in 2017 to 23 minutes in 2018. Further, the terminal has strategically aligned its operations to support various government initiatives to facilitate ease of doing business. The implementation of the DMICDC Logistics Data Services digital container tracking solution has boosted efficiency in supply chain operations.

## The shipping container terminal industry in 2019



In its 2019 market forecast, Drewry says global throughput will exceed 800 million teu. If accurate, this would generate EBITDA of approximately $25 billion. However, it also emphasizes that this forecast is dependent on the industry navigating its way through a plethora of challenges, including the US-China trade war and Brexit. Neil Davidson, Drewry's Senior Analyst for Ports and Terminals, said that while the timing of any conclusion to the trade war is uncertain, it has seen other nations, specifically in the Pacific, play a more active role in global trade. "I think that the US-China trade war is still ongoing and will be a key feature of 2019 as well. It has the potential to become much more severe, but also a degree of agreement could be found," Davidson said. It's also important to keep in mind though that while the US is veering towards protectionism, other countries are becoming more active in trade accords.

*Courtesy: Port Technology International*

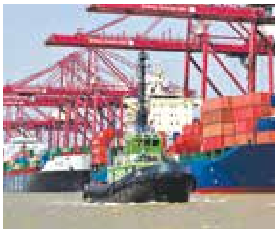
## Cochin Shipyard signs AMC with Kerala police

Cochin Shipyard inked an Annual Maintenance Contract (AMC) with Kerala Coastal Police for repair and maintenance of 23 of coastal interceptor boats based over 18 coastal police stations being operated by the state coastal police. The AMC with an intended validity of 5 years is expected to help the force in keeping these assets operational and reducing downtime. The AMC agreement was signed on January 09, 2018 by Sreejith KN, General Manager (Ship Repair), Cochin Shipyard and KP Philip, IPS, Deputy Inspector General, Coastal Security.

## DB Schenker partners with Magento to boost e-commerce offering

DB Schenker announced a new strategic partnership with Magento, one of the world's leading providers of e-commerce platforms, to equip small and mid-size merchants with a powerful new extension. Combining DB Schenker's fulfilment experience with global logistics markets with the powerful customization and flexibility of the Magento e-commerce platform will provide retailers a seamless connection between the front-end and back-end on a global scale. Being available through Magento Marketplace, the extension delivers a quick, convenient and cost-efficient way to connect web shops and warehousing services.

## IGTPL hosts maiden call of CONCOR's new Coastal service



Global trade enabler DP World operated India Gateway Terminal Pvt Ltd. (IGTPL) hosted the maiden call of CONCOR's new Coastal Service with the berthing of *M.V.SSL Mumbai*. The weekly service commenced operations at IGTPL effective January 15, 2019. It will connect Mundra and Kandla to Cochin increasing connectivity from North India to the South Indian. Officials from Cochin Port Trust, DP World Cochin and CONCOR were present at the terminal to welcome the vessel and crew of *M.V.SSL Mumbai*. The terminal boasts a strong feeder network along the Indian coastline with direct connectivity to ports at Mundra, Kandla, Hazira, Pipavav, Nhava Sheva, Goa, Mangalore, Beypore, Tuticorin, Chennai, Kattupalli, Krishnapatnam & Vizag.

## HMM starts China India express service


PSA's Bharat Mumbai Container Terminals welcomed the first regular service call of HMM's China India Express ("CIX") service. The 8,562 teu capacity "*M.V. Hyundai Loyalty*" is one of six vessels deployed on this service connecting BMCT to key Far East markets with the following port rotation: BMCT – Mundra - Karachi - Port Kelang - Singapore - Hong Kong – Gwangyang – Busan – Shanghai – Ningbo – Shekou – Singapore - BMCT. A total of 8,540 teus were handled during this first call in 42 hours.

## APM Terminals Inland Services to handle hazardous chemicals


APM Terminals Inland Services' integrated ICD and supply chain solutions facility at Chakan, Pune has been awarded the Environmental Clearance (EC) certificate by the Ministry of Environment, Forest and Climate Change – a first for an ICD in India. This certification authorizes the Pune facility to store, handle, transport, and deliver hazardous chemicals in any form – a critical requirement for all industries dealing with chemicals in domestic & international trade; and a safeguard for the environment.

"The certification of the Chakan facility lays testimony to the capabilities and standards built by APM Terminals Inland Services to address a pressing industry need ahead of the growth curve," explains Ajit Venkataraman, APM Terminals Inland Services, South Asia Managing Director.

## Essar Global repays all debt to Indian and foreign lenders

Essar Global Fund Ltd, the holding company of the Essar Group of companies, reached yet another milestone in deleveraging by repaying the last tranche of debt of $1.75 billion to its various Indian and foreign lenders. This is in addition to the $5 billion repayment made in August 2017 to various lenders from the proceeds of the Essar Oil monetisation. Over the past two years Essar Group has repaid more than $21 billion of debt (including Essar Steel), majority of which is to the Indian banking system. This is more than 80 per cent of its group debt. Essar Global has now repaid approximately ₹6,300 crore to ICICI Bank, Axis Bank and Standard Chartered Bank. With this, these banks have been repaid their entire facility of ₹1,500 crore, which they had provided to Essar Global to fund its capital expenditure programme in 2008-14.

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NEPAL

## Nepal seeks transshipment privileges at Kolkata port

Nepal has asked India for transshipment privileges and permission to use the electronic cargo tracking system (ECTS) on Nepal-bound cargo at Kolkata port too. Nepal has been receiving transshipment privileges at Visakhapatnam port and using the ECTS on cargo dispatched from there since August.

Containers sent from Visakhapatnam are transported directly to the Birgunj Inland Container Depot. This facility is not available for consignments leaving Kolkata Port. The ECTS uses GPS and allows the shipper to keep track of consignments. Traders have to pay ₹4,200 extra per container to fit the ECTS. But it helps to reduce the overall cost of trading since they can avoid paying demurrage and detention charges because cargo movement is faster.

INDONESIA

## Indonesia plans to export rice this year

Indonesia plans to export rice this year so that State Logistics Agency (Bulog) can absorb more rice from farmers, although the country still imported about 2 million tons of rice, last year. Bulog president director Budi Waseso said he had spoken with several ASEAN countries about importing rice from Indonesia. He said rice exports were needed to optimize rice sales during the peak harvest season in April to May. “During peak harvest, we need to buy as much rice as possible for the interest of farmers. We need to export,” he added. The government’s rice reserves at Bulog’s warehouses has reached 2.1 million tonnes, while the target of rice purchases from farmers in April was set at 1.8 million tonnes.

MYANMAR

## Sittwe Port ready for operations

Infrastructure at Sittwe port in Myanmar, constructed with India’s assistance, is ready for operation. The construction of Sittwe Port is part of the Kaladan Multi Modal Transit Transport Project. Once fully operational, the project would encourage investment and trade and also open up alternate routes for connectivity to the North-East region. The approved construction cost of Sittwe port and inland water terminals at Sittwe and Paletwa is ₹517.29 crore.

AFGHANISTAN

## Ahmad Yar Group to distribute Duckhams oil products in Afghanistan

Ahmad Yar Group, a leader in transportation, fuel supply, logistics and construction in Afghanistan, signed a distributor agreement with British brand Duckhams in Dubai. The collaboration aims to enrich the motor industry in Afghanistan with Duckhams' high-grade oil and lubricants. In 2019, Duckhams will launch a wide range of engine oils in the automotive segment, including engine oils for modern vehicles. This holds immense potential to bring the finest range of related products to Afghanistan's market, where the transportation sector is among the largest consumers of lubricant.

BANGLADESH

## BSC to procure 26 more ships

Alongside its ongoing process to procure six new ships from China, the Bangladesh Shipping Corporation (BSC) will procure 26 more ships. Among the six China ships, three bulk carriers, having 39,000 metric tons of capacity, have already been added to the BSC fleet and the remaining three oil tankers will arrive in February next. The BSC now has a plan to procure 26 more ships and it has already got the government nod to procure six of these ships. Of the six approved ships, two will be mother tankers, two product oil tankers and two bulk carriers. Each mother tanker will have 1-1.25 lakh metric tons of capacity, while each product oil tanker and bulk carrier will have 80,000 metric tons of capacity.

SRI LANKA

## Kavan Ratnayaka assumes duties as Chairman, SLPA

Kavan Ratnayaka has been appointed the new Chairman of Sri Lanka Ports Authority (SLPA). Ratnayaka assumed duties with blessings of the Triple Gem at the Chairman’s office of SLPA. Kavan Ratnayaka earlier served as the Chairman of the Sri Lanka Tourism Development Authority (SLTDA). He is also a former Chairman of Associated Newspapers of Ceylon (Lake House). An old boy of Royal College, Kavan Ratnayaka holds a Bachelor of Science degree in (Physics) of the University of California. He has also served as the Country General Manager of IBM Sri Lanka, CEO Dialog Broadband and the Chief Corporate Officer of Dialog Axiata PLC.

MALAYSIA

## Malaysia to curb French purchases if palm oil restricted

Malaysia will consider laws to restrict imports of French products if Paris does not withdraw plans to curb the use of palm oil in biofuels, Prime Minister Mahathir Mohamad said. French lawmakers last month voted to remove palm oil from the country’s biofuel scheme as of 2020, following longstanding concerns about the environmental impact of the crop that is mainly produced in Indonesia and Malaysia.

# NAVIGATING THE CHALLENGES

At the fifth edition of Maritime CEO Conclave, Mr SivaSailam, Special Secretary Logistics speaks to audience extensively on how his department will deal with the challenging task of improving logistics scenario


The month of January is that time of the year when misty winter grips the capital region, but it was not a strong enough reason to dampen the enthusiasm and excitement of heavyweights from the shipping and logistics fraternity who look forward to this annual event with much anticipation as it brings together who's who of the industry along with senior bureaucrats and policy makers to discuss issues and opportunities that matter the most. This year the Maritime CEO Conclave had the newly appointed Special Secretary Logistics, Mr Sivasailam take the hot seat as he explained the change in modus operandi of the Commerce Ministry brought in by the formation of the Logistics Division that has increased the ministry's engagement with the stakeholders. The logistics division can further deliver and graduate to become a ministry as well, hinted Sivasailam.  Other vital issues discussed include the need for a robust Port Community System and connecting all the stakeholders to this national portal, improving the last mile connectivity to reduce logistics cost and skill building in the industry.

In the second session, Col Prashant Kumar Mishra, Director (Operations), Land Port Authority of India made an elaborate presentation on trade happening with neighbouring countries through land ports, the potential to grow the trade volumes and the need for improving infrastructure.

# ROAD MAP FOR REDUCING LOGISTICS COST

The fifth edition of Maritime CEO Conclave was more of a brain storming session wherein the government representatives and industry stakeholders participated with equal enthusiasm to raise and address some of the most pertinent logistics issues

L to R: **Sivasailam**, IAS, Special Secretary, (Logistics), Ministry of Commerce, Government of India, in conversation with **Michael Pinto, IAS (Retd)** Former Secretary, Ministry of Shipping, Government of India

The 5th Annual Maritime CEO Conclave brought together representatives from the government and the industry stakeholders to deliberate over the present and future challenges of the fast-changing business environment. The event saw high energy interactions by the participants who raised relevant issues with the authorities while putting forward suggestions to address some of the most pressing issues.

The first session of the conclave focused on a whole lot of aspects including need to look at logistics as a sector, ministries to engage more with the industry stakeholders, addressing logistics cost issues, a robust Port Community System and National Logistics Portal supporting the trade and the need for skill building in the industry.

**Michael Pinto, IAS (Retd) Former Secretary, Ministry of Shipping, Government of India: We now have a Secretary Logistics in independent charge under ports reporting directly to the Minister. Now that you have been in this position for more than a month, how do you see your role? Can you tell us briefly what are the main things you would like to do?**

**Sivasailam, IAS, Special Secretary, (Logistics), Ministry of Commerce, Government of India:** We all know that the logistics division has been carved out in the Ministry of Commerce. What this has done? I see it like this – generally the Ministry of Commerce has always been concerned with imports and exports, so people have thought that if you are in a commerce ministry you have nothing to do with what's happening within the country. You are basically concerned with exports and imports. Logistics Division has changed this mind set. For the first time Commerce Ministry is also concerned of what's happening locally. The local trade is also part of the mandate of the logistics division. This obviously requires a change in mind set, and that comes by organising a department, organising a division which will address this issue. As long as you are in the main stream commerce, you would always be concerned with imports and exports, but the time you are logistics as a sector, you are not just concerned with imports and exports, but the whole lot of internal trade that is taking place. This is one

change that has happened.

The second thing is the mandate hitherto from the time it was conceived it was largely a part of the mandate of Commerce Ministry, which means exports and imports, but now having made it independent the expectations of the industry and the expectations of the people at large would be that you look at logistics as a sector in its entity and not just in relation to exports and imports, extremely important as they may be.

The third thing is engaging with the industry is a paramount requirement because your only clients are the stakeholders in the industry. Whether the policies, practices, protocols, actions of various functionaries across the spectrum which addresses the logistics sector in its entity is in accordance with what is being planned, is a key deliverable of this department, so I do concede the point that the logistics department may not necessarily have its interest aligned with mainstream ministries, of course it may not be interfering with them. I assume it is the interest of the government that when the industry negotiates on these matters, a certain amount of power parity is restored and brought on par with the rest by involvement of the logistics division acting for and on-behalf of the stakeholders.

**Michael Pinto: When we look at the extracts from the recent report by the Vivek Debroy Committee, one thing that I noticed was earlier we used to consider the cost of logistics as a percentage of GDP (in India the cost of logistics is 13 per cent of GDP, but in developed countries it is 8 per cent of GDP), but the Debroy Committee has looked at it as a percentage of consignment. What is the proportion of logistics in the consignment value, which comes to 15-17 per cent and it should be not more than 10 per cent which is the case in other countries. If you calculate on the basis of value of the consignment and then take the cost of logistics there is going to be a huge difference because some consignments are very large in nature but have a small value, while others may be small in size but have a larger value. So which way we should follow? Should we look at it as a percentage of GDP or consignment cost?**

**Sivasailam:** let me draw a few caveats: when I took over I had specifically enquired that we all believe the logistics cost is 13-14 per cent of GDP, but where is the evidence? And I am surprised to tell you there is really no evidence, it is anecdotal. The actual value could be more or less, but we take the 13-14 per cent as a reasonable figure based on an expert analysis. The logistics cost could be a part of the GDP and there should be no problem about this, but what matters to businesses is consignment basis. For example, for a very high value item the logistics cost may be a fraction, but whether that fraction is worth or not is a matter of examination per se. For certain products like agricultural commodities (tomato) the logistics cost is twice of the product's cost. While we say that it is the logistics cost whether the cost is to be borne or not is a matter to be decided in the facts and circumstances of each business and to that extent I would say logistics is a subject which businesses consider, but as a system we need to address it based on each consignment as to whether the cost which we are bearing is necessarily a thing which adds value in the market. I would support this view, as along with it are linked the taxation linked policies, policies for prioritisation, which are linked to the nature of the commodity.

You may say that this will tantamount to achieving maturity of the sector fast, but since we have a lot of catching up to do, it's better we hasten these aspects and look at it in a manner which makes business sense.

Economy-wise if we make progress on individual product related activities and look at them to provide a modal analysis and find out the best modal way to transport goods then we will be in business.

**Michael Pinto: If we are calculating the cost of logistics with respect to each consignment we could uncover a huge multitude since it is much more uneconomical to transport tomatoes because their cost is low and you are spending a lot of money transporting them. However, when you have oversized cargo and it costs a bomb for moving it from one place to another, maybe the percentage of logistics in value of consignment could be very high. But when the committee said the cost of logistics as a percentage of consignment is (X) how did they arrive at that I presume they have taken total value of all consignments, total cost of logistics and divided one by the other. So we are getting an average. It doesn't tell us anything about the individual and I take the point that you are making, if it is an individual cost that you get then I fully agree with you, but if we are just getting an average how does it matter? Because it is probably better to get an average as a percentage of GDP?**

**Sivasailam:** I would look at the oversized cargo a bit differently, it is a matter of logistics planning and most of the cost in transportation of oversized cargo is actually rent-seeking behaviours.

**Amit Budhiraja, Managing Director,Utopia Freight Logistics Pvt Ltd:** There was a study done by World Bank with regards to logistics cost and in fact DGFT also came out with a transaction cost report for exports in 2010. At that time it was headed by the Union Commerce Minister, Jyoti Radhe Sindhiya and it is available on DGFT website – both transaction cost report 1 and 2, which clearly highlights how they had achieved at the logistics cost. And when the World Bank achieved at the logistics cost percentage – they are pillars of doing trading across barriers, wherein the parameters are very well detailed.

**Sivasailam:** I am exactly quoting those reports, but we are extrapolating it as logistics cost as percentage of GDP, whereas the studies which were done were basically limited studies on basis of which this has been extrapolated.

**Amit Budhiraja:** I appreciate your point. Since 2010 in every conference I am raising the need to conduct sectorial logistics cost study but nobody has been heeding to my request. We can't have a generic logistics cost study in a vast country like India where infrastructure, production area and culture varies massively.

**Sivasailam:** I agree with you and that's the reason all of us as business stakeholders are happy with an assessment that it could definitely be 13-14 per cent. We have done the sectorial studies for coal, cement, rice and Iron ore, wherein we found that logistics cost is actually much more than 13-14 per cent, so a general average actually looks good. For coal it could be 17-18 per cent and same is the case for cement and these sectorial studies are helping us address certain modal shifts.

**Shantanu Bhadkamkar, President, AMTOI:** We have seen the benefit of having a department of logistics in a ministry, so we have been talking on this issue for a long time and for the first time this has been recognised. Now please allow me to give a bigger twist to this issue: 52 per cent of GDP is service sector and it doesn't require transportation, so when we say 13-14 per cent, compared to goods it is actually 28 per cent. The second twist is – there is a component break up to the logistics cost which includes damage to the goods, cost of carrying inventory, wasted inventory, which has nothing to do with transportation. In any study the highest that they contribute to the transportation and storage is 30 per cent of this cost. When we mix too many things together the combination effect is such that you cannot actually understand effect of each segment and each variation. In financial analysis there is a well-established principle – that you change only one variable at a time and if you have too many variables and you try to multiply then it's a conundrum you are creating.

**Michael Pinto: Today logistics is a full fledge department wherein the secretary reports directly to the minister and not to another secretary, so I was wondering whether it should be a department within the Commerce Ministry or whether it should be a full ministry? When we look at logistics we have a large number of ministries involved obviously the biggest ministries are the shipping and roads. But we also have transport by air looked after by civil aviation, transport by rail, looked after by the railways then we have the commerce ministry from where the permissions for CFS are issued and then we have the Customs. Now Customs come under the Finance Ministry, but they interpret the same circular differently at different ports. If you do not have a logistics ministry how will you get the other ministries to play the ball?**

**Sivasailam:** Presently, logistics in the Commerce Ministry is a division and not even a department. Commerce Ministry has two departments – IPP and commerce. Logistics division reports directly to the minister. Whether it should be a department? Whether it becomes a department first and then scales up to be a ministry would entirely depend upon its performance. Whether it makes sense in terms of its deliverables? If you are given the independence to formulate which means the stakeholders in the industry and government are all watching, so if the division makes an impact through facilitating the stakeholders performance and improved results on the ground, I would say that we could actually stake a claim to be a department. I have performed on the ground and I do believe that the upgradation as a department should come as a reward rather than as an administrative decision. That will keep the logistics subject on its tenterhooks to deliver rather than claim it as a right.

As regards to rest of the ministries, each one of them has got its internal technical aspects. When you talk about shipping its not just about logistics, logistics is at the business end of it. But shipping has got a whole lot of technical aspects and so are the rest of the ministries. It is those technical aspects which relate to those ministries, but the interfaces between the businesses will be the function of logistics. Interventions will actually depend upon:

1. Whether the proposal or intervention makes economic sense.
2. Who gains and who loses?
3. Whether it also makes a social sense?

I am certain if you are able to address these three then we have our hands right on the deliverable. Its not necessary for the logistics ministry to say how are you going to organise the shipping industry? That they can take care by themselves, but certainly the business aspects of interfaces will be the function of the logistics ministry.

**Michael Pinto: I will look at it with greater detail. In the ministries of shipping and road transport, which used to be the MoST in the past, if Ministry of Logistics is located there these two come under it as two full-fledged departments with secretaries and ministers of state. Then you have the question of civil aviation. But the Ministry of Civil Aviation looks after a whole lot of things besides logistics. So only those areas concerning movement of cargo by air can come to the logistics ministry. Similarly in railways, everything else passengers, electrification, rolling stock, lines and the whole gamut of their operations remains with the railways, but only the matter of where you build the lines and how you link them to ports can be with the ministry of logistics. The most difficult thing will be Customs. When a customs officer is posted to a particular port, only for that purpose he comes under the ministry of logistics and for the rest it remains with the Ministry of Finance. How do you react to this scenario?**

**Sivasailam:** Today the ministries of shipping, road transport and the Customs are the big boys and they are all in their middle ages. Now they have together formed the division of logistics. Now it entirely depends upon whether we are going to be business led and show results. If the collective wisdom of the stakeholders across these ministries if they find the collective wisdom of businesses is capable of best being addressed by the ministry of logistics to which these businesses could be reporting, it could happen much later, as it has happened in the mature countries. The question is whether the ministry of logistics and the businesses and the stakeholders can carry it forward together. You have to deliver to show the big boys and have an ecosystem to back you in order to make that happen.

**Amit Budhiraja: Can I say that the division of logistics could be the harbinger of era of single window which is much needed for logistics? What initiatives could this division take in near future that could help it transform and leapfrog?**

**Sivasailam:** I have had limited practical experiences as of now, but I can quote from what it is, for example, the concept of port dwell time which we are looking at JNPT and Mundra and which is also published on a monthly basis. The nature of dwell time when you look at it in JNPT and Mundra is totally different. One is pre customs and other is post customs, so the incidence of logistics cost for the same dwell time is different at both the ports. These are the things which can be addressed.

The next point is issues of facilitation. For example, Customs clearances: Customs is one aspect on the revenue side but there are 43 Participating Government Agencies (PGAs) concerned with customs clearances, the mantle of which falls on customs, but customs is not necessarily accountable for it. Plant/animal quarantine, wildlife imports need to be governed by risk management protocols, none of which are known, understood or differentially implemented even within ports which are separated by 30km. so you have a whole area of interpretational and design issues on these protocols. When we say that we need to work 24X7, not many PGAs work 24X7. If we need animal quarantine at 20 of our major ports, as opposed to 4 or 5, how do we get them doing? Can we have a public service privately provided? Can we have certain aspects of these regulations privately provided but addressing business requirements? I would consider a lot of my role to be proactive and on the ground. Policy making issues would arise depending upon these practical realities.

**Michael Pinto: Do we really have a robust PCS? Ideally I thought that in a PCS the whole system should be like an EPBX and all the different agencies – ports, shipping lines, shippers, importers, exporters and customs should be logged in to be part of it. Is that really happening now? In the "PCS 2+" I don't know if that covers everything, because it certainly covers the ports and shipping lines, but I am not sure whether it covers the Customs, importer and shipper?**

**Sivasailam:** My first reaction on PCS 2 is that I have not yet seen any industry reactions on it so far. Maybe the industry reaction on it is muted because the introduction of it is done with the caveat that up to March 31 it will be on trial. Maybe industry is looking forward to a post-trial reaction, I am not sure. But once an industry reaction comes on it, it will be possible for us to look at it further.

Yes, it does not cover a whole lot of other interface things, but I do believe that it's going to link to ICEGATE and SWIFT.

**S. Ramakrishna, Chairman, FFFAI:** In PCS the problem is that the shipping lines have got their own PCS, air cargo has got its own PCS, probably the transporters will tomorrow have their own PCS. What is more important is the integration of all these things. There has to be a common portal and it costs money as well because most of the PCS, except in the public sector, are going to charge some cost. If we are talking about the logistics cost to be realistic, I think this has to be seen in a different manner.

**Sivasailam:** One of the mandates that is publicly informed by the ministry is the creation of a national portal on which lot of work has been done in the last one month. It is a platform of platforms. On the lower base platform anybody can plugin. FFFAI or AMTOI members and anybody in India wanting to do business can plugin. To ensure that certain business gets created on that platform the National Logistics

Portal will sit as a platform. The National Logistics Portal contains two towers – a government tower and a service tower. The government tower integrates all the PGAs and any future PGAs which will come. The logistics division as part of the government will ensure that all governmental entities or all regulatory entities with which you need to do business will be on that portal.

When you look at the import/export, you talk about the 43 Participating Government Agencies (PGAs). When you talk about internal trade you include state governments as well and many sub-regulations inside state governments. The whole idea is to have PGAs incorporated in a governmental portal. The second is the service portal which integrates the service profiles of anybody who would like to be a part of it. It will include ports, aircargo, logistics service providers, Customs. While we definitely provide the public sector comparator, it's not necessary I restrict myself and monopolise this. It is open to other bodies to provide parallel service. If you want to improve service deliveries and say I am going to provide better service you will be allowed a plug-on and a link to the governmental towers. While I will provide a public sectors comparator service integrating all services, it's also available that lot of you can join together and provide these services. You can provide auctioning, reverse auctioning, multimodal services and much more. The business environment can be recreated on a service portal by any one acting individually or in connection with other industries.

**Shantanu Bhadkamkar: In the exim trade the customs ICEGATE and NIC Portal is got all the tools, so why every department should spend separately?**

**Sivasailam:** I am not going to do that. ICEGATE will be integrated and brought into use.

**Michael Pinto: Can the National Logistics Portal work in real time?**

**Sivasailam:** It's an online portal and the idea is to have Indian businesses provide services across the globe. A foreign service provider can use this portal, but they may not require the Indian government PGA tower benefit, but they can always use the tools available.

**Surendra Lingareddy, Director Operations, APAC, Volteo:** One of the things I would like to mention as a comment is that we often see the industry having siloed data approaches. You have mentioned about all the stakeholders being able to plugin and participate, but the data is going to be as good if you are able to mine it and one of the things that I urge for is this logistics data to be available for third parties like us, so that we can provide intelligence on top of it.

**Sivasailam:** There are two things which we are developing – one is a national portal about which I just spoke. This develops a lot of business sensitive data. Now one of the things which I need to promise every business is that the data is safe. To that extent businesses sensitive data is not available to third parties, but it is available among the people using the portal to the extent it is authorised by the businesses. The data is always available for use in a disaggregated manner without disclosing the sensitive information of businesses.

The data can be used for social purpose such as promoting business clusters or for providing additional logistics hubs, such that the business in those regions benefits, but the portal operator itself may not be able to use it for commercial purpose. We would be feeding this anonymised data into a logistics tool with different layers such as a road layer, rail layer, port layer, shipping layer, inland waterways layer, Customs layer and the data can even be crowd sourced. These tools are available publicly for anybody. We also request industry and associations to populate that tool for making informed decisions. The portal will have an app tower and anybody can put in their apps useful to a large community either for free or on paid basis.

**Michael Pinto: we are not so good in last-mile connectivity and that is what drives up the cost as the method of transportation is uneconomical. What solution do you have to this?**

**Sivasailam:** If you are going to set up anything new, better get into the industry for point zero. That is the way you leapfrog. There is no point designing a physical facility based on the old design. This is the best possible way I see for the inland waterways. The north eastern region will get immensely benefitted through the waterways, but the point is we need to be proactive and quick on policies. I do not see a policy on inland waterways in relation to PPPs.

Be it inland waterways or coastal shipping, I do not see a very small volumes making sense, unless somebody is integrating the cargo. But I do see the benefits of bulk movement in food grains, coal and iron ore. A multimodal logistics plan has been just worked out to take food grains from Punjab, rake loads transported to Kandla and offloaded at Cochin which then travels around to be offloaded at Tuticorin in Visakhapatnam. Ultimately it depends on how are we going to make economic sense, but I do see this happening in respect of bulk for the time being.

**Sushil Kumar, Senior Advisor, Society of Indian Automobile Manufacturers:** Talking about transportation of finished vehicles from the factory to the dealers, the first and last mile connectivity is a problem. But aggregation at the port is also a problem and suitable ships are also not available. I suggest can we have Ro-Ro ships where we can load the truck at the factory, the truck reaches the port, rolls-on to the ship, rolls-off at the destination and the same truck moves on to the dealers. That could be a possibility, but otherwise also the policies need to be looked at with respect to shipping for low volume vehicles, because volume VS weight ratio of vehicles is very different from other commodities.

**Shailesh Garg, Director, General Manager, Drewry India:** Extending this point on Ro-Ro, I think one of the reason is that because of the time that is spend on the voyage for the trucks to be parked on the ship,

many of them are not very keen to do that and one way to overcome is just to have the prime mover bring the trailers and drop it on the vessel and at the other end you can have another set of prime movers taking them out. So you save on the capital cost and the drivers cost as well.

**Sivasailam:** I have not seen any proposals from the industry on this issue. I can give you an anecdotal understanding of this: when I last went to Mundra it was brought to my notice that if the horse and the chassis are separated the logistics cost in that component will decline by almost 60 per cent. But the issue is in this country we do not have a separate registration for the horse and the chassis. I have not seen any representation made by automobiles as a group for this request at all.

**Capt Sanjeev Khanijo, VP - Commercial & West Coast, Transport Corporation of India Seaways Ltd:** We have had 2-3 interventions of these different Ro-Ro companies coming in and trying on the coast. Unfortunately none of them were commercially viable for the vessel owners as such reason being, the automobile owners compare the cost directly to the road and they do not want to pay anything extra. The Ro-Ro vessels have high GRT and the port charges are based on GRT although the government did give some waver, but if a policy can be made to link it to the DWT rather than GRT that would be much better for the vessel owner as such.

**Shailesh Garg:** If we can add carbon footprint as an added advantage for the people who are using it, I think the cost disadvantage can be further reduced to them.

**Sivasailam:** As part of the logistics division we have also created a Center of Excellence in the Indian Institute of Foreign Trade. If industry works proactively, we could also get IIFT to study some of these aspects and develop formal studies to address these issues in a manner to help decision making.

**Michael Pinto: The Vivek Debroy Committee Report mentions the need to incentivise the trucking industry to increase in size and scale. Today we have a large number of single truck owner companies and if we do not have this movement to increase in size and scale we are never going to really bring about a complete change in the industry. How do you plan to incentivise the truckers and how much will it reduce the cost?**

Session in progress

**Sivasailam:** It promotes entrepreneurship and employment. One way is by addressing the skills requirement and certain amount of employee relations because we do not have a system of having professional drivers. When drivers go on a long journey they sleep on the road side and we need to address these issues. In India truck driving is not a professional business as it is developed in US and other parts of the world. We need to promote truck driving as a professional activity and make it much more respectable. Professionalization and skill improvement is an important aspect. For instance, TCI has about 100 acres of land in Pune for driver skilling and they are looking for support to make it happen.

**Michael Pinto: what initiatives need to be taken for skill building in the logistics sector?**

**Sivasailam:** I am happy to tell you on January 25 in Chennai the first set of syllabus – the qualification pax for the logistics sector skill council which has been pending for the past 7-8 months due to lack of an incumbent will be cleared. This is the first step and I have requested that the industry should be present. If the industry feels that a certain amount of syllabus and skill certification is OK with them, then it will go through. Should it be not OK with them then it will not go through. Because it has to be industry led and the people who are trained there need to be recognised by the industry. The logistics sector skill council already has a lot of industry mind and that is the best aspect of it. Right from ab initio it has got the industry support.

**Dr Rakesh Singh, Institute of Supply Chain:** I think logistics industry is very skill training resistant. I think there is no mechanism to really provide training unless the training is also provided to the very fragmented industry employers. We do not have the right set of trainers in the country, so even if the skills council intends to extend its provision in the industry, the flight by night operators are also given license because they have 2500 sq.ft space unlike any other institution, but they do not have the right capability. There is a much wider need for structural reforms. There is need for setting up a vocational cum university which can really provide the right skills for the country to skill-up to the needs of the fast changing requirement of the country.

**S. Ramakrishna:** All professional associations should endeavour to have meaningful training hours in a year for our employees and that will automatically develop skill base.

**Sivasailam:** There should be a differentiation between training and skilling. Skilling is different from development of knowledge. And the levels at which these are done are totally different. The skilling of professionals at managerial level is quite different from the skilling of technicians. We generally forget these principles and therefore we have narratives of having skilling universities. Whatever training is offered we should make sure it is available online as well.

# Cargo movement at borders: Challenges to be dealt

Indian trade with South East Asian nations can be developed 10 times through the ICPs, provided necessary infrastructure and facilities are put in place, says **Col Prashant Kumar Mishra, Director (Operations) Land Ports Authority of India**


L to R: **Col Prashant Kumar Mishra**, Director (Operations) Land Ports Authority of India, in conversation with **Shantanu Bhadkamkar, P**resident, AMTOI

To facilitate intraregional trade across the borders, integrated check posts have been setup which are controlled by the Land Ports Authority. In the second session of the Maritime CEO Conclave, **Col Prashant Kumar Mishra, Director (Operations) Land Ports Authority of India** detailed on the land ports operational and under development, services offered by them and issues faced in moving cargo.

Logistics today is no longer looked at as cost, but is looked at as a profit center which has to be leveraged. Technologies such as BlockChain, GPS, AI will come and evolve the system and once a critical mass is reached in these technologies, then no intervention will be required and economies of scale will take over.

Who will be the change agents in this process? They can be divided into three blocks:

1. The think tanks, Niti Aayog and research houses who are framing the policies at the broader level.
2. People building the infrastructure – Commerce or rail ministry
3. The CEOs of logistics companies

A common platform where all the three blocks can come together is missing. These blocks make their plans in silos but it is not shared with each other, as a result things don't happen the way they need to happen.

Coming to the functioning of the Land Ports Authority he said, the focus of Land Ports Authority is to break the barriers and build relationships for safe and systematic border crossing to take place. At present the trade taking place at the land borders is less than 5 per cent of the total trade taking place in this country. Challenges facing the cargo movement through land ports include high transportation cost, inadequate border infrastructure, procedural complexity, cumbersome cross-border facilitation, multiple handling and inefficient border corridors, different standards on vehicles and drivers across countries, absence of integrated cross-border transportation network and regional transit system, delays at the borders due to different operating hours, trucks need to be changed at the border which is time consuming.

We have five functional ports right

now and at some of them there is a delay of as much as 10 days, which increases demurrage charges that reduce traders margins. At Petrapole the delay for cargo to reach the gates of ICP is reduced from 10 days to 2-3 days.

**Access to north eastern market**

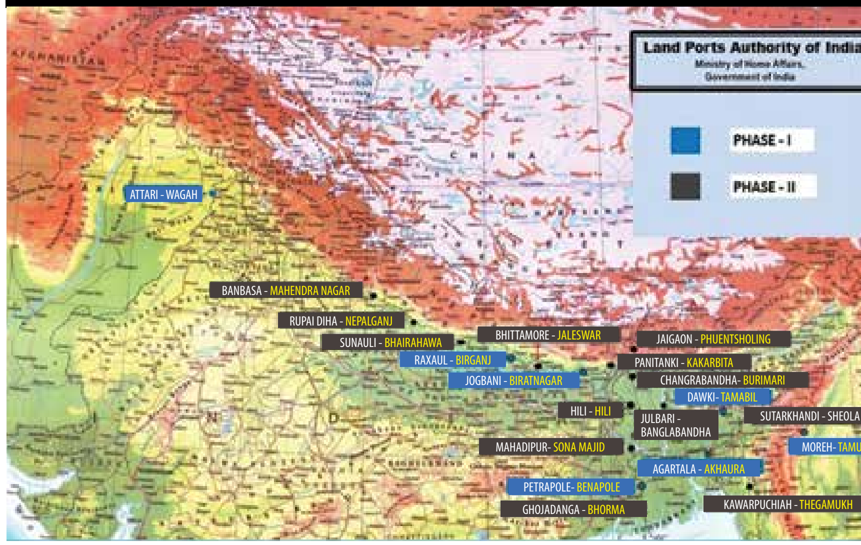
Land ports offer an opportunity for connecting with the north east. Cargo from Agartala travels 1,645 km to Kolkata, while direct distance would be around 350 km, if movement via Bangladesh was available. Thus the products in the north east can be made viable for exports to other countries. Right now they are not even viable for marketing into mainland India. North East exports need to travels to Kolkata over a 1,500 km distance; if access to Chittagong port was available, it could save 60% of the distance and cost.

We have agreements with Bangladesh for integration of railways, but necessary infrastructure has to be there and the industry has to participate to make it possible. Indian trade with north east can grow up to 10 times through the ICPs.

Currently India has 5 functional integrated check posts and a 6th has also become functional about a month ago. They are located at Atari, Amritsar; Raxaul and Jogbani at Indo-Nepal border; Petrapole and Agartala at Bangladesh border; the ICP at Dawky in Meghalaya is under construction, ICP Moreh is also functional located at Indo-Myanmar border. Road connectivity has to improve and the agreements with Myanmar have to change a little then only the trade can pick up. The ICP is part of the Asian Trilateral Highway and in general we are looking at enacting the South East Asian connectivity, this is the point for connecting to South East Asian countries. Recently, the foundation stone for ICP at Rupaidiha was laid. It is in UP, about 200km from Indo-Nepal border. The national highways from Guwahati to Imphal, Moreh and Myanmar are being developed by India and the construction of bridges has already started.

The ICP offer integrated facilities for trade and passenger facilitation, single window clearance, warehousing, parking spaces, safe movement of cargo. At present the container movement at ICPs is very less because at the border trucks have to be unloaded and cargo shifted into the trucks of the other country. As of date we have 69 land customs stations functional, of which we are addressing 20 at which 95% of the trade happens.

**INTEGRATED CHECK POST PROJECTS - PHASE I & II**




**Bangladesh**

At ICP Petrapole, LPAI has been making efforts to reduce the traffic congestion at crossing point, due to which Bangladesh started accepting more than 450 vehicles in a day. Bangladesh Govt. has also created additional parking space. On the Indian side, CWC has streamlined the parking area. All these efforts reduced the congestion at ICP Petrapole.

Indian government has plans to connect via Chittagong Port to Tripura which is just 70km. The southern-most tip of Tripura is Sabroom where India is building a bridge for border crossing. An ICP is also included into the plan and is connected via rail to Agartala. A four lane highway is being developed. Nischintpur is another LCP being developed in Tripura.

**Nepal**

The only direct rail link from India to Nepal is at Raxaul. More than 40 per cent of Indo-Nepal trade passes through Raxaul-Birganj border. LPAI proposes to develop a rail siding with container handling and warehousing facility within the ICP complex.

**Challenges in developing ICPs**

Major challenges include land acquisition, coordinated planning for rail, road integration, reliable power, mobile and internet connectivity, integration of ICP operations on a single IT platform, warehousing, parking, cold storage facilities.

**Shantanu Bhadkamkar, President, AMTOI:** Is interaction of stakeholders from both the sides possible?

**Col Prashant:** The dialogue is very essential because everything right from the trade timings to procedures is to be addressed. Common testing facilities and recognition of each other's standards need to be brought in. We have an infrastructure group that meets once in a year with Bangladesh counterparts and we have requested the Ministry of Commerce to conduct a port level meeting with Bangladesh, Nepal and Pakistan. Currently the meeting takes place between the Customs authorities, railways authorities but not at the port level.

**A M Srikanth, General Manager – South, VS&B Containers Group:** Are domesticated containers allowed to cross the check posts into other countries and come back? As per law when a domesticated container leaves Indian territory and comes back, the sanctity of paying duty gets void and the Customs ask for paying duty the second time the container comes in. Is there any impact on that?

**Col Prashant:** With different countries we have got different agreements. With Nepal we have a Transport Service Agreement that allows trucks to move on either side. mg

# Q&A

# Expanding services amidst challenges

one of the first to offer CFS service in India, Balmer Lawrie has expanded its services across the length and breadth of the country to meet the logistics and storage needs of the customers. **Prabal Basu, Chairman & Managing Director, Balmer Lawrie & Co Ltd,** elaborates on their services and expansion plans

**Q Tell us about your CFS operations in Kolkata, Mumbai and Chennai. Which are the major commodities being moved? What is the hinterland being served by these CFSs? How do you ensure last mile connectivity?**

In the CFS vertical, the business comes primarily from the private sector for Balmer Lawrie. Mumbai and Kolkata CFSs are mostly dependent on shipping lines and NVOCCs for business. However business in Chennai, for CFS, is influenced by CHAs, forwarders and importers. The major products being moved at these 3 locations are steel and metal products, plastics, chemicals etc. Gypsum, scrap, bitumen and sulphur products are mainly imported from Middle East countries. Automobile parts, fresh fruits and machinery are mainly imported from European and Far East countries.

Our Mumbai CFS, which is in Dronagiri, is linked to JNPT Port which caters to the requirements of the industrial hub of Maharashtra, North India and part of Gujarat.

**Q How has been the impact of DPD on the CFS business? How are the CFS adapting to it?**

Till 2016, the DPD clearances was only 6 per cent in Mumbai. However, the same was around 27-30 per cent in Kolkata and Chennai locations (by ACP clients). The Government had implemented DPD at Nhava Sheva in right earnest since it is the busiest port and handles close to 60 per cent of the total containerised cargo. The volumes available to CFS plummeted post DPD implementation at Nhava Sheva. Many CFSs' volumes dropped by more than 40 per cent. Encouraged by the initial success of the policy, the Government is now pushing ports to go for an even higher share of DPD. Granting of fresh licence to operate CFS is on hold in Mumbai, Chennai, Mundhra and Visakhapatnam. As on 01.01.2019, 2110 importers have been registered for DPD at Nhava Sheva.

It is also learnt that the actual DPD deliveries at Nhava Sheva is only 8 per cent presently with about 25 per cent volumes belonging to DPD clients being directed to nominated CFSs of the shipping line/importer. CFSs started getting into value added services like repair of containers, survey of containers, transportation, handling of empties, etc.

**Q You have been handling more of dangerous goods cargo in the recent years. Tells us about the infrastructure you have developed for handling dangerous goods?**

We have a segregated area for handling hazardous cargo in all our CFSs, which is at a minimum distance of 200 meters from the functional / administrational area of the CFS. We have trained staff who follow proper Standard Operating Procedures (SOPs) as per the Material Safety Data Sheet (MSDS) provided. Regular training along with mock drills are conducted and recorded for further improving the SOPs. We are certified for ISO standards like ISO 9001:2015 (Quality Management), 14001:2015 (Environmental Management), 18001:2007 (Occupational Health and Safety) and ISO 28000 (Security Management). All our CFSs are also certified with Customs-Trade Partnership against Terrorism (CT-PAT). We are also an Authorised Economic Operator (AEO) as certified by Indian Customs Authorities.

**Q What are the plans for multimodal logistics hub being developed in Vizag? How is the connectivity planned for it and to which hinterlands will it connect?**

As there is a delay in getting license to operate a CFS in the Multi Modal Logistics Hub complex in Visakhapatnam, we are concentrating on domestic traffic to generate revenues. Vizag is one location where customs authorities have decided to encourage DPD. We have a 15 chamber cold storage out of which 11 are for the frozen section and 4 for chilled. We are starting our operations from Vizag with activities like warehousing, handling of domestic containers, empties, MNR activities and cold logistics solutions.

We have a rail head with connection to Visakhapatnam Port. We can move containers to and fro port seamlessly which is unique and no other CFS has this facility. As VPT is well serviced by rail, our MMLH which has a connectivity with VPT can address the long felt need of the importers and exporters in the hinterland for stuffing, destuffing etc. We would like to use this as our USP to garner volumes from hinterland. NHAI in Association with VPT has developed a two lane highway (the "Port Connectivity Road") connecting the Port with NH-5. This port connectivity road is the access road to our MMLH site.

**Q Tell us about the temperature controlled warehousing offered in Hyderabad and NCR Delhi region? Which is the hinterland served by these warehouses? What are the specialized services offered by them?**

Our temperature controlled warehouses in Hyderabad and NCR (Rai) are built as state of the art facilities which consist of multiple temperature zones. These warehouses have High Strength Racking operated by fully automatic reach trucks for quick placement and retrieval. These warehouses are meant for storage of all types of perishable products. The temperature zones varies from plus 10 deg centigrade to minus 25 deg centigrade. These warehouses are being used by the food processing industries in and around Hyderabad and Sonepat.

Cold Chain at Hyderabad is sought after by those in processed foods industry, pharma, seeds, dairy products etc. The products are sourced from Karnataka, Telangana and Andhra Pradesh. The dairy products are sourced from Chennai, Tirupati, Nagpur etc. The Hyderabad facility is also used for storage of pomegranate and red chillies.

The cold chain at Rai is used for storage of fruits and vegetables which are locally produced such as the green peas. The NCR facility is also used for storage of apples from northern states of Himachal Pradesh and Jammu & Kashmir, diary and processed food products from which are produced locally in the NCR region such as ice cream toppings etc.

The important services being offered at these facilities are: storage in different temperature zones, inventory management with the advanced warehouse management system, Customer order processing, indenting, order booking and category management, bulk breaking, sorting, grading and packing facilities, plug in facilities and remote temperature monitoring

**Q What are your plans for expanding temperature controlled warehousing in Tier II and Tier III cities?**

Our third facility in Patalganga near Taloja in Maharashtra is ready for operation. We are also putting up a facility in Bhubaneswar on a 1.5 acre land allotted by Odisha Government. As we said earlier, in Visakhapatnam we already have a 15 chamber facility. We may decide to further venture into this business vertical after these 5 facilities attain a decent capacity utilization level.

**Q What challenges do you face at the ports and during in-land movement while bringing project cargo?**

Balmer Lawrie faces many challenges at the ports and during inland movements while handling project cargo. Some of the major challenges faced can be stated as follows:

- Draught of Indian Ports is a major issue for handling SODCs and other equipment. Some ports are not equipped for a quick turnaround and handling of the project vessel.
- Non-availability of shore cranes on the jetties, insufficient storage space etc., cause delay in the stevedoring activity of cargo and consequently lowers the efficiency and productivity of vessels.
- Some ports are not designed to cater to large or ultra large vessels, which have to be anchored at a distance and cargo is loaded or discharged through smaller vessels.
- Insufficient staff strength / pilots for night navigation at ports increases the turnaround time of the vessel.
- Manpower and labour issues are seen in some of the older ports.
- The process for obtaining permission for in land movement of project cargo like MoRTH permission, RTA permission, PWD permissions and Railway shut downs are very time consuming and thus, delays the movements even though they are now applied online.
- Many old bridges, culverts with no proper maintenance, makes the ODC/OWC transportation difficult. Eventually, an alternate bypass has to be constructed or the bridge reinforced, leading to increase in logistics cost.

**Q How is the cargo chartering market in India? How has your air cargo chartering business grown over the years?**

Highly sensitive cargo, telecommunication instruments, high value fashion designers branded cargo move by air charters. Critical heavy weight equipment which needs a time bound movement due to a plant shut down, machineries weighing 40 to 100 tons for a single piece are moved by air charter based on the urgency. Lots of aircraft / vessel engines are also airlifted by charter flights.

**Q While the Customs Department has gone digital, as a Customs House agent do you still see any gaps that need to be addressed?**

Despite on time submission, there is no proof with customs broker to establish that docket was submitted within 48 hrs, unless ICEGATE gives negative acknowledgements, since ICEGATE doesn't provide "incoming login" details to trade. The clock for 48 hrs ticks from the time of arrival of aircraft which for international flights is typically around midnight. It is expected that customs broker will have to support the trade 24x7. Examination/assessment of goods after office hours or on a holiday is still a major challenge.

Even today the trade experiences difficulties and time loss in uploading documents in the system which delays filing in ICEGATE. If the system is slow, there is a cascading effect in the form of delay in filing documents in time, leading to incurrence of demurrage which the clients refuse to pay. mg

# INDUSTRY PUNDITS GAZE AT THE CRYSTAL BALL

Industry leaders point at some of the key trends to watch for in the New Year

2018 has seen a lot of developments in the shipping industry including the improvement in cargo handling capacity at major ports, reduction in the average turnaround time of ships, implementation of Cabotage and DPD that brought a paradigm shift in movement of cargo and technology wave that gripped the industry. At the international level tariff wars among the super powers have forced the international community to redraw their exim strategies. Going forward, 2019 is expected to be more interesting as the industry pundits point at some of the key trends to watch for in the New Year:

**Technology**

Block Chain technology is expected to replace the previously-used system of bills and transactional documents. The decentralized nature of technology makes it more efficient and completely transparent. The industry will see more mainstream adoption of online platforms, increased visibility, and seamless shipping solutions with various technological backgrounds. Shipowners, operators and managers will increasingly adopt IoT, new safety communications, cyber security and crew welfare services.

**Consolidation and restructuring**

Consolidation and formation of alliances will continue resulting in enhanced efficiency and improved services. Today, more than 80% of the total global shipping capacity is accounted by major liner alliances. And, more than 90% liner market share is in Asia, Europe, and North America. Alliance restructuring, and larger vessel deployment is also redefining the relationship between ports and container shipping lines. Competition authorities and maritime transport regulators should also analyze the impact of market concentration and alliance deployment on the relationship between ports and carriers. Competition among ports will become more intense due to larger size of businesses afforded by larger number of fleets with shipping alliances.

**Value added services**

In order to keep up with increased demand for better service, some ocean carriers have started offering premium services, such as guaranteed loadings, faster unloadings, and guaranteed transit times.

**Shipbuilding**

Materials like polycarbons, fibres and other carbon fibre composites will replace use of metals in shipbuilding. As the environmental regulations of the IMO draw nearer shipbuilders are taking innovative approaches to reduce the carbon footprint of ships. Commercial use of smart or autonomous ships will maximise profits for the shipping industry. Focus will be on energy management in ships by reducing fuel consumption and enhancing ship efficiency.

**Changing market dynamics**

The trade war between the US and China will lead many shippers to make major changes in their supply chains. As China moves away from being world's factory of goods to become a consumerist economy, production of labour intensive goods will shift from China to South East Asian countries such as Vietnam, Indonesia and Thailand. The international shipping hub is going to shift eastward with the increased trading and rising economic strength of the Asia Pacific region.

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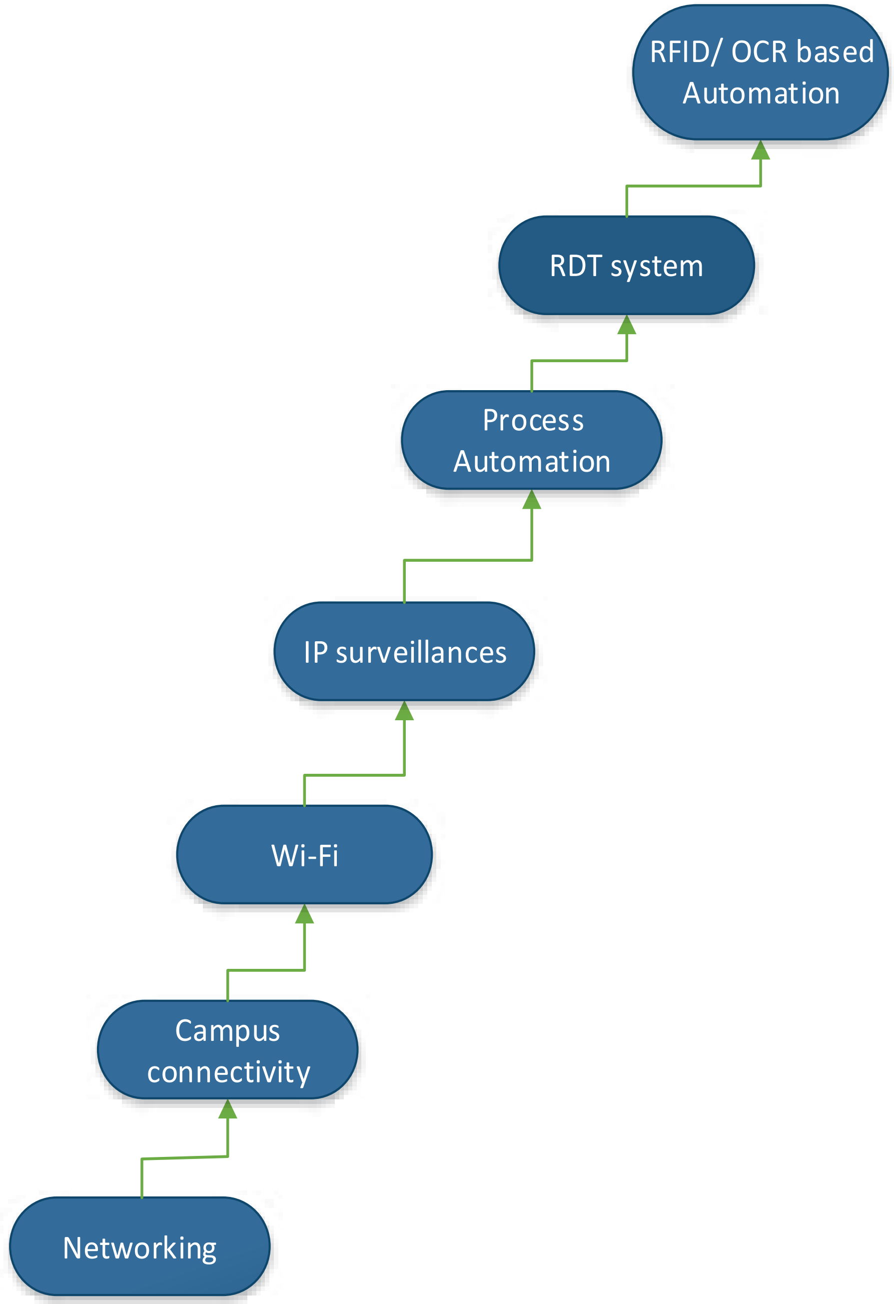


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**S BALAJI ARUNKUMAR**
DY CHAIRMAN, KOLKATA PORT TRUST

### Business in 2018

In the calendar year 2018, Kolkata Dock System alone handled 6.56 lakh teus. This is up from 6.35 lakh teus handled in 2017, recording an overall growth of about 3.3 per cent. In 2018, the import load containers handled increased to 3.14 lakh teus up from 3.08 lakh in 2017. At the same time the export load containers handled increased to 2.44 lakh teus up from 2.3 lakh teus in 2017.

In 2018, the focus of Kolkata Port was on digitization, ease of doing business initiatives and extensive capacity addition. KDS introduced various ease of doing business initiatives under its process improvement scheme wherein the congestion at the gates were completely eliminated by introducing entry and exit of vehicles using Truck Chit. Truck Chit is the replacement to the earlier system of entry/exit gate passes that was made at the gates by port personnel on arrival of the truck at the gates. Presently the Truck Chit is made through online portal by the clearing agent and seamless entry to port is ensured. Also, the overall process was simplified to a great extent along with elimination of redundant documentation, so that the exim process inside takes minimum time. This also resulted in reducing the unnecessary waiting of trucks inside port premises. Greater sharing of information with all stakeholders and far greater customer outreach was focused in 2018. DMICDC Logistics data bank services to track containers was also started in the port.

Port invested heavily on upgradation and expansion of container yard, with 30000 sq.meters of additional yards being renovated and developed. This resulted in substantial reduction in congestion that was felt inside port due to shortage of space. Port awarded works to make the existing rail line capable of taking full rake. And an additional rail line was opened up for container loading. This enables KDS to handle upto 4 rakes per day by the start of next FY. An additional berth is being developed for deployment of mobile harbour carne. So, by end of this FY, KDS will have 4 mechanised container berths with 2 berths operated using ship cranes.

The approaching roads were developed to facilitate easy access to port. Two huge parking lots with capacity to hold upto 400 Trucks were opened up by the port to free up congestion on the city roads.

Major challenges faced by KoPT being a city port was the tighter traffic restrictions, especially in the event of bridge collapse in Kolkata that diverted the public traffic through port road. However, due to continuous efforts the normalcy has been restored. Being a riverine port draft is always a constrain at KDS. With maintenance dredging the draft was sustained throughout the year at same levels as last year.

> In 2019, the growth shall be technology driven and KoPT is in the race with implementation of big initiatives like RFID access control and enterprise resource planning covering the entire port ecosystem.

The period from January to August witness robust growth in traffic. From September to December the growth stagnated. Presently, we have robust export growth of over 8 per cent and stagnation in import due to impact of currency devaluing.

DPD in all the ports increased to record high in 2018. At Kolkata the DPD volume neared 45 per cent of imports. Another highlight was the emphasis on coastal shipping and cabotage relaxation which enabled foreign vessels to used Indian transhipment ports resulting in increased number of port calls due to reduction in voyage times.

### Expectations in 2019

The Shipping industry especially in the eastern coast is on the cusp of a revolution with competition driving the potential and growth. The opportunity for eastern ports in connecting to Nepal, Bhutan, Bangladesh and other SAARC countries is unparalleled. All ports across the country are investing heavily in capacity augmentation. New business solutions for container logistics and revitalising the data transfer across various stakeholders is coming up with even the PCS reinventing itself. In 2019, the growth shall be technology driven and KoPT is in the race with implementation of big initiatives like RFID access control and enterprise resource planning covering the entire port ecosystem. The higher bunkering and lower than expected ocean freight still remains a concern for vessel operators.

KoPT is on a "mission million" where we aim to break into the select few ports in India to handle 1 million teus and we are confident that in this upcoming FY Mission Million will be a reality.

The emphasis on coastal shipping and simplification of general shipping regulatory framework is expected to be continued this year too. The integration of all allied services on one platform which began with commencement of SWIFT (Single Window Interface for Trade) is expected to strengthen further with PCS 1x. By 2019 end, almost all ports will be ERP enabled and shall be in a better position to rationalise its resources. Multimodal logistics and transport by inland waterways will surely be on spotlight in 2019 too.

**ANIL YENDLURI**
DIRECTOR & CEO, KRISHNAPATNAM PORT COMPANY LTD

### Business in 2018

In spite of the challenging times, Krishnapatnam Port has done well and there has been good increase in volumes. We have already surpassed the last year figures (bulk volumes) with close to a quarter left. NCT has been constantly handling over 40k teus every month. Krishnapatnam port is among the top 6 to 7 ports in India with several breakthrough initiatives that were taken at the port. FY18 - Installing automated fertilizer handling system, deepening of container terminal draft, launch of transhipment operations – all of them gave us immense satisfaction not only in terms of serving the customer better but in contributing to the national economy through saving of logistics costs.

Achievements: Infrastructure expansion, setting up of liquid terminal, in an industry first initiative, NCT announced the installation of 'Rapiscan Eagle P 60 (Eagle P60)' a drive through x-ray container scanner and radiation portal monitors. Besides increasing security and safety of the port, the container scanner will radically enhance the terminal's overall performance whilst reducing the service time.

Challenges: Natural Calamities had some impact on our vessel operations, however because of the relentless effort from our dredging team, the port is back in action and able to handle the bigger vessels too.

### Trends that shaped the industry

During FY18, cargo traffic at major ports in the country was reported at 679.36 million tonnes (MT). In FY19 (up to November 2018) traffic increased by 4.83 per cent year-on-year to reach 461.22 million tonnes. Cargo traffic at non-major ports was estimated at 491.95 million tonnes in FY18 and grew at 9.2 per cent CAGR between FY07-18. Krishnapatnam Port had handled 45 MMT so far in this financial year and lot of new infrastructure developments have taken place and the port has aggressive plans for future expansion. The government has allowed FDI of up to 100 per cent under the automatic route for port and harbour construction and maintenance projects. It has also facilitated a 10-year tax holiday to enterprises that develop, maintain and operate ports, inland waterways and inland ports. The Indian government plans to develop 10 coastal economic regions as part of plans to revive the country's Sagarmala (string of ports) project.

Increasing investments and cargo traffic point towards a healthy outlook for the Indian ports sector. Providers of services such as operation and maintenance (O&M), pilotage and harbouring and marine assets such as barges and dredgers are benefiting from these investments.

> It is suggested that a single window authority, in the Ministry of Shipping may be created and all the necessary permissions from different Ministries, may be granted within a time frame, so that the prospective port developers will be encouraged to invest in port sector.

### On the regulatory front

Establishing single window authority for speedy approvals for sea ports. To encourage more private investments in development / operation of Customs ports, it is suggested that a single window authority, in the Ministry of Shipping, Govt of India may be created and all the necessary permissions from different Ministries may be granted within a time frame, so that the prospective port developers will be encouraged to invest in port sector.

Export promotion and import substitution are the pillars of Indian trade policy for last two decades. The formulation of export / import policy (i.e. EXIM Policy), which is renamed as Foreign Trade Policy (FTP) is the prerogative of the Ministry of Commerce in the Central Government. Therefore, there is a very little role for any state government. In this connection, following suggestions are made for the promotion of exports from the sea ports of Andhra coast:

- Single window clearances not only for the ports and airports but also for the industrial clusters / hubs.
- State government should create a single nodal agency for overseeing all export related issues let it be policy framing, implementation, coordination with various stake holders such as exporters, ports, airports, Customs, plant quarantine, spice board, FSSAI, drug controller, banks, central Commerce Ministry, Finance Ministry.
- Ease of doing business in international trade has improved but further improvements are required. The frequent change in policy and imposition of new duties such as imposition of Safegaurd duty on solar panels and increase in tariff rates on steel items, edible oils and changes in conditions such as compliance with BIS should be avoidable. Stability, continuity and consistency in policy and tariff is the most important requirement for growth in exports, which in turn helps in industrialisation, more foreign exchange earnings and employment generation.
- Government of India is expected to support the newly formed state of Andhra Pradesh which may likely attract multi fold industrial growth.
- Extension of tax incentives for the new state of Andhra Pradesh. mg

**SACHIN BHANUSHALI**
CEO, GATEWAY RAIL

### Business in 2018

As you are aware Gateway Rail is a leading private container train operator, we have increased our capacity from 21 trains to 27 trains. Over a period of time we have been able to maintain our Y-o-Y growth of almost about 8 per cent. The market size is not increasing much. It is increasing by not more than 3-4 per cent. Our market share is increasing consistently. We have terminals in Gurgaon, Faridabad and Ludhiana. We have set up one more terminal at Viramgam near Ahmedabad, so we are increasing our footprint. During 2018 there were three major challenges that we faced: apart from the overall imbalance in import and export increasing, wherein imports have grown more than exports and our unit cost of operation had gone up. In addition, the rail transport on the double stack route between Mundra Port and Gadiasar plus Pipavav Port and Gadiasar has faced turbulent times on account of maintenance work which is being done by Indian Railways, doubling of single line sections by Indian railways and due to issues relating to locomotive and crew availability. So the overall turnaround time has gone up by 20 per cent, so part of our additional capacity has been eaten up by increase in turnaround time. In addition, the increase in transit time has resulted in some of the customers shifting back to road and we are trying to win them back.

So I would say it was a mixed year, it had its challenges in terms of infrastructural issues with respect to Indian Railways and the overall market size, but it has been a satisfactory year.

### When you look at the shipping and logistics industry what do you think 2018 was like?

Port volumes have grown quite well. But looking at the resto and empty containers handled at the port, the growth has been maintained roughly around 4 per cent, but the split of that volume between ICD and CFS has been more in favour of CFS than ICD. The shipping industry in India has faced quite a few challenges because of the international events in organisational restructuring. So lot of mergers, acquisitions and consolidation has taken place in order to reduce the fixed cost of the shipping lines. Alignment of regional shipping lines into a single unit or consortium has resulted into the frequency of services going down but the quality of service over a period of time has improved. On account of excess over capacity which was there in the shipping lines, the profit margins have been very low and they have been depending to some extent on intermodal revenue to make good the losses that they have been making in ocean transport. I think

> We need an intermodal switch between ocean-rail-road and this integration is not yet complete. There is a lot of leakage between these various modes which results into imperfections. Over a period of time integration will help in building a much tighter network of service providers, reducing cost to the customer and wastages.

this situation has reversed because part of the demand and supply has now reduced due to the consolidation that has taken place. On the logistics side, DFC is going to be an important component that will come in, but it is not likely to be available for transportation over longest distances such as Nhavasheva and NCR before 2021. So even if we say it comes by 2020 – which is the scheduled date of completion, until that we will have infrastructure challenges. We need an intermodal switch between ocean-rail-road and this integration is not yet complete. There is a lot of leakage between these various modes which results into imperfections. Over a period of time I think integration will help us in building a much tighter network of service providers, it will reduce the cost to the customer, wastages, overall transit time and unit cost of service to people – the price at which the service is provided to them will be comparable to that of international level.

### As a company what are you looking at in 2019?

We need to be a bit careful in 2019 in terms of additional investment to be done in this sector. Gateway Distriparks Group is committed to increasing its footprint by adding satellite terminals which can add into our hubs. We want to emphasize on increasing our volume share at Faridabad terminal as well as Viramgam terminal, so our market share should increase on account of this. we have always believed in quality of service so we have not spread ourselves thin at the existing locations. We have ensured that quality of service is maintained. There are many big business houses in auto spare parts, stainless steel exports which depend on our solutions. So we want to continue our focus on solutions and ensure quality of service in 2019. We will also be planning a couple of new terminals which will take atleast 1-2 years to become operational.

### On the regulatory side

One of the areas where we are looking for change on the regulatory front is the Logistics Department which is being set up under the Ministry of Commerce. As of now we are expecting GST will result in overall improvement on road transportation side, but that hasn't come up in a big way as there are still restrictions on entry and exit from the city limits. The way single driver model is operated by truckers still results in trucks spending large amount of time holding the cargo rather than moving the cargo. The regulatory framework will have to bring in hours of employment regulation in the unorganised sector of road transportation. The regulatory framework will have to bring in a community of logistics service providers wherein free exchange of data will be available.

A large amount of IT investment by logistics service provider will help in integrating these services with the requirement of the ultimate shipper. So, the visibility of cargo, doing transactions quickly and shedding the physical documentation will improve logistics.

**What is the digitalisation scenario in rail operations?**

At present the terminal management system provided by Indian railways provides an electronic platform for payment, but track and trace and transit assurance are the 2 things which are not being provided by the Indian Railways. As part of digitalisation track and trace and some kind of transit assurance for cargo going from port to the ICD and vice versa will have to come in.

**We have seen enough teething challenges in initial days of acquiring license for rail operations, do you see things improve?**

Over the past 12 years things have stabilised to some extent, but from the economics of transportation perspective the rail operators are still struggling. The issues relating to Indian Railways own infrastructure not having adequate capacity for timely transportation still continues to be a major area of concern. While deregulation has definitely improved the quality of service, reliability of service is still a far goal. Both the operators and Indian Railways have to work together on this only then we will be able to provide a reliable service at an acceptable price.

**Has the mind set of PSUs changed?**

Indian Railways have changed over a period of time. One of the concessions given by Indian railways is that they have reduced the price of empty containers and empty flat wagons by giving a 25 per cent discount on that. Similarly in areas where pricing flexibility can be restored to the rail operator is something that Indian Railways can look at. mg

## SUBHENDU DAS
MANAGING DIRECTOR, HELLMANN WORLDWIDE LOGISTICS INDIA PRIVATE LIMITED

**How was business in 2018?**

On a professional front the organisation has done a good job. We have achieved budget beyond our expectations and this has brought the organisation to the next level. We have been able to post growth above the market we have attained the cost leadership which has brought the bottom line to a very respectable position. A very strong cost leadership was laid in 2018 which has given us a very strong bottom line and we have been able to do 140 per cent of our budget. To achieve this we have looked very closely into productivity because 45-48 per cent of our cost on manpower. So improving productivity is very important for us. We have been very top heavy and that was not only creating slower decisions but also impacted heavily on our P&L with not that much of value coming on the table. Now the organisation structure has been made lean and the processes have been consolidated. Earlier the organisation was very decentralised and we have developed business models on a very centralised basis, thereby improving productivity and elasticity in terms of demand and supply. The priority was very strong on the cost model and we have been able to build up a good team that is fully convinced with the vision I have for the organisation.

> "Contract logistics will play a very major role in 2019. The second activity we are focusing is on marine solutions.Ships-based solutions have a very strong potential in India. we handpicked key players who had the skillset in this sector in the last quarter of 2018 and we can already see results coming up."

**In which of the verticals do you operate and which of them have largely contributed to the growth?**

Major vertical is healthcare and it has played a very important role in 2018. We not only got good business but we could also enhance with our current customers, improving partnership in other markets as well. The second vertical is automotives and we are the only logistics company offering automotive logistics services for Tesla India. About 20 40 feet containers are moved a month for Tesla. We are also strong in fashion.

**Your expectations in 2019**

We are looking at three different products and contract logistics will play a very major role in 2019. We have put up a strong management for contract logistics. Even though we are new to this business but we have invested into it. The second activity we are focusing is on marine solutions. Ships-based solutions is our new product in India. It has a very strong potential in India and we have handpicked key players who had the skillset. This was done in the last quarter of 2018 and we can already see results coming up. The third one is our industrial projects, so contract logistics, marine solutions and industrial projects will be our three growth drivers in 2019.

**What are the business challenges?**

There are various challenges in the market but I have taken them as an opportunity. These are universal challenges for all logistics players, so you can't sit down and talk about it, but you need to find solutions and opportunities for customer and put value on the table. Challenges are there in terms of capacity and in specific lanes we look into it. In 2019 we expect fuel surcharge to be stabilised but again it all depends on the geopolitical situation and the industry pundits are forecasting that the bunkers and fuel surcharge would be stabilised in 2019, giving a lot of relieve to the overall freight. We still have challenges with GST in terms of compliance and pure understanding as there is still a lot of ambiguity.

### What is your USP?

The organisation has hired me to build up a differentiator as we are a late entrant, just 12 years into the market place, but we are already touching 600 crores in India operations.

We create solutions for customers rather than working on pricing. For us pricing is secondary. Once you give a solution which brings value to an organisation then we discuss about pricing. Whenever we have the comfort level of giving the right solution to the customer we have always had a win-win solution. For me it is solution, value proposition and how compliant as an organisation you are? What type of certifications you have to bring discipline in your processes and a very dedicated and motivated team.

### On the regulatory front

The good part of it is that today transportation and warehousing is given an industry status. Now we see some communication happening from the user and the government side. Certain discussion in terms of building processes in order to come up to the international level, I think there is a very clear document placed before the government in terms of logistics performance Index in India. Once we have LPI based on very clear parameters and well regulated, I think that would be the first step where you not only bring discipline in the whole ecosystem, but also make it compliant.

> In India, around 60 per cent of the cargo movement happens via the road network. Unfortunately, we have failed to build a good infrastructure for our drivers. Industry faces a huge issue of driver shortage and lack of trained drivers.

## PRAMOD KUMAR SRIVASTAVA
CMD, PDP GROUP

### Business in 2018

Our business in 2018 has grown at a steady pace. We have felt that customers are now more aware of end-to-end logistics solutions and are interested to work with companies that provide single window logistic services.

One of our major achievements is having developed a Plot within 2 KM of Kolkata Port. The plot named 'Shrinkhala' covers an area of 100,000 Square Feet and will play an important role in handling DPD and DPE Shipments. There are future plans of having reefer container storage, empty plot handling, driver training centre and other facilities.

Trade is facing difficulties in working on 24/7 basis due to Kolkata Port being situated within the city limits. Effective management is required for overcoming the traffic issues and there has to be a system of identifying and prioritising movement of trailers carrying EXIM cargo.

### Trends that shaped the industry in 2018

The GST regime has been extremely beneficial to the logistics trade. Transit times have reduced and adoption of E- way bill has made the industry more systematic. The move of adopting ECTS Seals for exports from any ICD to third countries has been greatly welcomed. Overall, infrastructure to support international trade is being built at a vigorous pace.

The central government has boosted the road transport network by increasing the official maximum load carrying capacity of heavy vehicles, including trucks, by 20-25 per cent. This is a welcome move and will help in formalising the transportation sector. Stakeholders must look at 'Digitalisation' as an investment and not as a cost.

### Expectations in 2019

In India, around 60 per cent of the cargo moves by road, but we have failed to build a good infrastructure for our drivers. Industry faces a huge issue of driver shortage and lack of trained drivers. Logistics industry must work together to bring driving profession into an organised structure. We expect the Kolkata Port to come up with a formal Land Policy. A one- time scheme for regularisation of port land for bona fide occupants is long awaited and would be welcomed by the trade. The Government's emphasis on digitalisation is welcomed by us. However, we expect Customs regulations to also be updated at a faster rate to keep up with digitalisation.

### On the regulatory front

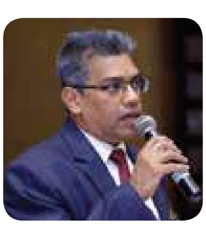
With the Government's focus on formalising the logistics structure, we can expect continued focus on digitalisation. The Government is working on an integrated road network with neighbouring countries through the BBIN Motor Vehicles Agreement. It is understood that India, Bangladesh and Nepal have already agreed on the operating procedures. Bhutan is also expected to join on board. We can expect further development on this network in 2019.

# Domesticating containers

## Domestication of containers is steadily gaining popularity for lowering logistic costs and making available empty containers when required

by Vijay Kurup

Domestication of ISO containers is a relatively recent development, in the container business in India. Only domesticated containers are legally allowed for domestic use in India in the Domestic Tariff Area (DTA). What does it mean? "Conversion of the non-duty paid into duty-paid containers, is called domestication of containers," explains **A M Srikanth, General Manager. VS&B Containers Group**.



As per Indian Customs Act, Sec 12, all goods which enter the Indian territorial waters are liable to be taxed. In the case of marine freight containers, the steamer agent who brings in the container, executes a bond with the Customs, undertaking to re-export the empty containers within six months from the date of landing in India. However, in cases where the steamer agent or a buyer is in need of the containers for domestic purposes, they need to obtain permission from the Customs and pay the Customs duty assessed on the containers. The containers can then be used for domestic purposes.

The domestic containers, on the other hand, are not bound by any Customs restrictions and can be used all the year round. Generally containers are used in domestic transportation, as a warehousing unit, temporary shelter, site offices etc. Container train operators are the main users of domesticated containers. Containers are taken from leasing companies for a long period of time and then used for domestic transportation of cargo. Manufacturing units, construction sites and clearing forward agents are a few customers who use domestic containers.

Another aspect of domesticated containers, which has gained currency, is the use of the units as temporary warehouses. Some manufacturers store their products in containers immediately after production and it is subsequently moved to the final destination, on the basis of orders received. This would avoid the need for warehousing the products. Land becoming very expensive, the usage of containers for storage purposes, will release the land currently locked as warehouses. Further, by using domestic containers, multiple handling of commodities can be avoided.

Terminal operators lease containers to allow importers to store their goods in them. The importers destuff the consignment from the shipping line containers and it is stuffed into the leased containers. This saves the consignees paying enormous sums of detention charges to the shipping lines, if the clearance or the delivery of the cargo is held up for any reason.

Srikanth said that the cost benefit is in proportion with customer requirements. For one month of container detention charges that an importer has to pay to the shipping line is about $1300 for a 40' container as against just ₹12,000 for a domesticated container for the same period. At the same time the shipping line containers are freed for use in the export cycle.

Some consignees who import high tech consignments use domestic containers to maintain secrecy against their competitors. For the lessor too, giving containers for warehouses purposes is more lucrative than using them for intermodal movement.

"Another area where the domestic containers are extensively used is in coastal shipping. The cost benefit is pretty substantial," said Srikanth.

A related development has been the 'Cabotage' of ISO Containers initiated by CONCOR. Though it may not be strictly described as domestication of containers, shipping lines on regular basis, move empty containers to locations in other parts of India, where there is a deficit of empty containers to be used for export cycle, incurring needless railway freight for movement.

CONCOR offers this facility of "Cabotage" to shipping lines who wish to move empty containers to these empty container deficit locations. A "Cabotaged" container is loaned by the shipping company to CONCOR, for a brief period, who load the containers with domestic cargo on a one way trip. The containers are destuffed at the destination and returned back to the shipping line. mg

# Grooming the best workforce

For the past 50 years NMIS has been churning out bright and productive candidates to serve the shipping and logistics industry. On this milestone of Golden Jubilee Celebration **Capt. M M Saggi, Director, NMIS,** details on the initiatives the institute is taking to groom the best workforce for the industry

**Q How do you make sure to accommodate maximum number of aspiring candidates across the country who are interested in joining your courses?**

Many of you may know we have over 135 DG approved institutions across the country. They have done a phenomenal job in creating employment for our seafarers. However, all of them are focused on safety, security and environment protection and eventually they get the certificate of competency. Coming to the economic functions, a ship or logistics chain cannot function if it is not run economically. This is where we step in by training all aspirants who wish to pursue a career in this field. We offer primarily a two-year part time course which covers virtually all aspects of commercial shipping – charting, multimodal logistics, risk management, marine insurance and associated maritime laws.

A training institute is only as good as the faculty which imparts the training. We are very privileged to have all our trainers who are hands-on professionals, so what they bring in their classroom is what's happening in the real world. Many of our students are working professionals who suit their convenience, learn while they earn and to suit them we conduct our classes on weekends. This also helps our faculty members to make themselves available to the class. Our classroom access is mainly limited to Mumbai, but to reach out to students outside Mumbai we developed probationary centers across the country, but we had partial success as we couldn't get sufficient numbers and perfect teachers. So we had to find some other solutions. What we are doing now is we have brought a

CISCO camera connected to a server in Singapore. When the classes are going on in Nariman Point they are broadcast live across the country. This helps the students to join the classes virtually.

**Q How is NMIS contributing to capacity building in the industry?**

Almost 90 per cent of our students enrol for the course on the recommendation of our past students. In this work we are supported by industry professionals, DG Shipping, National Shipping Board and Industry Associations. All of them are very senior professionals whose sole objective is capacity building for the country. Every year over 600 students enrol with us and we keep our fee very affordable. To support the students from the underprivileged class our industry has always been benevolent. The fee of about 110 students is supported by the industry. Our Governing Counsellor has decided to support 50 more students by subsidising 50 per cent of their fee. So in total, one of every four students is paying only half the fee. Anybody who meets the admission criteria can join the course. But the qualification criteria for the candidates who join the course and appear for the exams is very strict. We have three exams every four months and the candidates have to prove their mettle before they hold the NMIS certificate.

**Q How do you help the students to self-assess and improve?**

We did not have a mechanism for students to self-assess and self-improve, but to overcome this short coming what we are going to introduce from this year is the "Learning Management System." Every student will have on his screen a button for text, PowerPoint, animation, video and quiz. At the click of a button students can have access to all that is being taught in the classroom. Students after browsing through all the study material can take the quiz and judge their performance. The quiz will also inform the student about the right answer, in case his answer is wrong. After the quiz if a student has doubts, then there is a chat button through which the students can discuss with the teacher who has designed the quiz. This year we are introducing a new subject called "Logistics Management." Accordingly, the certificate that will be issued by the institute will be termed as "Post Graduate Diploma in Shipping Management and Logistics." mg

# Learning anytime and anywhere

**Capt. K N Deboo,** Director and Principal, Anglo-Eastern Maritime Training Centre; **Rizwan Soomar**, CEO and MD, Indian subcontinent, DP World, **Vivek Kele**, Director, Team Global Logistics; **Dr Malini Shankar,** IAS, Director General of Shipping; **Sanjay Tiwari,** CEO, 21CC

Classroom learning doesn't appeal any more to the millennium generation that wants to take its lessons on the go to get to the next level. On the Golden Jubilee celebrations of NMIS, a panel comprising of Guru's from the maritime fraternity deciphered how learning for this new generation can be made more focused

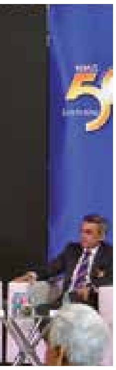
There are three distinct developments which are happening in shipping today. Cargo movement which was earlier port-to-port is now moving to door-to-door. Shipping is no more shipping in its traditional sense, but is becoming more of logistics. This means that skill sets for handling cargo are required not only at the port locations but also at the hinterland locations. The mode of transport is changing from single mode (sea) to multimodal, which brings in different conventions, liabilities, laws and skillsets. Another development happening is on the technology side. World is fast moving and internet has taken over the day-to-day life and the smartphones have changed the lives further. Now we have new generation technology in terms of networking (5G) that will revolutionise the way we communicate and interact with each other. The third development that is happening is people coming into your workforce are the millennian's and they have a very distinct character in terms of the way they want to move, learn and interact. These three major developments will affect drastically in times to come the way we are going to do our business. So as business leaders how do we survive by ensuring availability of skilled and well-trained manpower.

**Vivek Kele, Director, Team Global:** What in your opinion are the changes in learning principles and the styles of the new generation and how to serve the learning needs of this new generation? Has e-learning impacted commercial shipping in past 5 years and what do you predict will happen in the next 5-10 years?

**Sanjay Tewari, CEO, 21CC:** India is witnessing an exploding demand and it is coming from parts of the country such as the north east that we very conveniently ignored for the past 16-17 years. Secondly, we see a huge fragmentation of demand, so what we did in shipping is changing very rapidly. People are consuming exotic fruits such as Avocados and importing specialised products such as insulin coming by air from Denmark. Such is the fragmentation and specialisation of demand. As logistics professionals we have huge role to play in catering to this demand. It is no longer about how do I load a container and how do I pull it out of a vessel, but it is more about inside the container and how do I cater to the qualities that are inside it? People need to be very effective and should be taught how to handle these intricacies. The third thing I call as democratisation of demand. The current generation is ready to learn where and when it is needed to get to the next level. Learning is no more on desktops and laptops, but it is on mobile devices, so it has to be very engaging and compelling. Learning is going to become very focused, targeted and we cannot survive with generic learning. It has to get into the hands of the people who need it, when and where they need it, because people have already identified their next job by the time they come for learning.

**Vivek Kele:** What are the main reasons for people to move to device-based learning?

**Dr Malini Shankar, IAS, Director General of Shipping:** There are two reasons for people to be more inclined towards e-learning: increasingly students of the maritime institutions come from the coastal areas and interior locations, so their exposure is limited and their training has to be complemented by certain other learnings. The second is, as Mr Tewari pointed out, they are very impatient but they need to progress faster in their



Session in progress

career. If a seafarer goes on sea for 3 months comes back and waits for the course to start, then takes a 3 months course and goes back to sea, then his progression is going to be impeded. E-learning enables them to do their course at their convenience. These are the major reasons for promoting e-learning on mobile devices.

Coming to technology, we are all aware of unmanned ships. It is not a question of will it come, but when it comes the seafarer has to be prepared for that. The Directorate has already taken steps to sensitise the maritime training institutions to build up courses and protocols to see how we can carry this forward. If we don't prepare for our future then we might lose out on the new chunk of jobs. From 2010 to 2018, India provides about 10 per cent of the manpower which comes to about 150,000 seafarers who are active. When we talk of unmanned ships then the seafarers will have to move to back offices and this is where we need to create skillsets to handle ships sitting at the shore.

**Vivek Kele:** How do you see technology as the driving force and the critical changes that we must make to face the future effectively in logistics organisations and logistics infrastructure organisations?

**Rizwan Soomar, CEO and MD, Indian subcontinent, DP World:** Skilled manpower is definitely required to meet the expectations of customers and for safety as well, as this is a very asset heavy business and there are chances of things going wrong and safety being compromised. So there needs to be a balance between these two as well. So to get the work done we need individuals with customised skillsets. We need to understand the gaps and compare the skillsets of individuals with the requirements on the job. Specific learnings are to be imparted to individuals for specific situations which has to be focused and timely and time is of the essence here. The second thing is to constantly evolve as an organisation learning is critical. Customers are evolving every day and so are the expectations of stakeholders. Today's topic of e-learning is very essential to constantly update skillsets on the go.

**Vivek Kele:** What are the specific steps taken by your institution for e-learning?

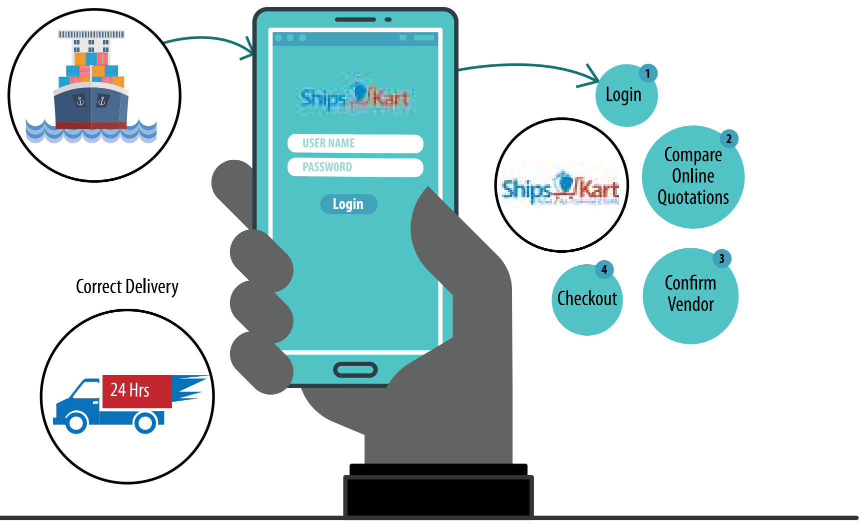
**Capt. K N Deboo, Director and Principal, Anglo-Eastern Maritime Training Centre:** About 18,000 seafarers are produced by Anglo-Eastern Maritime Training Centre out of India. It is a challenge for skilling the seafarers on the new technologies which are changing day-by-day. Even the ships are very specialised with each one having a unique set of equipment, infrastructure, so we felt the need for developing small modules which are relevant at that particular time for spreading it out such that it can reach to all seafarers and hence this aspect of e-learning became very important. As Mr Tewari mentioned about the millennium and we can see it directly in our academy. During the first year our library was stacked with lot of books, but then we realised that the youngsters don't like reading through the book but they prefer a digital medium. And if it is available on a mobile they can access anytime and anywhere, so we scaled down on our library books and developed more of e-learning books. We now have 200 laptops in our library. So e-learning is going to take over in a big way and classroom teaching will slowly lose its importance. Another advantage of e-learning is that when we try to create a module which needs to be updated frequently, a classroom course once made might take more time to be updated, but the modules can be quickly updated on our e-learning portal. Commercial shipping does not require any physical hands-on skill learning as such and it can be easily delivered over the digital medium.

**Vivek Kele:** Is it good enough having reading material available on handheld device? What else needs to be done to retain the interest of the readers?

**Sanjay Tewari , CEO, 21CC:** One of the worst inventions of the 80's and 90's has been a programme called PowerPoint wherein you can make about 100-150 slides and carry it in a laptop, but how can a person on the sea access it on a handheld device. Here the challenge is to engage somebody for 5-7 minutes and during that time impart some meaning full knowledge to him and ensure that the person actually remembers it later on. The millennium generation gets distracted very quickly, so it turns out that they decide in 2/10th of a second whether a website is worth viewing or not. Things like gamification are a good way of keeping people engaged as they proceed from one module to another while they score and it also helps to make people come back.

**Vivek Kele:** Can you share some sound experiences of e-learning with the audience which can be replicated by them?

**Dr Malini Shankar, IAS, Director General of Shipping:** What is the content that goes into the training modules and who influences the content development is an important aspect. Content development for training over smartphones will be completely different than the content developed for classroom mode of training. Because there is no eye contact and there are methods wherein you start the student on a simple level and keep progressing and the student has to understand that he/she is progressing. mg




# "Clicked at Sea - Delivered at Shore"

## The first ever B2B e-market place for maritime purchases – Shipskart offers a one-stop shop for all your maritime needs.

What does a ship's Captain do when they need to replenish their stores right in the middle of the ocean? Rather than waiting to shop upon arrival at the next port of call, a better idea is to logon to Shipskart and place an order and receive the stocks upon arrival at the port. This is what exactly Shipskart does - "Clicked at Sea - Delivered at Shore." ShipsKart is a supply chain e-commerce solution for the maritime and offshore domain.

ShipsKart is an online procurement platform, which brings the vessel, vessel owners/operators and vendors on a single platform. The master/manager of the vessel/installation can create purchase requisitions from a mobile app or Web portal by accessing 50,000 listed products. ShipsKart enables the vessel to generate purchase requisitions and upload them to the office, tracks the approval process and monitors the delivery process. ShipsKart supports the natural flow of the purchase requisition through client's defined processes to approval and selection of one or more vendors from the range of verified vendors registered with it. The chosen vendor(s) processes the purchase order(s) and delivers the same through the vessel's agent on the vessel's arrival at the agreed port of call, and confirms delivery on-line.

**Dhruv Sawhney**
Co-Founder & CEO

"A vision to streamline the way marine stores are ordered, approved and received on board a vessel led to the inception of ShipsKart. Our aim is to provide a completely stress-free and convenient solution for your maritime needs in India and across the globe."

**Disadvantages of the traditional system**

The present procurement process mostly revolves around creating requisitions on Excel Sheets and age old ERP software. The issues associated with the present process are:

- Expensive and complicated ERP software.
- Exchange of multiple e-mails and phone calls for a single order.
- Possibility of favouritism towards a particular vendor.
- No images, very brief descriptions of products leading to wrong deliveries.
- Inefficient and costly
- In ability to track orders online.
- No review of orders by the end user.

**How do the ports/shipping lines benefit?**

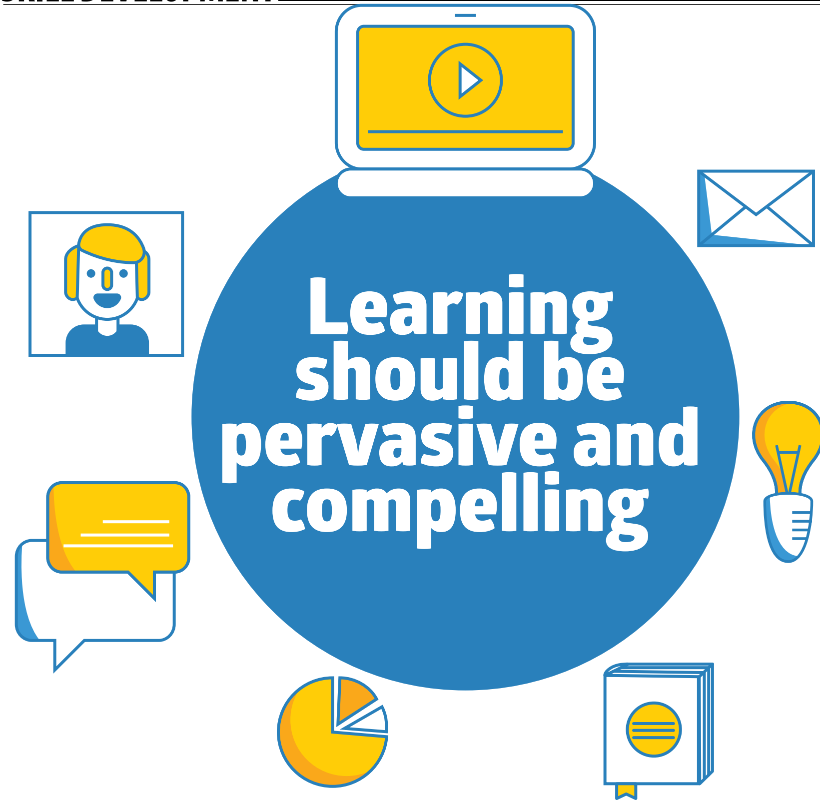
ShipsKart has been developed using fit-for-purpose, adaptive technology. Merits of ShipsKart:

- B2B digitalised e-commerce solution
- Cloud based, on-line platform
- All stakeholders on the same platform
- Access to verified vendors
- 100 % transparent, reviewable system
- Faster than current processes
- Visual, icon-based, lesser possibility of errors or omissions
- Works on low Internet speeds and even works offline
- Report generation modules to analyse procurement patterns

**Scaling the product**

The Shipskart team is in the final stage of raising $50,000 and intends to use the capital for scaling the product by:

1) Having complete in-house tech team
2) Starting with warehouses in the prominent ports where maximum client vessels call.
3) Getting more and more vendors from various ports around the globe on the Platform. ShipsKart endeavours to be the one stop procurement platform.
4) Having Whole sellers and manufacturers on the platform. This will enable in providing clients with most competitive pricing.
5) Completely looking after the logistics - To play the role of an aggregator.



# Learning should be pervasive and compelling

**Mobile technology and gamification are the effective ways of putting content in the hands of people seeking to learn. It makes learning content pervasive, interesting and compelling**

by Sanjay Tiwari
Partner, 21CC Recruitment and Training Pvt Ltd

I have always worked in capital intensive industries. I began working in the steel business, a company that stocked hundreds of thousands of tonnes of steel around the globe, then went on to work for a cargo carrier and then for a container shipping line.

The captains of industry who run such companies are (only) able to justify the tremendous investments in fixed assets by offsetting the cost against future revenues. They estimate what that aircraft or container ship will earn in revenue over a twenty year period and are thus able to justify its expense today. The calculations are made on the basis of a future output value.

What has always amazed me about the same capital industries is that when it comes to people, considerations are made on the basis of input cost. How much is this person costing me today, and how much more is that than what he or she cost me last year? Calculations are seldom made on the basis of the output that a person could generate for the company.

When it comes to calculating the cost - benefit of training people therefore we seldom think in terms of the improved output that someone could generate. In India especially we reach back to the age - old solution: throw more people at the problem.

That solution unfortunately will no longer work, for a number of reasons:

1. Throwing more people at a problem more often than not makes the problem worse, not better
2. Salaries are going up and so doubling your headcount is no longer cost neutral, even relative to the value of goods sold
3. The people who are worth having, those with the right brains, skills and education have multiple choices. They are no longer obliged to accept the first job that comes along
4. As an industry logistics, shipping and transportation is not viewed as being attractive. We have to compete with industries such as finance, fintech, media, IT and people's own startups that are viewed as being significantly more attractive

There is a very real need, now more than ever, to train people who wish to work in our industry, or to put it differently, to train them so that they may wish to work in our industry.

The method of training is undergoing a major shift in terms of approach. We are targeting one of the most impatient if not irrepressible generations ever. This generation now entering the workforce will not wait patiently to be sent for a two day training after five or ten years of good service. They want the skills and knowledge needed to move ahead in their careers now. They are already able to access sources of knowledge across the globe.

Combine that with the fact that they also have every distraction ever known or unknown to mankind being thrown at them on mobile devices and streaming services and you will appreciate why finding the right way to capture and retain their attention is key.

Mobile technology is one of the ways that content can be put in the hands of people seeking the skills needed to work in an industry. Companies such as my own company 21CC Education combine mobile technology and gamification to make learning content so pervasive, interesting and compelling that the learner doesn't necessarily know that they're learning!

As business leaders and managers we need to realize that we are all engaged in a very real race for talent and that it's incumbent upon us to create and widen that pool of talent, even in a country of 1.3 billion people. Our ability to access the right people and bring them up to the right level of knowledge as soon as possible will determine our future share of the rapidly growing Indian economy. Exciting times ahead! MG

*Sanjay tweets on @jitiwariji, blogs on sanjaytiwari.com and can be reached on sanjay.tiwari@21cceducation.com*

# NCR: Jewel in exim crown

The first business session witnessed robust discussions among the panelists which crystallized some of the contentious issues regarding hinterland movement and exports.

L to R: **Ramprasad Ravi**, Editor in Chief and Publisher, Maritime Gateway; **Sanjay Swarup**, Director (International Marketing & Operations), Container Corporation of India Ltd; **Jasjit Sethi,** Chief Executive Officer, Transport Corporation of India-Supply Chain Solutions; **S K Rahman**, IRS, Additional Director General, Directorate General of Goods & Service Tax(DG-GST), Ministry of Finance, Govt of India, **Vinita Venkatesh,** Director, Navayuga Container Terminal Pvt Ltd; **Rudresh Singh**, Managing Associate, Luthra & Luthra Advocates, **Tarun Kalra,** Vice President - North, MSC Agency (India) Private Limited; **Shantanu Bhadkamkar,** President, Association of Multimodal Transport Operators of India

**Ramprasad, Editor-in-Chief and Publisher, Maritime Gateway**, in his introductory statement began the key session by defining the parameters along which the discussions could be followed. He said the total exim volume from the north central region was 1.4 to 1.5 million teus. The growth in trade constituted 40 per cent exports and 60 per cent imports, which has led to imbalance in the hinterland. Though the northern region was the jewel in the crown, there were problems. There were challenges of cargo flows to the nearby ports.

The dominance of cargo movement by road over rail continued unabated. Mundra received 50 per cent of the cargo from the Northern region, Pipavav received 10 per cent and JNPT the balance 40 per cent. Food processing was a major contributor to exports from the northern region, then comes auto and auto ancillaries. Other commodities were mineral, metals and textiles.

The ball was set rolling by **Jasjit Sethi, CEO, Transport corporation of India - Supply chain solutions.** He listed three developments in the NCR region that would bring in change in the logistic sector.

The first was the completion of the ring road around Delhi, called the Kundli, Manesar, Palwal and the Eastern Peripheral Expressway, spanning a length of 270 kms. This stretch was opened for traffic on 19th November. Earlier the ICD in the NCR region had their own catchment area. It was not viable to do trucking to these ICDs from other locations. Though the impact on development of the new Expressway was yet to be felt, Sethi felt that this development would change the complexion of the functioning of the ICDs in the NCR region.

The second significant development has been the raising of axle weight for trucks by the government of India by 12 to 14 per cent. This particular development would further propel the shift to road. The bulk of the movement to the ports was by road.

The third aspect had been the warehousing space around the NCR. When GST was introduced the biggest area to be impacted was the NCR because of the proximity of other states. The warehousing space in the NCR had come down. People had consolidated warehouses. The NCR would now be feeding the states around it. He felt that the warehousing space around the NCR region to be about 60 million sq ft.

More terminals were not required in the NCR region, was the opinion of **Sanjay Swarup, Director (International Marketing and Operations), Concor.** There were already 13 ICD terminals in the NCR.

Swarup said that the west coast terminals were well served by the NCR in comparison to the east coast ports primarily because the distance was much less. Further there was no regular two way traffic between the NCR and the east coast ports. However the east coast ports like Krishnapatnam and Kolkata, Vizag, had shown increase in volumes.

Swarup also announced that in cases where the CTO's had to provide 180 teus to earn a rebate of 3 to 4 per cent, they realised that it was difficult task for them to fulfil the condition. Instead they were working on a slot arrangement which was to be announced soon.

**Tarun Kalra, Vice President North MSC Agency (India) Private Limited** asked whether the sheen on the jewel in the crown was wearing off. He felt that the container traffic from this region was on the wane.

He also felt that there was fragmentation in the industry which could be avoided. Forums such as these should be used to "defragment". Some sort of collaboration was needed to be established to avoid internal conflicts which tended to bring all the participants down.

On the question of erosion of freight movement to road, Swarup said that they were able to stem the flow wherever there was double stack container movement. The commissioning of the DFC, would further stem the hemorrhage.

**S K Rahman, IRS, Additional Director General, Directorate General of Goods & Services Tax (DG-GST)** spoke on how GST was affecting the shipping industry.

The E way bills have been introduced and the check posts have been removed. The major beneficiaries were the transporters who would now be using larger vehicles for carriage of goods. He stressed that the exports were growing and at the same time the refunds were being processed.

Goods can be exported on payment of IGST and refunds could be sought thereafter. If one was not willing to pay IGST, the same could be transacted under bond and accumulated credit could be obtained. The Returns process had been simplified. From 1st April a new process for Return would be introduced.

In the shipping sector major amendments have been introduced. The place of supply was earlier shown as the place from where the goods were being exported. Now the place of supply for the goods being exported is the destination outside India which gives the benefit of not paying IGST.

The E Way bills have been further streamlined. In the case of imported goods to CFS or ICD, E Way bill need not be filed. E Way Bill was also not required for all goods under Customs Bond and handling of empty containers. If the operation was inside the port, the individual state governments, could waive off the requirement of E Way Bill. SOPs have been issued for imposition of penalty of ₹500 for minor errors instead of the earlier procedure of detaining vehicle and the goods.

In cases of transport of goods from one place to another, if the goods were not accepted at the destination, they could be stored at the transporters warehouse which would be registered as the additional place of business for the shipment.

Rapt audience

They have appointed nodal officers at various places. Exclusive nodal officers have been appointed for problems encountered in E Way Bills. He urged the stakeholders to come forward for resolution of any issues.

Rahman gave an important clarification in the case of cross trade movement from a second country to a third country. In the service tax regimes these shipments were exempted, but now 18 per cent GST was being charged. He clarified that the goods moving outside the country did not come under the purview of GST, even if the billing was made to an entity in India.

**Vinita Venkatesh, Director, Navayuga Container Terminal Pvt Ltd,** spoke on the relevance of the east coast port for the northern region. She stated that the combined capacity of east coast ports, was 5.9 million teus, whereas the cargo was only 3 million teus. The east coast was a buyers market. Further there was zero congestion and the ease of business had considerably improved. It did not make sense that imports from China should go right round the peninsular India to the west coast ports and then move to Hyderabad in south.

CONCOR was willing to start a rail service between Hyderabad and Krishnapatnam. Vinita said there would be at least $200 saving per box. CONCOR would benefit too because their trains would have a shorter circuit and better utilisation of equipment.

Despite these obvious advantages why the shipping lines and Custom House Agents still use Nhava Sheva as their port, questioned Vinita?

Likewise in Nagpur too, all the cotton yarns go to the west coast ports and then from there to south-east Asian destinations. There would be considerable time savings if the goods were to go from the east coast ports, she stated. They were working to start a direct service Krishnapatnam to Chittagong which was expected to be announced in February. There would be substantial reduction in costs and time.

She urged the solar panel importers in the north to use the east coast ports for their imports because they were fully cognizant of their needs and could cater to all their requirements. They had formed a company called Ocean to Door particularly to provide all assistance to them.

Finally with the implementation of cabotage waiver, they had a good feeder service to the ports in the east coast. Currently two major shipping lines Maersk and Hyundai were bringing in cargo into Krishnapatnam for transhipment instead of Singapore or Port Klang. They enjoyed twin advantages of lower feeder and transhipment cost. Today Krishnapatnam was the largest transhipment port on the east coast she claimed.

Collaborations, competitions and sharing of assets among the stakeholders inevitably come under the radar of the regulators, like the Competition Commission of India (CCI). **Rudresh Singh Managing Associate Luthra & Luthra Advocates** gave some insights on this vital issue.

Singh noted that there has been quite a few collaborations in the shipping and logistics sector. There had been regulatory notices on terminals and shipping line for which the CCI has taken up investigations and were awaiting final orders. There had been a host of issues among the various stakeholders in the shipping industry. However he clarified that most of these issues have come under scrutiny were merely to examine if there were primarily legacy issues.

L to R: **Anil Radhakrishnan,** Founder, Accex Supply Chain & Warehousing Pvt Limited; **Parimal Das**, DGM - Logistics, TDT Copper Ltd; K Jaibhaskar, Delivery Manager, North India, Maerskline India Pvt Ltd; **Surajit Sarkar,** Chief Operating Officer, DMICDC Logistics Data Services Limited; **Capt Viren M Bawa,** Chief Executive Officer - CFS, CMA CGM Logistics Park Dadri Pvt Ltd; **Sanjay Swarup,** Director (International Marketing & Operations) Container Corporation of India Ltd

# Cargo movement challenges for NCR

Issues related to time and cost efficiency of logistics were discussed taking in context various modes of transport

**Anil Radhakrishnan, Founder, Accex Supply Chain & Warehousing Pvt Ltd** moderated the second session with theme statement 'Cargo Movement Challenges for NCR.' Different speakers voiced their opinions on the challenges.

**Jaibhasker, Delivery Manager, North India, Maerskline India Pvt Ltd,** kicked off by saying that capacity has enabled containerized shipments to reach the destinations within 4 days from the date of landing at the ports of Mundra or Pipavav. However there were also occasions when the transit times were as high as 29 days.

An end user, a businessman, **Parimal Das, DGM Logistics, TDT Copper Ltd** said that cost was not the only factor to be considered. An equally important factor was time. To highlight the importance of time, he said that the cost of his consignment was about ₹3 crores and the daily interest on this consignment was Rs 3000. Further he said, addressing to the operators, it does not help him when they expressed their helplessness when situations went awry. He needed solutions and that was what he expected from them. He was not unduly concerned with the cost of the transportation, but was more perturbed with transit times. Everybody stood to benefit if time could be saved, Das reiterated.

He said that the number of documents required in some countries like China was half of what was required in India. In exports he felt that there was more room for improvement in documentation procedures. The other problem area was the holidays that tended to delay shipments, which was unnecessary. According to Das road improvement had certainly improved. Further the procedure of sealing the container at their factory was a "wonder," which enabled faster movement of cargo from their factory premises.

Dwelling on the challenges of the hinterland movement, **Capt Viren M Bawa, Chief Executive Officer -CFS, CMA CGM Logistics Park Dadri Pvt Ltd,** said that though the rail movement was cheaper, road movement was preferred by the exporters due to the certainty of movement - the certainty of beating the cutoff date for vessels. However he felt that that the gap advantage of road over rail was becoming thinner.

Further he said that the Customs permission of allowing the exporters to self seal the export containers had propelled the shift from rail to road. However he feels that the shift would be short lived because the road transportation is fraught with risks. As a terminal operator they offer security to their shipments and other benefits. He was of the opinion that the one-time permission of self sealing should be withdrawn and be made applicable for only one Customs location. Else, he felt that the procedure would be detrimental to the ICDs and CFSs in the NCR.

Technology has come to the roads making the road movement more efficient and favourable. What would be the impact wondered Radhakrishnan?

He tossed the question to Jaibhaskar and **Surajit Sarkar, Chief Operating Officer, DMICDC Logistics Data Services Limited**, for their views.

Sarkar said that it all came down to time. Time was cost. Jaibhaskar said that the road offered reliability and predictability which the rail could not offer. The transit time to the ports in Gujarat was 2 to 3 days at most. With GPS there was now visibility on the roads. However if the cargo were to transit by rail there was no certainty as to which route it would take from the NCR region - the North Western Railway Route (NWR), or the double stack route or the electric route. "As an end user to my customer I do not know which route it will take," said Jaibhasker. Though the rail was the preferred carrier the factors of flexibility, reliability and predictability gave the roads an edge over rail.

Jaibhaskar said that their global carriers, however preferred rail to road. In order to cater to their requirements they had tied up with CONCOR and other Container Train Operators (CTOs) to have dedicated trains in place. Block trains were used by many of their customers which had brought in reliability in the services.

Capt Bawa had a caveat to offer. The road transportation was good provided the transporters had their own fleet of trucks. It was an unorganised sector, with intermediaries and traders in between which brought uncertainty in road transportation.

Another development that had been happening was the consolidation of services by services providers by incorporating integrated service models. Radhakrishnan asked the panel if they preferred the integrated service or the silos structure?

**S C Chaturvedi,** General Manager, Central Warehousing Corporation

Das emphatically approved of the integrated services of which he was the recipient for his cargo movement. He further went on to say he had imports from Japan again through a single agency. However he stressed that the value added information they shared with their customers was "phenomenal". Likewise, he added that there should be some bench-marking against which we should also perform. Many of the activities did not require high technology and were within our means to adopt. Exports was going to rise substantially. The logistics sector will have immense opportunities to partake.

On this question Jaibhaskar stated that they too were looking at offering end to end services. Earlier in imports their services terminated at ICD Tughlakabad. But now they had extended it to the doors of their customers. The Bills of Lading were issued to sub cargo clusters such as Noida or Meerut.

An interesting question from the audience was how the inventory in the various locations in the NCR was managed when the exim movement was import heavy and export light? What would be the scenario when DFC became functional?

> **THOUGH THE RAIL MOVEMENT WAS CHEAPER, ROAD MOVEMENT WAS PREFERRED BY THE EXPORTERS DUE TO THE CERTAINTY OF MOVEMENT - THE CERTAINTY OF BEATING THE CUT-OFF DATE FOR VESSELS. HOWEVER THE GAP ADVANTAGE OF ROAD OVER RAIL WAS BECOMING THINNER.FURTHER, THE CUSTOMS PERMISSION OF ALLOWING THE EXPORTERS TO SELF SEAL THE EXPORT CONTAINERS HAD PROPELLED THE SHIFT FROM RAIL TO ROAD.**

Jaibhaskar gave an interesting insight on the modus operandi followed by them. He explained in the context of the NCR which was 40' import heavy and exports were predominantly through 20' containers. In the NCR clusters, different locations had different dynamics. In the rainy season there were more requirements for 20' containers in locations such as Sonipat and Karnal. In other location there would be more requirement for 40'.

It was necessary for the shipping lines to have good volume of imports which would obviate the costly necessity of re-positioning empty containers from the ports. Once the equipment was in the basket of NCR, they could then plan to distribute to the various locations in and around the NCR. The imbalance of containers had cost attached to it. Moving containers to a terminal in Gurgaon from Dadri which was 200 kms away had a substantial element of cost.

In a post DFC scenario, cargo may be consolidated in nodes like Dadri in UP or Kathuwas in Rajasthan which was on the DFC route and ipso facto have the efficiency of long haul costing. An exporter sitting in Panipat may then use Dadri to load his container to enjoy the benefit of long haul costing. The efficiency in costing would be in the long haul. The short hauls would start feeding into the long hauls so that end to end costing would reduce. mg

Attentive audience during the session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## Celebrating the best

01 Smart Importer - Electronics **: L G Electronics India Private Limited**
02 Smart Importer - Steel Scrap **: Jindal Stainless Steel**
03 Smart Exporter -Auto parts : **Hero Motors**
04 Smart Exporter - RMG **: Orient Craft Limited**
05 Smart Exporter - Chemicals **: India Glycols Limited**
06 Smart ICD : **ICD TKD (CONCOR)**
Smart ICD : **ICD Dadri (CONCOR)**
Smart Transporter – Rail : **CONCOR**
07 Smart CFS : **Albatross Inland Ports Pvt Ltd**
08 Smart Liner : **Maerskline India Pvt Ltd**
09 Smart CFS : **Central Warehousing Corporation**
10 Smart Transporter - Road : **Majha Transport LLP**
11 Smart Forwarder : **Jeena & Company**
12 Smart Liner : **MSC Mediterranean Shipping Company S.A**
13 Smart Transporter - Rail : **Gateway Rail Freight Limited**
14 Smart ICD - Private : **ICD Gurgaon - Garhi Harsaru Gateway Rail Freight Limited**
15 Winners of 2nd edition of Smart Logistics Awards, New Delhi


**S K Rahman, I**RS, Additional Director General, Directorate General of Goods & Services Tax (DG-GST), felicitating the outstanding performers

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# SMART LOGISTICS SUMMIT & AWARDS

KOLKATA 2019

WHERE SHIPPERS MEET SERVICE PROVIDERS

A maritime gateway event

south asia's premier maritime business magazine

**THURSDAY 21ST FEBRUARY 2019**

**THE LALIT GREAT EASTERN KOLKATA**

## THEME

## CHANGING LANDSCAPE OF EAST COAST LOGISTICS

Kolkata Port Trust has aggressively conditioned itself to work around challenges typical to a riverine port system, while taking advantage of its location. The state is a front runner in not only using inland waterways for moving cargo, but also for transhipment of Bangladesh cargo to global markets. Kolkata has emerged as the biggest trade hub of eastern India.

The eastern region of India urgently needs an infrastructure makeover due to the herculean logistics challenges these states share to move cargo even within the mainland. The difficult land terrain and presence of national waterway-2 point at the immense potential for developing multimodal logistics. Further, as these north-eastern states also hold the key to open up greater trade opportunities with neighbouring ASEAN countries, a multi-modal cargo transport approach can immensely help in improving India's trade with Southeast Asia.

**The second edition of Smart Logistics Summit Kolkata will deliberate on the logistics needs and opportunities of the eastern region, while putting forward potential solutions.**

## PROGRAMME

| | |
|---|---|
| 10:30 hrs onwards | : Registrations |
| 11:30 – 13:30hrs | : Business Session - One<br>**Resurgent Kolkata: EXIM Growth** |
| 13:30 – 14:30hrs | : Lunch Break |
| 14:30 – 16:00hrs | : Business Session - Two<br>**Coastal Cargo Movement & Transhipment** |
| 16:00 – 16:30hrs | : Coffee Break |
| 16:30 – 18:00hrs | : Business Session - Three<br>**Emerging Logistics Scenario in Eastern and North-East Region** |
| 18:00 – 19:00hrs | : Networking Session |
| 19:00 – 20:30hrs | : **Smart Logistics Awards** |
| 20:30 hrs onwards | : Cocktails & Dinner |

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