



INTERVIEW
Naresh Penumaka, IRS
 Chief Comm. of Customs & Central Tax

FUTURE PORTS
Bhavanapadu Port: Greenfield Port in Mining Region

Machilipatnam Port: Strategically Located

Ramayapatnam Port: Boon for Backward Region

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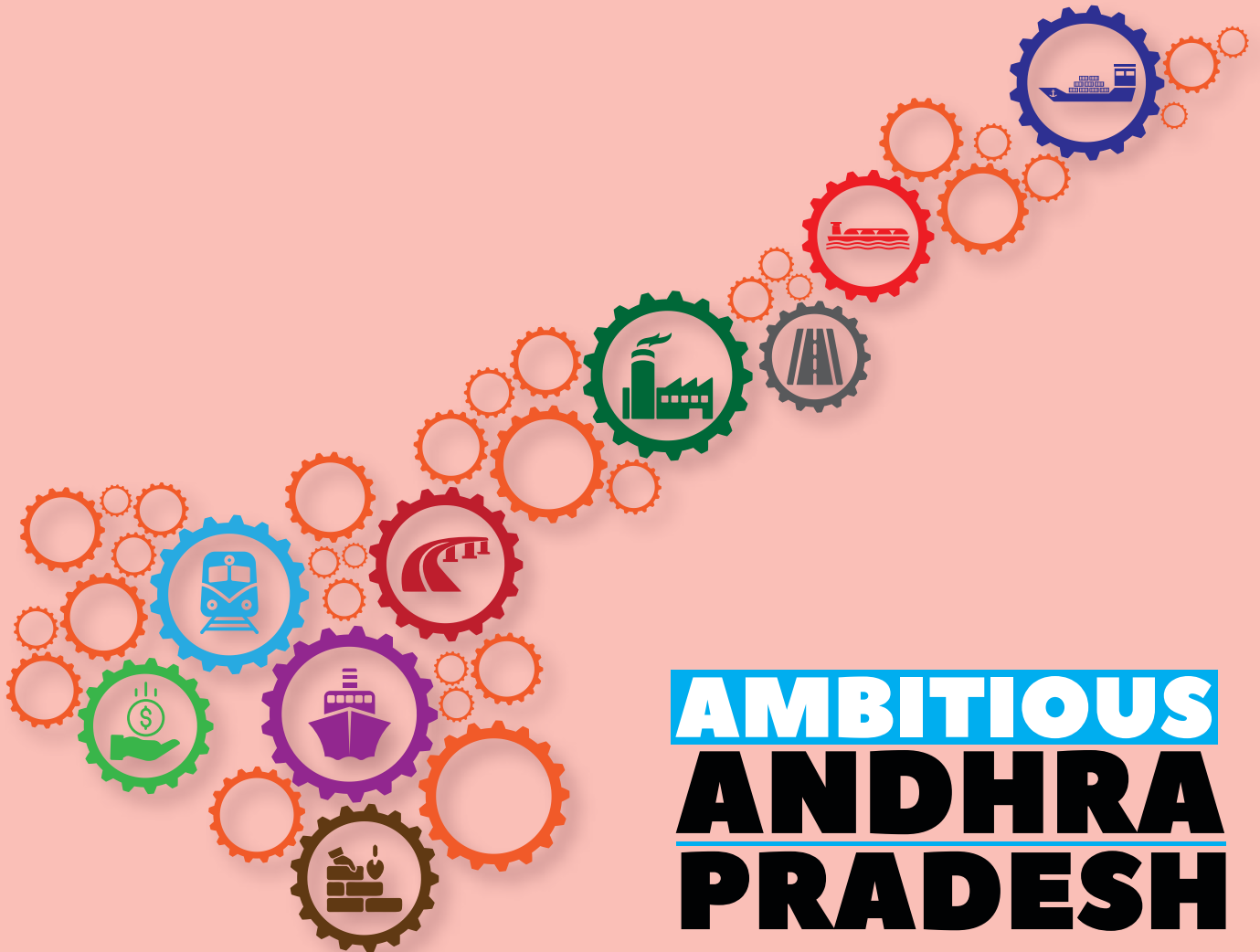
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BAPTISTE MAURAND
 MANAGING DIRECTOR
 HAROPA - PORT OF LE HAVRE



AMBITIOUS ANDHRA PRADESH

With visionary leadership at the helm, plans to build more ports and a vibrant new industrial policy, Andhra Pradesh is evolving into a logistics marvel and aspires to be the most sought after investment destination

THE IDEAL GATEWAY ON THE EAST COAST OF INDIA



Location and Connectivity

- » Ideally located at the centre of a burgeoning hinterland on the East Coast of India covering 8 states within a radius of 750 Kms.
- » Proximity to feeder ports like Kolkata, Haldia, Paradip, Chittagong and Yangon enable seamless and cost effective transshipment through Vizag.
- » Established coastal service connecting the West and East coast ports in the country.
- » Already established Main Line Services offer regular and direct connectivity to China, South East Asia, Middle East and Europe.



Road, Rail, Terminal Infrastructure & Connectivity

- » 2 in & 2 out lane for road bound containers with pre-gate facility.
- » Located on the Golden Quadrilateral.
- » Excellent road connection to the National Highway (NH 16), only 12 Km away.
- » 2 Rail siding inside the terminal.
- » Direct Rail Linkage to Raipur, Nagpur, Jharshuguda, Kalinganagar, Hyderabad & ICD Birgunj (Nepal).



Automation & Seamless Process

- » Real time auto generated EIR to the lines.
- » E-form 13
- » Electronic Data Interchange-Ease of doing business.
- » Port Community System.
- » Online visitor management system.
- » SAP integrated system.



Marine Infrastructure

- » Natural Depth alongside - 16.5 Metre.
- » Pilot station is only 2 NM from the terminal.
- » No tidal restriction.
- » All weather and round the clock operation.
- » Berth Extension by 395 Metre is being carried out enhancing the capacity to 1.5 Million TEUs.
- » Terminal 2 extension will be operational during 2021.





HEADING FOR A SUSTAINABLE RECOVERY



As the global society and trade rebound, the shipping and logistics sector will have a leading role to play.

The year 2020 will be remembered as the year of pandemic that has etched deep scars into our political, business and social lives such that several business models have changed for ever. Today India has emerged as the global pharmacy. Calling for India to play a major role in global vaccination campaign, United Nations Secretary-General Antonio Guterres termed the vaccine production capacity of India as the "best asset" that the world has today.

The booster dose provided by Union Budget 2021 brought forward by Finance Minister Nirmala Sitharaman, has lifted hopes of people, India's economy is showing decisive signs of a 'V-shaped' recovery in 2021 with the return of consumer confidence, robust financial markets, an uptick in manufacturing and exporters braving it out in the global market with never-say-die spirit.

Another heads up is the record collection of Rs 1.15 lakh crore in the Goods and Services Tax (GST) during December. In fact, ASSOCHAM points out that the largest consumption state of Maharashtra, which was amongst the severely affected by the COVID-19 pandemic, has posted a healthy growth of seven per cent in GST collection; even as the total GST mop-up was up 12 per cent year-on-year.

Going forward, the shipping and logistics sector will still have a leading role to play. Mukhisa Kituyi, Secretary General, UNCTAD rightly notes, "The global shipping industry will be at the forefront of efforts towards a sustainable recovery, as a vital enabler of the smooth functioning of international supply chains. The industry must be a key stakeholder helping adapt 'just-in-time efficiency' logistics to 'just-in-case' preparedness." On these lines it is noteworthy that shipping has been prominently mentioned in the current Indian budget. A part from the several infrastructure projects announced the subsidy offered for Indian flagged vessels to compete for tenders announced by PSUs would be a distinct advantage for the first time. The trade can now expect to see larger volume of cargo coming into India being moved on Indian vessels.

However, recovery from the pandemic may be a bit slow on the other side of the globe. The recent forecast by the International Monetary Fund downgraded the growth outlook for 2021 across Europe and underscored a generally poorer performance compared with China and the US. While it's tempting to focus on the early moves of the Biden administration or the fallout from Brexit, global trade policy developments in 2021 will yield just as many threats and opportunities as developments in the Atlantic basin.

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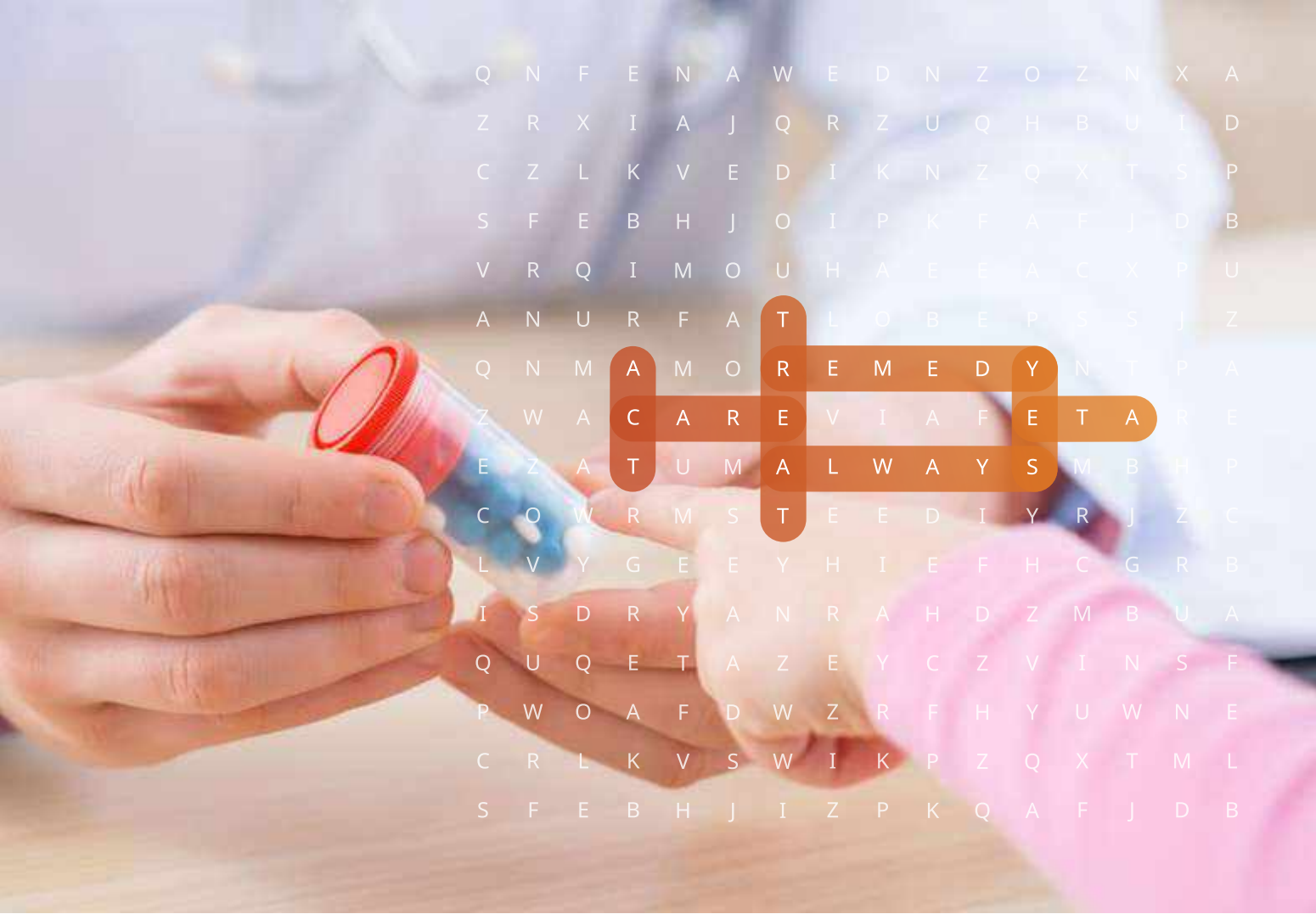
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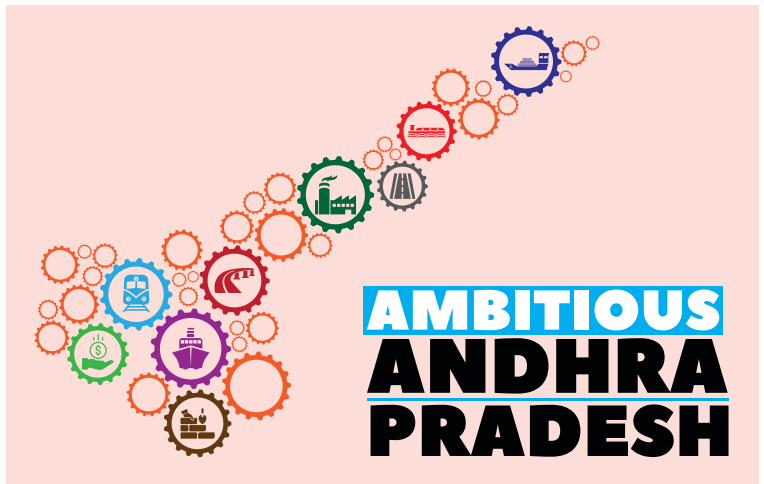
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Cover Story

With visionary leadership at the helm, plans to build more ports and a vibrant new industrial policy, Andhra Pradesh is evolving into a logistics marvel and aspires to be the most sought after investment destination

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Andhra Pradesh Export Promotion Policy

Transforming into the best exporting hub

The vision is to make Andhra Pradesh the best exporting hub of the country by creating world-class export infrastructure, enabling environment of best coordination with national level export institutions.



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PORTS

HAROPA high on carbon neutral

HAROPA today stands high among the French ports, flagging a strong commitment to reduce carbon footprint of not only its activities but also its customers.



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Port scan: Gangavaram Port

Creating capacity ahead of demand

"We do see some recovery / improvement in Q2 FY 2020-21 as the demand for raw materials has started to pick up in core sectors (steel, sponge, pellets, cement, alumina etc.) in the hinterland," informs Rajesh Raju Dandu, Managing Director, Gangavaram Port



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Agri exports: Cotton

Blooming business under pressure

Andhra Pradesh has a significant share in cotton exports from India. Cotton yarn is mostly exported to China and small quantities go to Bangladesh as well. Logistics cost account for 30-40% of the total cost of cotton yarn being exported.



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Future Ports - Machilipatnam Port

Strategically Located

Strategically located in the center of the east coast the port will offer significant savings in terms of voyage time and cost for cargo destined to/from the South East Asian countries and Asia Pacific region.



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Accreditations :



Infrastructure:

- ✓ Reach Stackers – 6 Nos.
- ✓ Fork lift – 14 Nos of different handling capacity
- ✓ Trailers – 115 Nos.
- ✓ Flood lights/ High mast towers for round the clock operations
- ✓ Hard stand field with Paver Blocked for uninterrupted operations even during heavy monsoons.
- ✓ Canteen facility & CC TV surveillance
- ✓ Fire fighting equipments
- ✓ Hydra Crane of (12 Ton & 14 Ton respectively)

Services :

- ✓ Import Handling
- ✓ Export Handling
- ✓ LCL Shipment
- ✓ General Warehouse
- ✓ Bonded Warehouse (Open & Closed)
- ✓ Transportation
- ✓ Specialized Cargo handling
- ✓ Maintenance & Repair of Dry / Reefer containers
- ✓ Reefer Monitoring Service
- ✓ Reefer plug points

Facilities :

- ✓ 24 Hours and 365 Days uninterrupted Services
- ✓ Customs with EDI systems providing "Single window operating concept".
- ✓ Public & staff convenience/amenities like toilets, well equipped canteen, drinking water etc. available within premises.
- ✓ Round the Clock Security provided by Group 4 (G4S)
- ✓ Weighment facility.
- ✓ 24/7 Dock Office open for Dock operation.
- ✓ 48 Reefer container plug points.
- ✓ Ample Parking area for vehicles using facility.
- ✓ Hazardous Cargo Handling.

COVID-19 – Precautions and preparedness measures at Century CFS

- ✓ Social Distancing
- ✓ Sanitization
- ✓ Disinfection processes
- ✓ Temperature checks for staff and visitors
- ✓ Use of Masks and Sanitizers
- ✓ Special precautions while handling Chinese Origin Cargo using PPE kit

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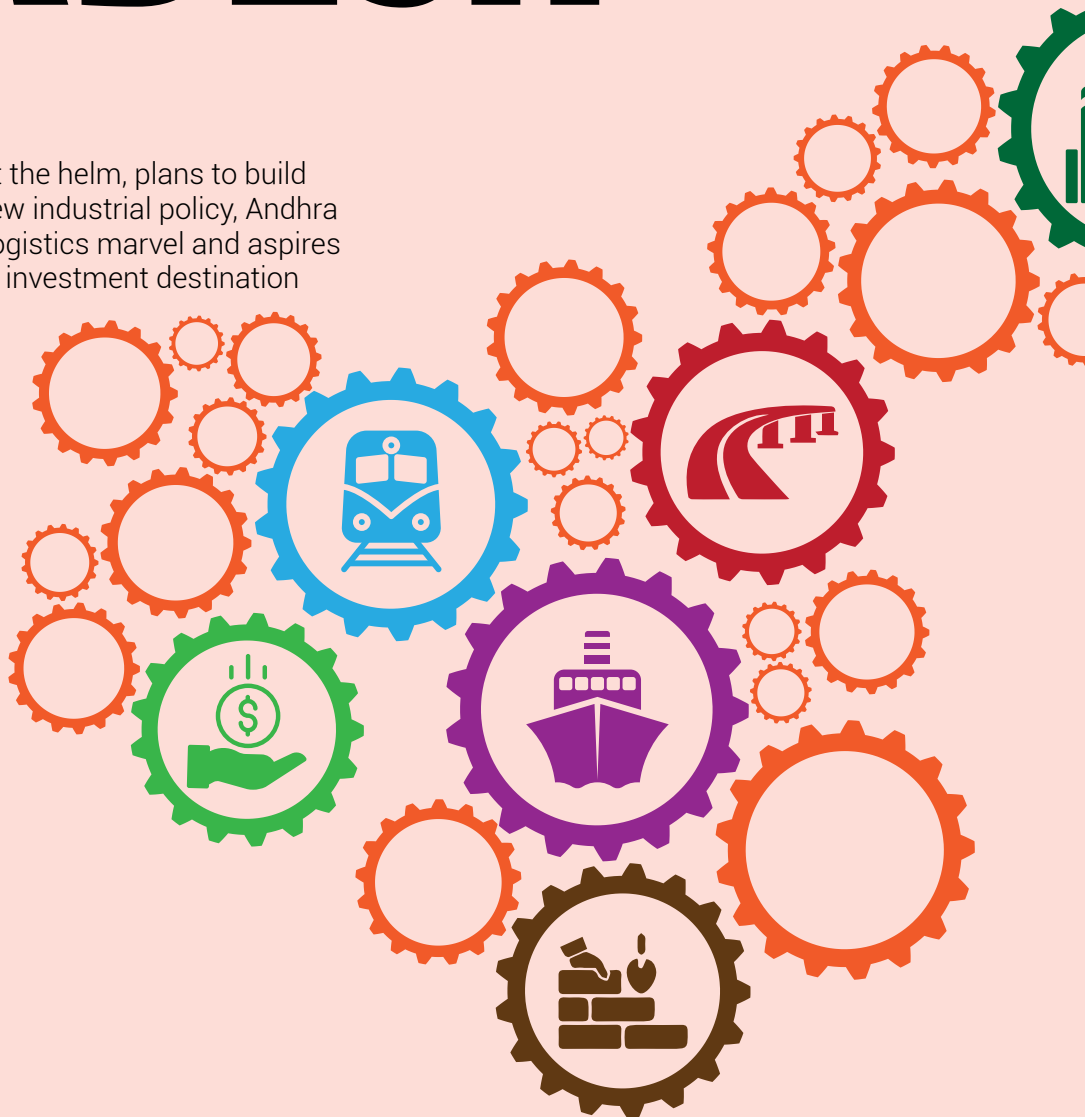
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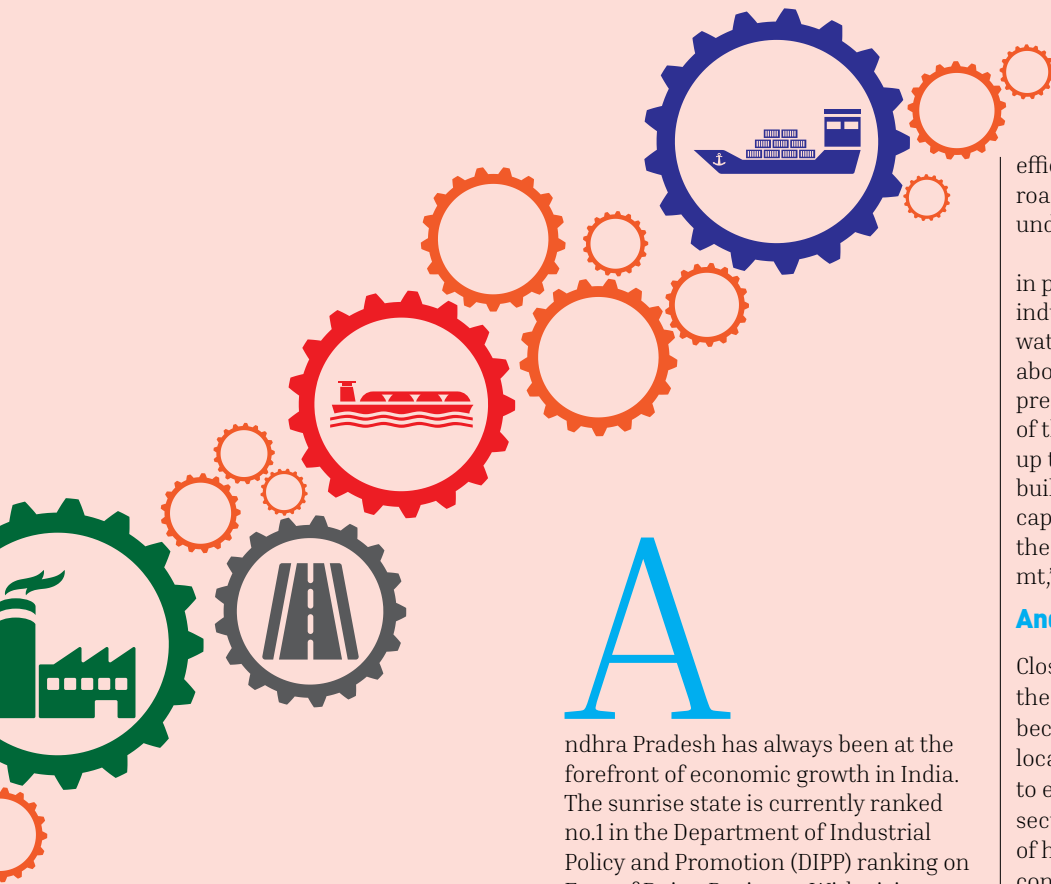
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AMBITIOUS ANDHRA PRADESH

With visionary leadership at the helm, plans to build more ports and a vibrant new industrial policy, Andhra Pradesh is evolving into a logistics marvel and aspires to be the most sought after investment destination





A

ndhra Pradesh has always been at the forefront of economic growth in India. The sunrise state is currently ranked no.1 in the Department of Industrial Policy and Promotion (DIPP) ranking on Ease of Doing Business. With visionary leadership at the helm, Andhra Pradesh aspires to be the most sought after investment destination in India.

“The state government is focusing on development of infrastructure to achieve the development possible in two decades within the coming three years,” announced **Industries and Commerce Minister Mekapati Goutham Reddy**.

In this effort the state is banking on its coastline, the second largest in the country. Process has been initiated for development of four greenfield seaports – Ramayapatnam, Machilipatnam, Bhavanapadu and Kakinada SEZ port; an international airport at Bhogapuram and upgrading airports in Vijayawada and Tirupati. The focus is to achieve a leading position in global maritime trade along the coastal corridor.

To reap the potential benefits and position Andhra Pradesh as India’s Gateway to the World, the development of ports is being integrated with industrial clusters, hinterland and

efficient evacuation systems through road, rail, inland and coastal waterways under the Sagarmala Programme.

“\$25 billion investment is planned in ports, fishing harbours, airports, industrial estates, coastal roads, and waterways. We are aiming at handling about 400 mt of cargo by 2024 from the present capacity of 110 mt. The capacity of the existing ports in the state will go up to 250 mt in the next four years. By building four new ports, another 150 mt capacity will be added which will take the total cargo handling capacity to 400 mt,” said Mekapati Goutham Reddy.

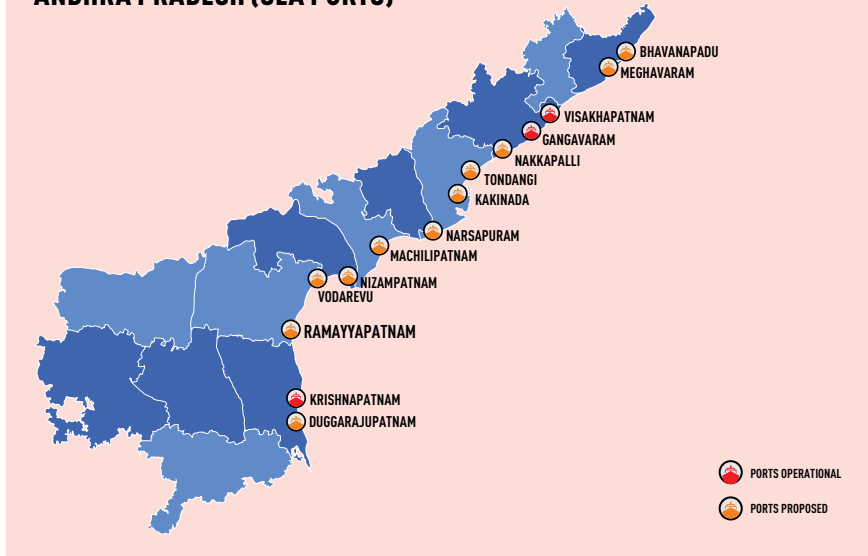
Andhra Pradesh Maritime Board

Close to a decade after it was conceived, the Andhra Pradesh Maritime Board has become operational with headquarters located in Visakhapatnam. It is intended to ensure rapid development of the port sector and also the overall development of hinterland and offshore areas connected to the port-use. It will also promote industrialisation in the port areas in the state. The Board helps in managing the development of all port and shipping related projects in the state, leading to fast-track growth of maritime sector.

Andhra Pradesh offers vast opportunities for investors in the infrastructure sector and the government has micro and macro level planning for accelerating growth, developing infrastructure and bringing convergence. “The state has a natural advantage to foster an industrial ecosystem given the trove of natural resources, a long coastline and skilled manpower,” highlighted **Dr Rajat Bhargava, IAS, Special Chief Secretary, Revenue Department, Government of Andhra Pradesh**.

Andhra Pradesh is strategically located on the south-eastern coast of India and is a natural gateway to east and Southeast Asia. Having the second largest coast line of 974km in the

ANDHRA PRADESH (SEA PORTS)



country, the state is a logistics marvel with a road network of over 146,954km comprising of 42,511km of state highways, 3,144km of national highways and 101,484km district roads. National Highway 5 that spans about 1000km acts as the spine of the state.

The state is strategically located close to domestic consumption centres such as Chennai, Bengaluru, Hyderabad, Visakhapatnam and Mumbai. The state government is focusing at increasing its share in export and import of the country. Andhra Pradesh recorded \$14.8 billion worth of exports in 2019-20, contributing nearly 5% to India's net exports. The Gross State Domestic Product (GSDP) of AP for 2019-20 (Advanced Estimates) is ₹9,72,782 crore, compared to ₹8,62,957 crore in 2018-19. This estimate is 12.73% at current prices in 2019-20, and an increase of ₹1.10 lakh crore over 2018-19.

Industrial development

Establishment of industries and industrial zones is among the top priorities for which the state

government is taking several initiatives. A land bank of 3 lakh acres has been identified and the government is further in the process of consolidating an additional land bank of 7 lakh acres. This land bank will give the state an edge in attracting investments. This land would be administered in accordance with the industrial development policy 2015-20. For projects with valuation over ₹100 crore, a Judicial Preview Commission is constituted for scrutinizing the documents before initiating the bidding process.

Industrial clusters

A major strategy in attracting industrial investments is the demarcation and development of industrial clusters. Over

201 industrial parks have been established throughout the state in 8 industrial zones covering an extent of 57, 836 acres. In January 2019, Nitin Gadkari, Minister for Road Transport & Highways and the Minister for Micro, Small and Medium Enterprises announced eight

industrial clusters are being developed under Sagarmala programme in the state. These include:

- Port-based mega food processing park in Kakinada
- Godavari mega aqua food park costing ₹373 crore which has already been completed.
- APIIC mega food park worth ₹375.3 crore
- Greenfield Electronics manufacturing Clusters:
 - In Renigunta costing ₹9,706.75 crore
 - In Vikruthamala village costing ₹5,719.8 crore
 - In Cherivi village costing ₹1,604.41 crore
- 6,340 MW power cluster in Krishnapatnam worth ₹37,428 crore.
- DPR is to be prepared for petrochemical cluster worth ₹4,520 crore in Kakinada
- Export based apparel cluster in central AP for ₹3,321 crore
- Cement cluster worth ₹24,500 crore.

Gadkari further informed that DPR has been prepared for five fishing harbour projects worth ₹1,500 crore under Sagarmala. These include:

- Fishing Harbour in Juvvaladinne in SPSR Nellore District for ₹242 crore
- Phase 2 development of existing fishing harbour at Machilipatnam in Krishna district for ₹252 crore
- Phase 2 development of existing fishing harbour at Nizampatnam in Guntur district for ₹341 crore
- Development of fishing harbour at Vodarevu in Prakasam district for ₹409 crore
- Development of fishing harbour at Uppada -V U. Kotapalli -M in East Godavari district for ₹289 crore.

Promoting MSMEs

"Double digit growth was possible only through MSMEs, which were very often described as engines of growth, being largest employment creator after agriculture and foreign exchange earner," says A.R.M. Reddy, Visakhapatnam Special Economic Zone Development Commissioner. Expressing concern over decline in MSME share in GDP, he said it was due to complex and unfriendly environment which was pushing them to unregistered segment and called for reversal of the trend

The 974-km long coastline will shore up an array of opportunities in development of ports besides aquaculture. We would love to collaborate in infrastructure development, setting up oil refineries, steel plants and interlinking of rivers. We also plan to boost maritime economy by inviting investments.

- **YS Jagan Mohan Reddy**
Chief Minister of AP



by encouraging them to start units in Special Economic Zones.

The state government is planning to establish world-class industrial parks, one each in all the 13 districts. Priority is being accorded to investments in food processing industries and cold chains, as the majority of the population (60 per cent) is dependent on agriculture and allied sectors.

Aim is to create 200 parks by 2023 with around 30,000 units and employing three lakh people. In the MSME parks, the state government is planning to attract large enterprises whose investment in plant and machinery is more than ₹50 crore, as anchor investors, as per the M parks (MSME Parks) 2018-23 policy. The government has operationalized the MSME Development Corp (M-Corp) as the nodal agency. The objective is to set up M-parks in all assembly constituencies spanning 25-100 acres to realise their potential. A maximum of 10% area in each park will be allocated to large enterprises.

The state government, as part of industrialisation drive, has asked Andhra Pradesh Industrial and Infrastructure Corporation (APIIC) to promote small and medium industries that generate substantial employment in the mandals in Anantapur district which have industrial potential covering all 14 Assembly constituencies. APIIC has identified land for setting up of MSME Parks at 11 places in the district. Each park will be set up in 50 acres of land. Each entrepreneur will get 300 square metres of land and 200 such plots will be allotted in each park. According to APIIC, out of the 11 layouts for the MSME Parks, 4 layouts are approved.

Similarly, APIIC has envisaged plans to develop an industrial park (Phase-I) at Srikalahasthi Node in Chittoor district. The project will span over 2,770 acre entailing an investment of ₹466 crore. It will generate direct employment potential for 30,000 persons. The industrial park is slated to be completed by December 2021.

National Investment & Manufacturing Zone in Prakasam District

Decks have been cleared for the National Investment & Manufacturing

Zone (NIMZ) in Prakasam District. It will be spread over 14,000 acres in Markapuram division and the first phase will be developed in 4,000 acres for which the center is preparing the DPR and will also share 60% of the project cost. The state

government has the responsibility to acquire land which has been identified in Pamuru and Pedacherlopalli mandals. Industries Minister Gautham Reddy is focusing on attracting defence related manufacturing units in the NIMZ.

Another area of focus is to promote world-class testing labs for seafood, the top export commodity from the state. As Andhra Pradesh did not have good testing centres for quality certification, the exporters were being forced to send their consignments to Kerala for tests.

Rail infrastructure

During the recent months when road transport was paralysed due to lockdown, rail logistics emerged as the saviour moving essential commodities across the length and breadth of the nation.

Andhra Pradesh has a total rail network of 2,660 km. The state government has further initiated several projects to boost connectivity between the hinterland and the ports. The Obulavaripalli-Venkatachalam-Adani Krishnapatnam Port line commissioned in June 2019 reduces the travel distance by 72 km for trains coming from Guntakal division to Adani Krishnapatnam Port. It has brought down the freight rate per rake for different commodities significantly. For coal, it varies from ₹3 lakh to ₹7.5 lakh; for fertilizers, it is between ₹1.5 lakh to ₹2.5 lakh; for iron ore, it is about ₹6 lakh and for limestone it is ₹5.25 lakh.

Kisan Rail, an exclusive freight train shipping farm produce to markets in various states has also been started and one such rail recently moved 242 tonnes of fresh fruits and vegetables from Rayalaseema (Mulakalacheruvu Railway Station in Chittoor) region to New Delhi.

The state government is focusing on development of infrastructure to achieve the development possible in two decades within the coming three years.

- **Mekapati Goutham Reddy**
Industries and
Commerce Minister



The first kisan rail from the South was launched from Anantapur to Adarsh Nagar in Delhi on September 9, 2020. It offers 50 per cent concession in freight charges to farmers and traders.

A new railway line between New Piduguralla and Savalyapuram has been completed and commissioned. This new 46 Km long railway line is a part of the Nadikudi – Srikalahasti railway line project and will link interior regions of Prakasam, Nellore and Guntur districts. The Nadikudi – Srikalahasti railway line is being executed in five phases:

Phase I: 47 km long Piduguralla – Savalyapuram stretch

Phase II: 27 km long Gundlakamma – Darsi stretch

Phase III: 52 km long Darsi – Kanigiri stretch and 15 km long Venkatagiri – Alturipadu stretch

Phase IV: 35 km long Kanigiri – Pamuru stretch and 43 km long Atluripadu – Venkatapuram stretch

Phase V: 90 km long Pamuru – Obulayapalle – Venkatapuram stretch

The project has been conceptualized as an alternate railway route to the existing Coastal Railway line between Vijayawada and Chennai. In this mineral-rich belt, the new proposed railway line will also facilitate freight transport.

Rail Vikas Nigam Limited commissioned 69 kilometres of doubling of the railway line between Uppaluru-Gudivada-Moturu and Gudivada-Machilipatnam. The newly commissioned double line section forms part of the Vijayawada-Gudivada-Bhimavaram-Narsapur, Narsapur-Nidavadolu and Gudivada-Machilipatnam electrification and doubling project, which is being executed at a cost of ₹3,000 crore. 124 kilometres out of the total length of 221 kilometres of the project, is now completed while the balance of 97 kilometres is due for completion by mid-2021.

In February 2019, the ongoing projects of South Central Railways in Andhra Pradesh received the below listed funding from the central government during the interim budget:

A total of ₹2,362 crore for railways development in Andhra Pradesh has been sanctioned, a breakup of which is given below:

₹110 crore sanctioned for Kazipet – Vijayawada third line

₹350 crore for Vijayawada – Gudur third line

₹143 crore for bypass lines at Vijayawada, Kazipet, Renigunta, Wadi and Gooty

₹175 crore for Vijayawada-Bhimavaram-Nidadavolu doubling and electrification works

₹15 crore for Guntakal-Kalluru doubling project

₹700 crore for Nadikudi-Srikalahasti new line project

₹210 crore for Kadapa-Bangalore new rail line

₹200 crore for Kotipalli-Narsapur new rail line

₹280 crore for Guntur - Guntakal rail line doubling project

₹126 crore for Gooty - Dharmavaram rail line doubling

₹30 crore for Obulavaripalli - Krishnapatnam railway line

Road infrastructure

The rapid pace of national highway development in Andhra Pradesh has ensured seamless connectivity with neighbouring states. Before the formation of Telangana, the total length of National Highways in Andhra Pradesh was 7,087 km. New highways of length 2,746 km have been added in the past four years. At present, the total length of highways in current Andhra Pradesh is 7,118 km. Roads constructed in the state post bifurcation till 2018 was 1,458km.

About three years back in 2017, 14 road projects costing ₹4,500 crore were sanctioned under corridor approach

and NHDP 4 scheme for Andhra Pradesh. The projects include the Vizianagaram bypass; Visakhapatnam area grid separator at convent junction on Visakhapatnam old road; six-laning of Anakapalli-Anandapuram access controlled highways as part of NH16; providing connectivity of 12 km to Visakhapatnam port with service road on both sides; 47 km of NH 16 is also

to be six-laned; the Amaravathi-Anandapuram expressway with connectivity to Kadapa and Kurnool with a length of nearly 690 km.

In October 2020, the Union Minister for Road Transport and Highways, Nitin Gadkari inaugurated 10 road projects and laid the

foundation stones for as many as 16 National Highway projects in the state. These National Highway projects cover a total length of 1,411 kilometres and are worth ₹15,592 crore.

Below is the list of highway projects inaugurated:

- Four-laning of Kadapa-Mydukur-Kurnool Section of National Highway-40

- Four-laning of Vijayawada-Machilipatnam Section of National Highway-65, including Benz Circle Flyover on National Highway-16
- Four-laning of Nalagampalli to Andhra Pradesh/Karnataka Border Section of National Highway-4
- Six-laning of Ranasthalam-Anandapuram Section of National Highway-16
- Upgradation of Eepurpalem-Ongole section of National Highway-214A (National Highway 216)
- Upgradation of new National Highway-544DD
- Upgradation of National Highway-67 (Gooty-Tadipatri Stretch)
- Four-laning of 5.122 km of National Highway-9 including six lane elevated Kanakadurga flyover from Bhavanipuram to Kanakadurgamma Vardhi Junction

Foundation stone laid:

- Six-lane bypass as a part of Vijayawada Bypass section of National Highway-16
- Six-laning of Renigunta-Naidupeta Section of National Highway-71 that will ease travel to Tirumala and towards Chennai, Bangalore, Renigunta Airport and Srikalahasti Temple.
- Rehabilitation of National Highway - 516 D (Devarapalli-Jeelugumilli road)
- Upgradation from two to four-lane of Anantapur-Guntur road of National Highway- 544D
- Two-laning of National Highway-26
- Two-laning from Bowdara to

The state government is planning multimodal logistics parks. Efforts are being made to tap the potential of road and rail network. The focus is also on waterways. In order to enhance connectivity to industrial clusters, the government is planning to set up coastal shipping berths.



- R Karikal Valaven
Special Chief Secretary – Industries & Commerce, Government of AP



Vizianagaram
Section of
National
Highway-516E

- Two-laning of Paderu to Gundiguda to Araku Section of National Highway 516E

The state has a natural advantage to foster an industrial ecosystem given the trove of natural resources, a long coastline and skilled manpower.



- **Dr Rajat Bhargava, IAS**
Special Chief Secretary, Revenue Department, Government of AP

for Shipping, informed that the Kakinada-Puducherry stretch of canals and the Kaluvelly tank, Bhadrachalam-Rajahmundry stretch of river Godavari and Wazirabad – Vijayawada

Canal of NW-4 making it suitable for navigation of cargo vessel of maximum 300 tonne as well as movement of tourist and passenger vessels of reasonable size.

For the entire waterway development in AP, 3,061 acres of government procured land and 1,739.10 acres of land has to be acquired. The state government is giving land as part of their contribution in the second stage. They have to build 456 bridges on Kakinada and Eluru canals.

Land mark road projects in Andhra Pradesh

Amaravati- Anantapur expressway

A 6 lane access controlled greenfield expressway, spanning 598.83 km has been proposed connecting Amaravati to Anantapur and running parallel to a railway line. It will traverse through Guntur, Prakasam, Kurnool, Kadapa and Anantapur districts with interlinking roads to Chennai, Hyderabad and Bengaluru. Kadapa and Kurnool feeder roads will intersect the expressway. DPR is being prepared and land is being acquired for this project.

Kathipudi – Ongole corridor

An important economic corridor spanning 364 km on NH 216 is being developed in 9 packages worth a total of ₹3,633 crore. It will improve coastal connectivity with East Godavari, West Godavari, Krishna, Guntur and Prakasam.

Inland waterways

Mansukh Mandaviya, Minister of State

stretch of river Krishna with a total length of 1,078 km was declared as National Waterway-4 (NW-4) in 2008. The stretch was further extended up to Nashik in case of Godavari and up to Galagali in case of river Krishna, in the states of Andhra Pradesh, Karnataka, Maharashtra, Tamil Nadu and Puducherry under the National Waterways Act, 2016. The length of NW-4 is 2,890 km and it is planned to be developed in three phases:-

- Phase-I: – Vijayawada to Muktyala stretch of Krishna River.
- Phase-II:- Kakinada to Vijayawada and Rajahmundry to Polavaram after completion of Phase-I.
- Phase-III:- Remaining stretches of NW-4 after completion of Phase-I and Phase-II

Development work of Phase-I of NW-4 at a cost of ₹96 crore has already commenced.

IWAI is also focusing on developing the stretch between Thiruvanniyur to Kalpakkam in South Buckingham

Three inland waterways terminals in Amaravati

The state government has expedited navigation plans for Amaravati capital city including operation of cargo vessels and tourism cruises. Land has been allocated for three inland water transportation terminals - Muktyala (8.57 acres) and Ibrahimpatnam (5.5 acres) in Krishna district and Harischandrapuram (4.62 acres) in Guntur district.

As on March 2020, fairway development works in Vijayawada – Muktyala stretch of river Krishna under Phase-I has been completed. Fabrication of four floating pontoons and land acquisition for fixed terminals (4 nos.) at Ibrahimpatnam, Harischandrapuram, Muktyala and Madipadu has been taken up.

Skill development and employment

Plans are for establishing one skill university and 25 world class multi-skill centers one each in 25 parliamentary constituencies as YSR Multi Skill Development Centres in two phases to design courses as per demand. A legislation has been brought in to ensure 75 percent jobs for local youth in all industries in the state.

The state government seems well on mark to meet its infrastructure mission that has its main guiding principles to provide excellent global and domestic connectivity, provide well integrated multimodal transportation, become a logistics hub and a gateway to the world especially Asia and South-East Asia, providing improved quality of life for the citizens and ensuring viable, sustainable and green development.

Waterways Passing Through Andhra Pradesh

Waterway	Length	Details	States
Nw-4	50	Kakinada Canal (Kakinada To Rajahmundry)	Andhra Pradesh, Telangana, Chhattisgarh, Karnataka, Tamil Nadu, Pondicherry And Maharashtra
	171	Godavari River (Bhadrachalam To Rajahmundry)	
	139	Eluru Canal (Rajahmundry To Vijayawada)	
	157	Krishna River (Wazirabad To Vijayawada)	
	113	Commamur Canal (Vijayawada To Peddaganjam)	
	316	North Buckingham Canal (Peddaganjam To Central Station Of Chennai)	
	110	South Buckingham Canal (Central Station Of Chennai To Marakanam)	
	22	Marakanam To Puducherry Through Kaluvelly Tank	
Nw-79	28	Pennar River	Andhra Pradesh
Nw-104	232	Tungabhadra River	Karnataka, Telangana & Andhra Pradesh



TRANSFORMING INTO THE BEST EXPORTING HUB

The vision is to make Andhra Pradesh the best exporting hub of the country by creating world-class export infrastructure, enabling environment of best coordination with national level export institutions

T

he state government has recognised exports as the engine for achieving double digit economic growth and hence boosting exports is a top priority area for development of the state. In this regard an export promotion policy has been formulated to focus on the measures to identify new markets, develop new exportable products as per international standards, enhance the entire trade ecosystem of the state and support Government of India in achieving its

export target of \$900 billion by 2020. The policy has a target of doubling the revenue generated through exports from the base year 2016-17 with its value of exports of ₹80,500 crores to ₹161,000 crores by 2022-23. The policy will be valid for a period of 5 years from the date of notification.

The vision of the policy is “To make Andhra Pradesh the best exporting hub of the country by creating world-class export infrastructure, enabling environment of best coordination with national level export institutions, also by way of exploring new potential markets and innovative products with optimum utilization of resources.”

A strong analytical database will be created on the market potential for

exports and to develop new markets for exporters in Andhra Pradesh. Public-Private initiatives will be promoted for developing competitive export infrastructure. In the process, additional employment opportunities for 5 lakh citizens are expected to be created by 2022-23. To achieve these objectives the policy proposes to strengthen state's association with Export Promotion Councils, International trade bodies, FIEO, India Trade Promotion Organization (ITPO), National Centre for Trade Information (NCTI) and Product Sectoral Associations.

Institutional mechanism for promoting exports like state level export promotion council, state level export promotion committee and district

The policy has a target of doubling the revenue generated through exports from ₹80,500 crores in the base year 2016-17 to ₹161,000 crores by 2022-23

level export promotion committee will be created. In September 2019, the state chapter of Engineering Export Promotion Council (EEPC) of India, the apex organisation for promotion of engineering exports was inaugurated. EEPC India Senior Vice-Chairman, Mahesh K. Desai said their presence in Visakhapatnam would not only help its 100 members in the state but also the entire exporters' community engaged in the engineering industry.

E-governance support will be provided to exporters and in fact the state delivered over 51,000 e-services in 2019, the highest in the country. But the state has to improve its e-governance machinery. In February 2020, it was reported that the state scored only 0.48 on a scale of 'one' standing 13th among all the 17 states assessed by the National e-Governance Service Delivery Assessment (NeSDA) 2019 report.

The report was recently released by the union government after assessing 'portals' and 'service portals' by the Department of Administrative Reforms and Public Grievances as per the framework developed in 2019, in a year-long process.

Sector specific support will be provided to boost key performance indicators and measures required for acceleration of exports in sectors in which the state has competitive advantages and to encourage them in consultation with the concerned sectoral associations.

The state government has focused on the below listed high growth export potential areas:

- Marine products sector
- Processed food products
- Spices, Horticulture and Agriculture products
- Engineering goods exports
- Mineral & Mined products
- Pharmaceuticals
- Textiles and Garments

Marine products sector

A tracing mechanism would be put in place to track, test and certify the seafood produced in the state. At the farm level, quality checks on antibiotics content and other resistance enhancers will be done. In the hatcheries testing will be done in accordance with the quality requirements of importing countries.

At seaports, products arriving for final dispatch will be tested for all quality related parameters. The government will establish scientific labs to test and certify sea food before it is exported.

A capital subsidy up to 35% for setting up of cold storages/chain for marine exports, limited to ₹5 crore will be provided. The state government will seek to reduce GST from present 18% to 5%.

Mineral & mined products sector

The state government will organize 'Rai-Fair' a buyer seller meet on annual basis. A single window platform for obtaining mining permits and environmental clearances from various departments will be facilitated. Power tariff of ₹1.5/unit will be subsidized; 10% of the water charges will be reimbursed as subsidy and avenues to build rail and road connectivity to reduce logistics costs would be explored on PPP basis. The state government will also strive to bring down the GST rate which is presently 12%.

Spices, horticulture and agriculture sector

The government will conduct feasibility studies to setup central processing units for processing coffee, pepper and turmeric. Production of these commodities in the Arakku valley will be encouraged. To ease logistics from the valley to Vizag Port, 50% of road transport charges would be reimbursed with a ceiling of 10 lakhs/unit for a period of 5 years from the date of their first export.

Engineering goods sector

For producing export oriented engineering goods an additional 5% subsidy over and above the percentage of capital subsidy granted in IDP would be provided on machinery used. Power subsidy of 5% more and above IDP would be provided to engineering goods manufacturers.

Pharmaceuticals sector

For export oriented pharmaceutical units, apart from the capital subsidy provided in IDP, an additional 5% capital subsidy would be provided. Financial incentive will be provided for R&D in the form of matching contribution of up to ₹25 lakhs.





Export subsidy

Any exporter who achieves double the value of exports over the previous year, would be reimbursed with 1% of their export value limited to ₹20 lakhs.

Reimbursement of land conversion charges

For converting land from agricultural use to industrial use, 25% of the conversion charges, limited to ₹15 lakh will be reimbursed to export oriented MSMEs.

Reimbursement of space rent for MSMEs

For participation in industrial exhibitions in foreign countries, 50% of the space rent subsidy would be provided (up to a maximum ₹2 Lakh) on actual rent paid by MSMEs, after certification by ITPO or the Export Promotion Councils. If the exhibition / trade fair is held within India, 50% of space rent subsidy to MSMEs limited to ₹50,000/- would be provided.

Incentive for reefer vehicle

Refrigerated trucks with small capacity (vehicle of 1 metric ton capacity) with new technologies, if exclusively used

for marine exports, would be eligible for obtaining 50% of the cost of vehicle with maximum cap of 2 lakhs.

Storage infrastructure

Government owned/operated open storage yards and godowns for storage of exportable products near ports would be developed. For agri sector, warehouses in Kakinada area would be renewed along with construction of new houses with mechanized loading and unloading. For Banana, there is need for export pack house facility in Rayalaseema region where G9 banana is grown on a large scale which can be exported in huge volumes. There are no storage facilities for Banana as such.

Establishing raw material banks

To ensure timely supply of quality raw materials to producers, raw material banks will be set up by the department of industries. They can supply the required raw materials to MSME units as and when required.

Warehousing, container and air cargo facilities

The state government will set up ICD/ dry port facilities with the assistance of

the central government near the export centers so that there are no difficulties in cargo storage, customs clearance and container availability at these locations. Air cargo terminals will also be planned in key airports in the state.

Creating towns of export excellence

Presently, only Visakhapatnam and Bhimavaram have been notified as Towns of Export Excellence (TEE) for seafood products. The state government shall coordinate with various departments and identify other towns that could be notified as TEE and pursue with DGFT for notification of such towns.

New product development

New primary and secondary sector exportable products will be identified. New innovative technologies will be developed for manufacturing to tap new potential export markets.


Access to new countries

AP Ports currently have direct lines with Japan, Korea and China, but need to establish lines with key countries such as US and Europe.

Setting up quarantine labs

Aquatic Quarantine Facility (AQF) is being established in Vizag port by MPEDA. Similar facilities are to be established in other ports. Quality testing labs/ infrastructure facility will be provided by upgrading existing labs and establishing new world class testing labs throughout the coastal areas through PPP mode. Edible items testing facilities are to be developed at Nellore.

Ease of doing exports (Procedural Simplifications)

Government of Andhra Pradesh will seek to reduce procedural formalities for export transactions by way of faster processing of export-related documents by different agencies of the state government and speedy redressal of exporters' grievances etc. through the State Export Promotion Council. State government will also undertake a study to identify the possibilities of Integration of SWIFT program (Single Window Interface for Trade) system with the state's Single desk portal. 

DEMAND FOR COLD CHAIN WILL CONTINUE TO INCREASE

Agility has been servicing the reefer cargo generating in Andhra Pradesh with state of the art temperature controlled facilities. **Satish Lakkaraju**, Chief Commercial Officer of the company details on the growing scope for cold chain business in the region

Tell us about the warehousing and logistics services you provide to the cargo being generated in Andhra Pradesh?

Agility has been actively supporting customers in Andhra Pradesh by providing air and ocean logistics services. We provide services to customers in Visakhapatnam, Nellore, Sri City, etc. We also provide warehousing services to our customers on case to case basis. For ocean shipments originating from Andhra Pradesh, we use Visakhapatnam and Chennai ports, and for air shipments we are using Hyderabad airport.

What is the current scenario of reefer cargo (agri products and pharma) moving from Andhra Pradesh?

Andhra Pradesh is a major agro-commodities and pharmaceutical manufacturer, hence there is a regular demand for reefers from the state. With the demand for both the commodities on the rise, the demand for reefers and cold chain warehousing will continue to increase for the foreseeable future.

In which parts of the state do you see potential demand for temperature controlled warehousing and cold chain coming up in the near future?

Visakhapatnam has a large manufacturing belt and a seaport so naturally there will be huge demand for temperature controlled warehousing and cold chain. With various projects like Pharma Zones, expansion and upgradation of airport in Vijayawada, etc. currently ongoing in the state, the demand for such



facilities will grow even further.

The Andhra Pradesh government is coming up with new private seaports and an SEZ in Kakinada. What opportunities do you see here?

Kakinada as a seaport has been around for many years, many attempts have been made to grow the region, but did not have much impact. Mainly due to lack of regular vessel connectivity and container terminal for port connectivity. Another suggested project is setting up of a dedicated road corridor between Kakinada and Visakhapatnam. We as an industry appreciate the efforts by the current state government to renew the development of these projects. The area of Kakinada has large scope for growth and development and I am positive that with the new initiatives we'll see more growth in the region.

The state government has planned pharma parks in Nellore, Prakasam and Visakhapatnam. Do you plan to provide temperature controlled logistics services here?

As mentioned earlier, we are already servicing a lot of pharma customers in Andhra Pradesh including these districts. Setting up of dedicated pharma parks is a welcome initiative and we will be happy to service the customers and will be willing to even make some investments if required.


How do you see the Vizag-Chennai and Chennai-Bangalore industrial corridors boost the exports and logistics services in the state?

Vizag-Chennai and Chennai-Bangalore industrial corridors will surely boost exports and logistics services in the state. Seaports of Visakhapatnam, Krishnapatnam, L&T Kattuppalli and Chennai can be used for ocean shipments while airports in Hyderabad, Bangalore and Chennai can be used for air shipments.

As a temperature controlled warehousing and cold chain service provider what are your expectations from the state government?

Setting up a cold chain warehouse is an expensive proposition. Setting up temperature controlled chambers requires spending on a lot of expensive equipments, you also need access to continuous power supply to run a cold chain warehouse. Our expectation from the state government is to provide land and equipment subsidies to enable us to set off some costs and assured continuous power supply for running these facilities.

Lot of organisations are going digital which can be capital intensive, how can SMEs also join this transformation for their EXIM logistics?

Yes, going digital is an expensive proposition for small and medium enterprises, we have introduced a cost effective solution specially catering to SMEs. www.shipafreight.com, is a Web portal developed by Agility to enable SMEs to book their shipments online, they can book, trace and pay online for the shipments and the shipment will be handled by Agility. Shipafreight has enabled SMEs across the globe to access digital freight forwarding solutions and has already gained good traction in India. 

EYES SET ON THE 75MT TARGET

"The focus is not just on containerised cargo, but significant capacity expansion will also take place for handling liquid bulk. Additional oil handling capacity of 5.21 million tonnes is being created at terminals (OR1 & OR2)." declares Rama Mohana Rao, Chairman, Visakhapatnam Port Trust

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isakhapatnam Port Trust has the natural positional advantage of being closest to the Malacca Straits. It has the deepest container terminal with a draft of 15 meters and can handle vessels of length up to 320 meters. Even during the turbulent time of COVID-19, the Visakhapatnam Port Trust stood tall among all the major ports reporting the least decline in cargo throughput as compared to all other major ports. Divulging more details Rama Mohana Rao, Chairman of the major port said, "The 12 major ports handled a volume of 245 million tonnes during April to August 2020 as compared to 294 million tonnes (mt) during April to August 2019, registering a decline of 16.5%. Visakhapatnam Port Trust (VPT) handled a volume of 30 mt during current year as on date (15.9.2020) as compared to 31.78 million tonnes handled in previous year, registering a decline of 1.78 million tonnes (5.6 per cent). Percentage of decline in respect of VPT is less than decline of all major ports. About 95 per cent of India's merchandise trade by volume moves through sea ports, so the impact of the pandemic has been obvious on maritime trade."

Cargo decline has been notable in

respect of the raw material for power sector (steam coal), steel sector (coking coal), petroleum sector (crude oil) and containerised cargo due to economic slowdown. On the flip side, significant growth is recorded in movement of iron ore and pellets, coastal export of Thermal coal to TANGEDCO, fertilisers, finished steel and container exports.

Flexing infrastructure capacity

The major port is further aspiring to increase its container handling capacity by an additional 5.4 lakh teus (9.5 million tonnes) through extension of the existing container terminal on PPP basis. The infrastructure upgrade will cost ₹633 crore and the project is awarded to M/s. VCTPL to be made ready by 2021. The port will soon welcome cruise liners as a mega cruise terminal is being planned at a cost of ₹77 crore, which is pending environmental clearance. The capacity expansion will obviously increase traffic at the port and keeping this in mind 4 km long flyover is being developed from Seahorse junction to dock area at a cost of ₹180 crore. A four lane road is also planned from East Breakwater to Convent Junction which attracts an investment of ₹110 crore. Development of



a grade separator from Convent Junction to H-7 area in the port is in the final stages of development. The project is taken up with funding from Sagarmala by NHAI at an estimated cost of ₹60 crores. This facilitates direct connectivity to the 4 lane port connectivity road duly bypassing the busy convent junction.

The port is also taking up mechanisation of berths (West Q7&Q8 and EQ-7) and new railway sidings are being developed to meet surge in iron ore and steel cargo. EQ-7 berth has been declared as non-crane berth. Upgradation of 4 lane road to 6 lane from East Break Water to Sheelanagar is in progress and development of outer ring road from East Breakwater to Sheelanagar is planned. Direct link from Sheelanagar to Multi Modal Logistic Park of CONCOR, development of Mindi Yard connectivity through construction of fly over bridge at Nathayyapalem on NH-16 is in progress.

The Port Trust has also requested Ministry of Shipping to consider expediting two projects at Sl.No.1 and 2 in view of urgency and to provide hassle free movement of vehicles.

Well, the focus is not just on containerised cargo, but significant



K RAMA MOHANA RAO, IAS
CHAIRMAN, VISAKHAPATNAM
PORT TRUST

Cargo to Southeast Asian neighbours predominantly Nepal, Bangladesh and Sri Lanka moves through the east coast and Visakhapatnam Port is notified as the second gateway port to meet the transit requirements of Nepal exim cargo.

handled during the FY2019-20. We have optimistically fixed this target and will make all out efforts to achieve it,” says Ramamohana Rao, Chairman of the port.

Nepal cargo

Cargo to Southeast Asian neighbours predominantly Nepal, Bangladesh and Sri Lanka moves through the east coast and Visakhapatnam Port is notified as the second gateway port to meet the transit requirements of Nepal exim cargo, in addition to the Kolkata Port. The port has developed an efficient business eco-system after a series of meetings with the Nepal government and trade stakeholders such as CONCOR, Customs, Shipping Agents, and Stevedores who are actively participating and making the operations efficient and cost effective.

After flagging off the first container rake to Nepal from the Port of Visakhapatnam on 4.8.2017, cargo of Nepal is being handled at regular intervals. So far, 832 outward rakes with 73,374 teus and 676 inward rakes with 57,802 teus of container cargo of Nepal was handled through VPT.

Decline in cargo volumes during COVID-19

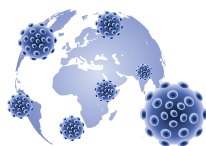
12 Major ports (in million tonnes)

April to August 2020
▼ **245**

April to August 2019
▼ **294**

% decline in cargo handled
▼ **16.5**

CORONA VIRUS



COVID-19

of ₹168 crore. The terminals will handle oil tankers of 80,000 tonnes capacity and are expected to be ready by March 2022. The project is being undertaken with the internal resources of VPT. The port trust has also issued work order for installation of two Harbour Mobile Cranes of 100 tonne capacity in the inner harbour on license basis.

Covered storage sheds for bulk cargo handling are being developed in phases and the first phase at a cost of ₹36 crore will be completed by next year. Night navigation has been improved for Panamax vessels of draft up to 14.5 meters. Permissible beam of vessel has been increased to 38 meters from 32.5 meters in the inner harbour.

“All the efforts are focused at achieving the 75 million tonnes target in the current year, over the 72.72 mt

capacity expansion will also take place for handling liquid bulk. Additional oil handling capacity of 5.21 million tonnes is being created at terminals (OR1 & OR2) that are being revamped at a cost

Coastal cargo movement

With the impetus given by the GoI for utilising multi-modal transportation, it is expected that there will be increase in coastal movement of cargo in the process of optimising modal mix viz., rail, road, sea and IWT. Further, GoI has constituted an Inter Ministerial Committee (IMC) to freeze strategy for total import substitution of coal with domestic coal. During the deliberations of the meetings of IMC it is given to understanding that ports have to play larger role in facilitating movement of domestically mined coal to the end users.

A volume of 16 – 20 million tonnes of coastal cargo is being handled by VPT. Cargoes such as Iron ore pellets, iron ore, POL, Crude oil, Caustic soda, container cargo and Thermal coal (TANGEDCO) are moved coastally.

Initiatives to attract more cargo

Concessions offered to attract mainline container vessels have been extended up to March 31, 2021. The port is further aspiring to handle container vessels of LOA up to 360 meters and beam 36 meters (10000 – 12000 teu). Existing contract for transportation of coal from MCL/IbValley to TANGEDCO has been extended for one more year. Concession of up to 50% on railway terminal charges is being offered for unloading (mechanical/manual) iron ore rakes up to March 31, 2021. Concessions are also being offered in license fee for land and RFID charges are being rationalised for ease of doing business.

Attracting cruise traffic

Visakhapatnam city has immense tourism potential with the presence of a unique combination of tourism spots of heritage, religious, adventure, beaches, wildlife and nature. Keeping in view of the tourism potential, a proposal for development of a cruise terminal is envisaged at an estimated cost of ₹77 crores under the aegis of Ministry of Tourism with 50% financial support. The project includes development of a berth and terminal building with basic infrastructure. The terminal is planned to accommodate vessels of length upto 300 meters. Preparation of designs for berth structure is awarded to IIT Chennai and terminal building to M/s.

Cargo Handled (in Million tonnes)

April to August 2020
▼ **30**

April to August 2019
▼ **31.78**

% decline in cargo handled
▼ **5.6**

▼ **Cargo decline:**
steam coal, coking coal, crude oil and containerised cargo

▲ **Cargo increase:**
Iron ore and pellets, thermal coal to TANGEDCO, fertilisers, finished steel and container exports.



Nepal cargo handled

Export Cargo:
832 outward rakes with **73,374** teus

Import Cargo:
676 inward rakes with **57,802** teus



Creative Group, New Delhi. The project is likely to be awarded in 2021 after obtaining Environmental Clearance.

Digitalisation

The initiatives taken in terms of technology implementation are:

- Implementation of PCS IX
- Full-fledged SAP based ERP implementation
- Fully automated container terminal guided by NAVIS SPARKS N4 software – online tracking
- Gate automation through RFID
- 24x7 Electronic Surveillance through CCTV cameras
- State of the Art Firewall (PALO ALTO 850 model) installed for greater

Infrastructure upgrade

Additional container handling capacity of **5.4** lakh teus (9.5 million tonnes) being planned by 2021.



Additional oil handling capacity of **5.21** million tonnes being created at terminals (OR1 & OR2).



A mega cruise terminal is being planned at a cost of **₹77** crore



4 km long flyover from Seahorse junction to dock area at a cost of **₹180** crore



A four lane road from East Breakwater to Convent Junction at a cost of **₹110** crore



New railway sidings to meet surge in iron ore and steel cargo.




mechanisation of berths (West Q7&Q8 and EQ-7)



Covered storage sheds for bulk cargo handling



- security of prominent data in the VPT.
- E-tendering, e-payment, implementation of e-office are implemented.
- Cloud based backup established at NIC, Hyderabad & Delhi
- Installed Backup and Replication software (VEEAM Backup & Replication version 9.0) for automatic backup.
- Container tracking by DMICDC
- VPT has implemented VPT life line (1800-425-1238) through which customers can call and get the information and clarifications on issues pertaining to operations / Billing.
- VPT is planning to replace the existing Port Operations System – POS/TOS with embedded with IOT and AI Machine Learning technology. 



CONCOR – THE CROSS BORDER CONNECTOR

In Andhra Pradesh CONCOR connects the gateway ports into the hinterland and beyond the borders into Nepal and Bangladesh

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hen it comes to evacuation of containerised cargo by rail, CONCOR has always been the undisputed leader. While there are many private container train operators but none of them match to this Navratna PSU in terms of infrastructure, connectivity and reach. In Andhra Pradesh, CONCOR operates through terminals at Visakhapatnam, Guntur and Krishnapatnam. The Civil Works at Kakinada seaport is nearing completion and in the coming few months it may commission as road based terminal. During the last year

CONCOR had moved good volumes in Andhra Pradesh. The rail freight major moved 2,26,946 teus at Visakhapatnam [railway siding at Visakhapatnam (CFCV) -16,798, MMLP Visakhapatnam (CCJS) -1,90,958, VZP Port 19,190]; in Guntur it recorded 1,948 teus DSO outward loads and 2,998 teus were moved at Adani Krishnapatnam Port.

The Guntur terminal handles 10,000 tonnes per month mainly comprising of tobacco, chilli and spices. According to CGM CONCOR, permissions have been obtained for handling another

10,000 tonnes in the exim segment at the terminal. It has capacity to handle up to 50,000 tonnes. A container manufacturing facility is being planned in Kadapa for which ground work has been initiated. Performance during the first quarter of the current year was weak due to the outbreak of COVID-19, but the rail freight major started recovery from the midst of the 2nd quarter.

As the state government is coming up with greenfield ports in Bhavanapadu, Machilipatnam and Ramayapatnam, CONCOR is ready for connecting them to the hinterland depending on the customer demand and business potential.

Infrastructure

In the South Central Region CONCOR operates an MMLP in Visakhapatnam which is spread on 108.15 acres land leased from Visakhapatnam Port for 30 years. In Krishnapatnam it operates another MMLP spread on 140.58 acres land purchased from APIIC, and in Kakinada the MMLP is spread on 89.35 acres land leased from Kakinada Port for a period of 60 years.

Cross border connectivity

Taking forward the government's act east policy, CONCOR started its first ever international operations from Visakhapatnam to Chittagong Port in Bangladesh in July 2020. From CTKR Terminal so far 6 rakes (192 teus) have been moved, primarily carrying cotton bales, textile machinery and two wheelers. Sharing more details, D. Satyanarayana, Chief General Manager, CONCOR said, "The Corporation with 28 port container terminals obtained all clearances from Bangladesh and containerised cargo would initially move from Visakhapatnam, Adani Krishnapatnam and Chennai ports. Depending on the demand services would be expanded further."

Services to Nepal are available from Kolkata and Visakhapatnam. On an average 26 rakes are being moved from Visakhapatnam to Nepal for FY 2020-21. On a daily basis, Visakhapatnam handles 2 lakh teus including two train rakes coming or going to Nepal daily through Birgunj. 🇳🇵

IDEAL GATEWAY IN UPPER BAY OF BENGAL

"After the low volumes in the month of April and May, 2020 mainly attributed to lockdown, container traffic started increasing from June'20. Breaking all records, highest ever throughput was achieved in June with 46,307 teus along with highest ever export laden volumes with 21,152 teus." informs Anil Narayanan, Dy Chief Operating Officer, Visakha Container Terminal Pvt Ltd (VCTPL)

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trategically located in the center of India's east coast, Visakha Container Terminal offers the shortest sea route to China. It ideally connects to the Strait of Malacca (the link between the Indian Ocean and the South China Sea) which is one of the most heavily travelled shipping channels in the world. The terminal is blessed with a natural draft of 16.5 metres and is the most logical gateway port for container traffic from states of Andhra Pradesh, Telangana, Chhattisgarh, Odisha, Maharashtra, Jharkhand, Madhya Pradesh and West Bengal.

To the east bound countries, VCT has regular scheduled services namely FME, MDM & CHX which are operated by shipping giants like COSCO, RCL, CMA, APL, KMTC, TSL, Feedertech, BTL, Wan Hai, Evergreen & Maersk. VCT is gradually evolving as a regional transshipment hub in the Bay of Bengal with containers from Kolkata, Haldia, Paradip, Kakinada, Chittagong and Yangon getting transhipped here. Rail bound volumes constitute a large share of VCT's throughput. Currently some of the major steel and aluminium industries in the hinterland have their rail linked volumes connecting VCT. With

own rail assets under the infrastructure vertical of J M Baxi Group, land locked consumer centres like Hyderabad, Nagpur and Delhi will be connected to VCT going forward. Considering the proximity to the eastern sea lane, Visakhapatnam can be an ideal gateway to the country for the cargo moved between India and East Asian countries, saving additional steaming time of 3 to 4 days while moving the ship towards the west coast ports.

Considering the growing vessel traffic, the existing terminal quay length is being extended by 395 metres making 845 metres linear quay wall available for berthing the container vessels. Of this, 100 meters extension of berth will be completed by March'21 and the whole project is scheduled to be completed during the year 2021. With this, the terminal will have an enhanced capacity for handling 1.5 million teus annually.

In the extended berth the terminal will deploy 3 super post panamax cranes for handling vessel operations. The back-up support infrastructure includes 9 E- RTGCS, 5 Reach Stackers, 24 ITVs, 6 gate lanes with modern IT infrastructure is also planned in the new project for ensuring world class



service to the customers.

Business performance

Visakha Container Terminal handled 0.5 million teus (5,02,750 teus) in the FY 19-20 with a growth rate of 12%. The main contribution was from local laden volumes (7% growth) complemented with rail bound (9% growth) and transshipment (15% growth). While exports laden have displayed a nominal growth rate of 2% in FY 19-20, the imports have shown a steep growth of 17%. Nepal bound import volumes grew by 164% during this period.

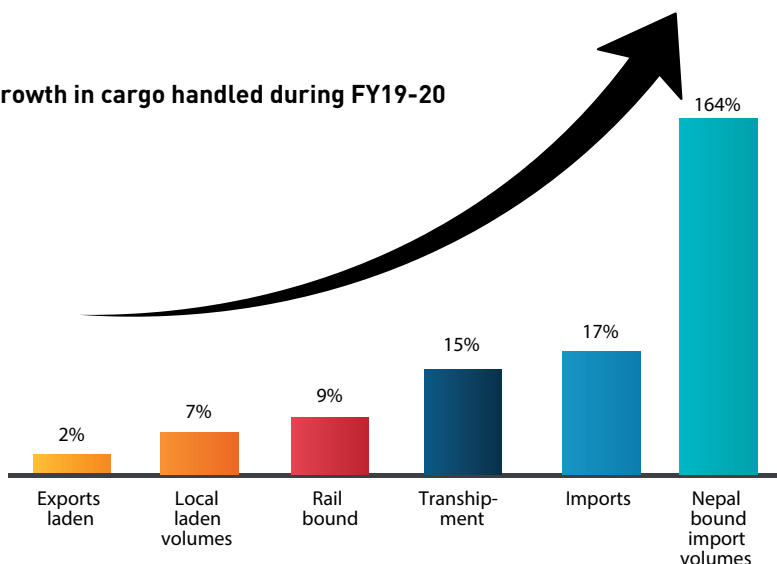
Overall volumes handled during the first half of 2020 dropped by about 6% due to COVID-19 pandemic. After the low volumes in the month of April'20 and May'20 mainly attributed because of the impact of lockdown in the country, container traffic started increasing from June'20 onwards. Breaking all the records, highest ever throughput was achieved in the month of June with 46,307 teus along with highest ever export laden volumes with 21,152 teus. Visakhapatnam is a hub for reefer exports i.e. pharma, sea food, chemicals, frozen food etc. hence highest number of reefer exports were witnessed in this



ANIL NARAYANAN
 DY COO-OPERATIONS,
 VISAKHA CONTAINER TERMINAL

Visakhapatnam can be an ideal gateway to the country for the cargo moved between India and East Asian countries, saving additional steaming time of 3 to 4 days while moving the ship towards the west coast ports.

Growth in cargo handled during FY19-20



month with 3,424 teus. Export of agri products, ferro alloys, metal products and reefer volumes have started picking up since June'20.

Transshipment cargo


VCT, with proximity to the other hub and spoke ports and its own origin & destination cargo, is excitingly poised to become the preferred Regional Transshipment Hub on the East Coast of India. The commercial benefits (discounts on Vessel Related Charges) offered by Visakhapatnam Port Trust makes the product even more attractive, sustainable and competitive in the long run by being the Gateway to the East for both Northern and Southern regions extending right up to Bangladesh and even Myanmar as an ideal Gateway in the upper Bay of Bengal. VCT has every opportunity in diverting the volumes from neighbouring ports with direct services connecting China, Far East, Europe, Middle etc., apart from the other new main line services targeted. VCT is aiming at several global shipping lines for transshipment volumes with their presence at the terminal serving to both East & West bound regions. The volumes targeted would be generated from Kolkata / Haldia regions while Chittagong and Yangon are yet another viable options that would further give room for Transshipment volumes via VCT.

The transshipment volumes at VCT grew by a whopping 148 per cent in FY19 over FY18. With the continuous growth in transshipment volumes and with the patronage from various lines the growth rate between April and August in FY20, compared to FY 19, was 188 per cent and is expected to rise further.

Impact of COVID-19

Greater use of digital technology has been a top priority at the terminal enabling uninterrupted operations.

There has been adverse impact of COVID-19 on the cargo due to subdued global trade, contraction in industrial activity and logistics bottlenecks. However, there has been increase in the share of railways in container transportation.

There had been 18 blank sailings during Q1 of this FY in Visakhapatnam as against 150 blank sailings across the country by various vessel operators. 

HAROPA HIGH ON CARBON NEUTRAL

HAROPA today stands high among the French ports, flagging a strong commitment to reduce carbon footprint of not only its activities but also its customers

HAROPA is leading from the front among the French ports in initiating green projects to become carbon neutral. The port is not only providing on-shore renewable energy but has also taken up several studies for electrification of terminals and road transport, practically making them carbon neutral. The port's strong commitment to reduce its activities' carbon footprint and to protect the port ecosystem, its full-fledged support to customers in the decarbonation process and the vast research, work and environmental

certification procedures have fetched the port the Best Green Seaport Award for the 4th time, facing the ports of Hamburg, Long Beach and Singapore. This award also marks recognition of the 1st French Port complex's environmental commitment.

Further, HAROPA - Port of Le Havre is now a member of the "Getting to Zero Coalition" alongside more than 90 companies from across maritime, energy and finance sectors. This membership marks another step in the port's commitment to help its customers

Under France's Economic Stimulus Plan, which includes an envelope of €175m dedicated to port greening, HAROPA has been allocated €71m, making it possible to speed up numerous projects, particularly in the area of the energy transition.



reduce their own emissions. Moreover, it underlines the determination of HAROPA Ports to reduce the carbon footprint of the maritime industry as compared to 2008 levels.

The "Getting to Zero Coalition" was launched at the United Nations Climate Action Summit 2019 as part of a partnership between three intergovernmental organisations (the Global Maritime Forum, Friends of Ocean Action and the World Economic Forum) to combat climate change. It aims to reduce greenhouse gas (GHG) emissions from shipping by at least 50% by 2050. To reach this goal and to make the transition to full decarbonisation possible, the members of this coalition are committed to help developing zero-emission ships and fuels by 2030.

Seahorse ship agencies represents HAROPA Ports for commercial & marketing activities in India. 🇮🇳

HAROPA'S COMMITMENT TO ECOLOGICAL TRANSITION

HAROPA has initiated a slew of initiatives for supplying green power on-shore and has the vision to be a clean, carbon-neutral, positive-energy port by 2040

HAROPA has placed the ecological transition at the heart of its new strategic plan. It is one of the 4 pillars of the development of the future single establishment. What are the big issues?

HAROPA is a player committed to the ecological transition. We are committed to control the impacts of our port activities, protect biodiversity and natural spaces, develop renewable energy production and low-carbon energy, reduce carbon footprint of our ports and clients. We share the ambition to be a clean, carbon-neutral, positive-energy port by 2040.

Proof of our efforts, we received the 2020 Best Green Seaport award. This trophy illustrates recognition of our environmental policy based on our initiatives in the fight against global warming.

Could you tell us a bit more about HAROPA's electrification project?

Since 2018, HAROPA and Voies navigables de France (VNF) have installed 13 water and electricity distribution terminals between Le Havre, Rouen and Paris. This network of onshore power supply connections, available 24 hours a day, is intended for river freight carriers when docked at the quay. Last July,

the European Commission brought us €1.8 million to make the Seine the first European river to extend this network along the Seine axis with the implantation of 78 new terminals from end to end by 2023. Moreover, for cruise ships, HAROPA Ports of Paris also offers electricity-charging infrastructure at the dockside.

Do you have other efficient projects to reduce the footprint activity of maritime or road transport?

In Le Havre, we are working on the electrification of the cruise ships terminal. At the time, several solutions are currently under study. For the road transport, HAROPA participates in establishment of Vehicle Natural Gas (VNG). It's the case in the Port of Le Havre with 3 stations that will be commissioning this year. In the Port of Gennevilliers, there is also the French biggest station.

HAROPA is a founding partner of the Environmental Ship Index (ESI) since 2009, what is the approach?

The ESI is a measure of the environmental performance of ships that rewards the most admirable ships in the World by port fees reduction. Each




Baptiste Maurand

Managing Director HAROPA - Port of Le Havre

HAROPA - Port of Le Havre joins the "Getting to Zero" coalition

Last October, HAROPA – Port of Le Havre joined the “Getting to Zero Coalition” to help decarbonise maritime transport. Launched at the United Nations Climate Action Summit 2019 as part of a partnership between three intergovernmental organisations (the Global Maritime Forum, Friends of Ocean Action and the World Economic Forum) to combat climate change, its aim is to reduce greenhouse gas (GHG) emissions from shipping by at least 50% by 2050.

year, we are increasing the approach. For example, we signed a partnership with TOWT, a French sailing transport company, according 50 percent of port fees reduction.

In 2016, we organized the Environmental Trophy of the River Fleet to reward the most environmentally efficient freight and passenger vessels and support the greening of river transport too. 

CREATING CAPACITY AHEAD OF DEMAND

"We do see some recovery / improvement in Q2 FY 2020-21 as the demand for raw materials has started to pick up in core sectors (steel, sponge, pellets, cement, alumina etc.) in the hinterland." informs Rajesh Raju Dandu, Managing Director, Gangavaram Port

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angavaram Port is located at Visakhapatnam, the industrial nerve center of Andhra Pradesh, about 15 kms south of Visakhapatnam Port. This is an all weather, one of the deepest, most modern and fully mechanized Ports in India, capable of handling fully laden Super Cape size vessels of up to 2,00,000 DWT. The Port is already having deep draft berths of up to 21 meters, advanced material handling and evacuation system, highly efficient operations, vast storage areas for all types of cargo and extensive ancillary facilities. It has become the gateway port for a hinterland spread over 8 states across eastern, western, southern and central India.

What started in 2003 as a green field project with nothing on the ground, has over time developed into a world class project becoming the deepest and one of the most efficient cargo-handling ports

in India offering competitive tariffs, better turnaround time for vessels, great connectivity, in addition to many infrastructure facilities.

Gangavaram Port has an existing cargo handling capacity of 64 mmt and has handled 34.82 mmt cargo volume in FY 2019-20. The port management has always created and maintained modern, mechanised and efficient cargo handling infrastructure and capacity well ahead of demand.

Infrastructure & connectivity

Gangavaram Port has a very good rail and road connectivity for receipt and dispatch of cargo to and from the Port. The Port is connected to the main broad gauge national network of "Chennai-Visakhapatnam-Howrah" rail corridor and a four lane expressway of 3.8 kms connecting the port to the National Highway No.5 (Chennai-Kolkata). The Port has State-of-the-art mechanized handling systems, 14 Railway sidings, mechanized stockyards and In-motion-wagon-loading system for handling

railway rake cargo. Gangavaram Port can easily dispatch in excess of 20 rakes per day. Regarding cargo dispatches by road, Gangavaram Port has been dispatching in excess of 20,000 mt of cargo by road every day during FY 2019-20 and FY 2020-21 (till end August 2020).

Cargo handling

Gangavaram Port has handled various bulk and break bulk commodities over the last 12 years including coal (non coking, coking, anthracite), petcoke, metcoke, CP coke, fertilizers (urea, MOP, DAP, NPK/NPS), limestone, gypsum, bauxite, alumina, iron ore (fines and pellets), slag, clinker, steel products, granite, aluminium products, rice, wheat, sugar etc. Finished steel makes up its main export. Industry experts are of the view that the port can focus on LNG cargo as well considering the rising gas imports and can probably add an LNG terminal. The landlocked state of Telangana primarily receives its urea imports from Vietnam through this port.

Coal is also one of the major cargoes being handled at the port – almost 63% of the total volume. But as the pandemic has adversely affected the core sectors in India, the coal demand has come down significantly. Further, the imported coal demand has also reduced as a result of increased availability of domestic coal from Coal India mainly due to very low offtake in Q1, FY 2020-21. As a result the coal import during the period was significantly less as compared to last year for the same period. However, the exports from the country have picked up during the first two quarters and the same has partially compensated the decrease in coal imports during Q1 and Q2 FY 2020-21. Gangavaram Port is expected to handle 14.85 mmt of cargo volume in FY 2020-21. Out of 14.85 mmt, around 35% cargo volume (5.19 mmt) is exports and 65% is import (9.66 mmt). During FY 2019-20, the Port has handled around 18.06 mmt of cargo in Q1 and Q2 combined (April to September). The export during the period was only 3.41 mmt (19%) and import was 14.66 mmt (81%). The significant increase in exports in the first six months of FY 2020-21 as compared to last year for the same period is noticeable.

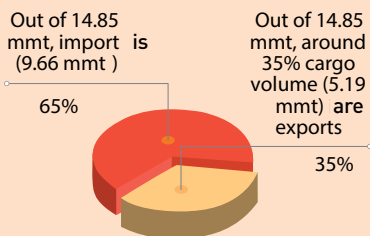


"We do see some recovery / improvement in Q2 FY 2020-21 as the demand for raw materials has started to pick up in core sectors (steel, sponge, pellets, cement, alumina etc.) in the hinterland."

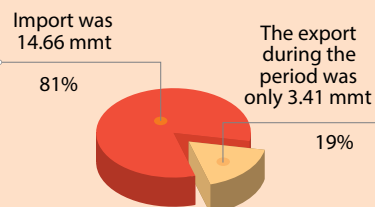


RAJESH RAJU DANDU
MANAGING DIRECTOR,
GANGAVARAM PORT

Gangavaram Port is expected to handle 14.85 mmt of cargo volume in FY 2020-21.



During FY 2019-20, the Port has handled around 18.06 mmt of cargo in Q1 and Q2 combined (April to September).



Total imports of all types of cargo rose by 25.78 million tonnes in FY18 to 15.08 tonnes in the first half of FY19. Revenues for FY18 rose 29.6 percent to ₹812 crore, while profit after tax rose 196 percent to ₹269.56 crore.

Impact of COVID-19

The Coronavirus pandemic has severely and adversely affected the economic activity, reducing demand across all core sectors and accordingly Ports have also seen downfall in Cargo volumes, specifically during Q1 FY 2020-21 in view of country wide "lockdown" to contain spread of pandemic. However, we do see some recovery / improvement in Q2 FY 2020-21 as the demand for raw materials has started to pick up in core sectors (steel, sponge, pellets, cement, alumina

etc.), says Rajesh Raju Dandu, chairman of the port.

Gangavaram Port Limited in April 2020 contributed ₹3 crores to the Andhra Pradesh Chief Minister Relief Fund for the fight against COVID-19 pandemic and support the healthcare and safety measures being undertaken by the Government.

"We handled 34.82 mmt of cargo during FY 2019-20, of which 33.57 mmt was bulk and 1.25 mmt was break bulk. During the current Financial Year, we handled around 14.85 mmt of cargo by end of Q2 FY 2020-21 (upto 30 September 2020). The impact on cargo volumes in FY 2020-21 as compared to FY 2019-20 for Q1 and Q2 combined (April to September) is 3.2 MMT which is approx. 17% less than last Financial Year."



THE GATEWAY TO SOUTHEAST ASIA

Providing fastest and most competitive services connecting to ports in Far East and South East Asia

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enowned as the gateway to Southeast Asian countries, Adani Krishnapatnam Port is a deep water port located on the east coast of India in Nellore district of Andhra Pradesh. Positioned 180km north of Chennai Port, Krishnapatnam is a multipurpose port with a draft of 18.5m capable of handling capesize vessels and has 13 berths with a current capacity to handle 64 million tonnes of

cargo per annum. As per the approved master plan of the port, its capacity can be scaled up to 250MMTPA. The nearest highway to the port is NH5 (Chennai-Kolkata highway) which is at a distance of approximately 25km connecting the port through a dedicated four lane road. Upgradation of this 4 lane road to 6 lane is in progress. The port has an internal roads network of 55km with a capacity of moving 5,000 trucks per day.

The port is connected through a fully electrified double rail line. The nearest railway station is the Venkatachalam station located on the Chennai-Kolkata rail line, which is approximately 22km from the port. A new rail line measuring around 91kms is operational between Venkatachalam and Obulavaripalle to



reduce distance to the port by 70kms. The port is equipped with cargo-wise dedicated rail sidings supported with an internal rail network of 52kms that can move 60 rakes of cargo in-and-out. The nearest airport is in Tirupati at a distance of about 120km from the port.

The hinterland of the port primarily consists of Central and Southern Andhra Pradesh, Telangana and Eastern Karnataka. Thermal power plants, cement plants and edible oil refineries located in these hinterland procure raw material and move their exports through the port. Major exports (containerised) moving through the port include agri products, cement, minerals

Debottlenecking and mechanisation will further take the capacity of the port to more than 100mtpa by FY24. The port has ample land resources to expand capacity upto 500mtpa.




GJ RAO
DIRECTOR,
ADANI KRISHNAPATNAM PORT

and fish. The port has an extensive captive cargo base which includes 5,490 mw of operational coal based power plant and 7,200mt per day capacity of oil refineries.

The cargo traffic has been heavily dominated by coal, but the port is now

increasing the share of containerised cargo as well. Mechanised coal handling system which includes dedicated high speed conveyor of about 12.5km length from berth to power plant ensures faster turnaround of the vessels. Similarly, for liquid bulk handling the port has two dedicated 16 inch pipelines of 6.5km length from berth to edible oil refineries.

Debottlenecking and mechanisation will further take the capacity of the port to more than 100mtpa by FY24. The port has ample land resources to expand capacity upto 500mtpa. About 6,790 acres of land bank is available with the port.

Adani Krishnapatnam Port handled around 35mmt of cargo in FY16, which increased to 54.4mmt in FY19. Container volumes grew by more than 6% and liquid cargo volumes increased by 5% in FY20. Iron ore volumes decreased by more than 90% from 5.4mmt in FY19 to 0.4mmt in FY20, while coal volumes dropped by 9% during the same period. 

Key customers of the port

Coal

- TPCIL/Sembcorp energy
- JSW Group
- Karam Chand Thapar & Bros
- Swiss Singapore India Pvt Ltd
- Global coal & mining Pvt Ltd
- The India Cements Ltd
- Ultra Tech Cements Ltd

Fertilizer

- Indian Potash Ltd

Limestone

- JSW Steel Ltd

Cement

- Penna Cement Industries Ltd

Edible oil

- Emami Agrotech Ltd
- Gemini Edible oil & fats
- Adani wilmar Ltd

Shipping Lines

- Maersk (including Safmarine)
- Hyundai Merchant Marine
- Shreyas Shipping & Logistics
- Mediterranean Shipping company

ENERGY TRANSPORT HUB

K

akinada is expected to emerge as a key industrial zone with the state government drawing up ambitious plans to develop the Visakhapatnam-Kakinada Industrial Corridor. The gas and energy being explored in the Krishna-Godavari basin is largely being moved through the Kakinada deep sea port. Kakinada Seaports Ltd is the concessionaire and operates the port since 1999. The port operates 11 berths for bulk and liquid cargoes and 5 berths are dedicated for offshore supply vessels operating for K-G basin exploration activities, 1 berth

Gas and energy being explored in the Krishna-Godavari basin is largely being moved through the Kakinada deep sea port, which also caters to bulk cargo needs in the hinterland



each for POL & FRM and vegetable oil, 9 berths are multipurpose. The port has a capacity to handle 27.5 mmts of cargo per year. It handled 15.3 mmt of cargo during FY 19-20. The Central Government's focus on boosting coastal shipment of cargo is likely to generate an additional 3-4 mt over the next few years. Hinterland of the port includes Andhra Pradesh, Telangana, parts of Maharashtra, Odisha and Chhattisgarh.

With 15 meters channel depth, the port has capacity for berthing baby cape size vessels with 1,25,000 mts parcel size, which the port envisages to scale up to 2,00,000 mts parcel size by deepening of channel to 17.5 meters in the next 2 to 3 years.

Mechanised conveyor systems are present for bagging and loading wagons. The terminal capacity for handling various cargo is as follows:

- Fertiliser - 4.5mmt per anum
- Coal - 7 mmt per anum

- Aluminium - 2 mmt per annum


Liquid tank farms are provided for handling vegetable oil and POL cargoes. The port has started handling chemical cargoes such as Methanol and Toluene catering to the needs of the Pharma industry. It has 12 railway lines with 2 in-motion weighbridges and 5 truck weighbridges. Containerised cargo started moving through the port in 2015 particularly rice, sugar and aqua products.

Key businesses using the port

- Fertilisers are being handled by Coromandel, IFFCO, Zuari, NFL etc.
- Alumina is being dealt by Vedanta Ltd
- Coal is being moved for various cement plants in hinterland
- Sugar is being dealt by Parry Sugars Ltd

H-Energy, the oil and gas arm of

Hiranandani Group has entered into a port service agreement (PSA) with Kakinada seaport for developing a LNG regasification and reloading terminal. "Kakinada with its existing breakwater and deep draft combined with its close proximity to various natural gas pipelines makes this an efficient and successful project," commented Darshan Hiranandani, CEO, H-Energy. The company will develop a LNG hub here that will cater to the needs of domestic customers in Andhra Pradesh and will also supply LNG through small vessels to H-energy's upcoming Kukrahati LNG terminal in West Bengal and neighbouring countries such as Bangladesh and Myanmar.

A 242-km natural gas pipeline is also being set-up by the company from Kanai Chhata to Shrirampur (at India-Bangladesh border), which will supply regasified LNG to customers in West Bengal and Bangladesh. 





FACELESS, PAPERLESS AND CONTACTLESS CUSTOMS

Several initiatives such as “Turant Customs” and e-Sanchit have eliminated physical submission of documents, enabled single point interface and making customs assessment faceless, informs **Naresh Penumaka**, IRS, Chief Commissioner of Customs & Central Tax

Indian Customs has progressed significantly on technology and digitalisation initiatives. COVID-19 has accelerated this process. What are new features in ICEGATE and how do they benefit trade?

New features in ICEGATE

Recent functionalities in ICEGATE are meant to reduce the need for physical interaction between Customs and stake holders and also to speed up the Customs clearance process. These new functionalities are:

Registration of Authorised Dealer Code, Bank Accounts through ICEGATE: A new functionality within ICEGATE login that allows the exporters to make an online request for registration/modification of their AD Code / Bank Account(s) and also electronically submit the Passbook copy or Bank Authorisation letter through e-Sanchit. Exporters would also have access to a Dashboard to view the status of approval and acceptance for quick rectification/corrections in details at their end.

Automated debit of bond after Assessment

Presently, importers or their representatives are required to physically visit Customs House for physical debit of Bonds after the Bill of Entry is returned (to the importer) for the payment of duty. On review, it has been decided to do away with this requirement. Instead, ICES would automatically debit the Bond and reflect the same in the first copy of the Bill of Entry, provided the details of the Bond are provided during submission of the Bill of Entry.

Simplified Registration of Importers/Exporters in ICEGATE

Simplified registration module for importers / exporters without the requirement of digital signature, newer functionalities such as management of bank accounts, ledger view, IGST refund status, query reply etc. are also being provided now.

Paperless Customs

After processing of the Bill of Entry

(the document required for imports), earlier, a manual print out was to be taken by the importers in physical print. Now, electronic communication of gate-pass (meant for taking goods out of custodian's premises after Customs clearance) and OOC (Out of Charge) copy of bill of entry is emailed automatically by the system to importers/customs brokers/ custodian directly.

The launch of paperless documentation on exports is a sequel to a similar initiative that was begun for imports w.e.f. 15th April 2020. Accordingly, after Customs permits export of goods an electronically generated pdf format of the shipping bill is sent to exporters by email.

What facilities does ‘Turant Customs’ programme offer to the shippers? What is the status on opening of Turant Suidha Kendras?

- This step has been taken by CBIC for fulfilling its commitment to a **Faceless, Paperless, and Contactless Customs**.
- **Central Board of Indirect Taxes and Customs (CBIC)** has launched its flagship programme “Turant Customs”. Turant Customs is a mega reform for the ease of doing business. The programme has been launched at Bengaluru and Chennai to take a leap forward to take advantage of the technology for faster Customs clearance of imported goods. With the initiation of programme at Bengaluru and Chennai, it marks the first phase of the All India roll out which got completed by 31st December 2020
- Under the “Turant Customs” programme, importers will avail benefits with the elimination of routine interface with the Customs officers which will provide uniformity in assessment across the country. The Customs officers located outside the port of import will clear the goods from Customs after doing faceless assessment remotely.

Turant Suidha Kendra in All Customs Formations

- Turant Suidha Kendras (TSK) have been set up for the purpose of implementation of 1st phase of faceless assessment at Bengaluru and



NARESH PENUMAKA, IRS
CHIEF COMMISSIONER OF CUSTOMS
& CENTRAL TAX

Chennai. Considering the benefits ushered in by providing single point interface, Board has decided to extend TSKs to all the Customs formations for carrying out the functions mentioned in para 5 of the said Circular. This step is being taken in advance of the pan-India rollout faceless assessment, which would be done in phases to be announced soon. To reiterate, the broad scheme of the TSK would be as follows:

- The document verification by Customs officers at Assessment and Customs Compliance Verification (CCV) stages would normally be based on the documents uploaded in the e-Sanchit, not requiring physical submission of documents. However, if in any exceptional situation the physical submission of documents is required by Customs, for defacement or validation, such submission would be made only at the TSKs.
- The important functions of Turant Suvidha Kendra are to accept Bond & Bank guarantees & debit the same pertaining to assessments, generating test memo and forwarding samples, defacing or debiting of documents/permits/certificates, processing request for fee waiver for late filing and carry out any other technical function referred by the Faceless Assessment Groups.
- In Vizag Customs House, TSK was formed on 15.07.2020, manned by RMS

team and in ports under Customs Preventive Commissionerate, Vijayawada, TSK were formed.

What has been the impact of COVID-19 on functioning and revenues collection by Customs in your region?

- Revenue Receipts from top 5 commodities in **Vizag Customs** is being compared for the **FIRST QUARTER** of FY 2019-20 & FY2020-21.

FINANCIAL YEAR Q1/2019-20

₹2201 crore

FINANCIAL YEAR Q1/2020-21

₹600 crore

SHORT FALL

₹1601 crore

- Data shows that there is a **shortfall in revenue of ₹1,601 cr.** Compared to the corresponding quarters.
- In **percentage wise**, Revenue shortfall is to the tune of **72.71%**.

Customs Preventive Commissionerate, Vijayawada

FINANCIAL YEAR Q1/2019-20

₹4785 crore

FINANCIAL YEAR Q1/2020-21

₹3147 crore

SHORT FALL

₹1638 crore

- In **percentage wise**, Revenue shortfall is to the tune of **34.23%**.

Any challenges you still see in customs clearances? What is your advice to trade in terms of compliance and going digital?


Although every possible effort is made by Customs in reducing the dwell time, many times due to various Participating Govt. Agencies (PGA's) repeated inspections on regular importers/AEO clients, had resulted in delayed clearance of consignments. Hence, the RMS based platform (which is being successfully implemented in Customs) may be introduced to other PGA's also, based on the risk profiling of importers and imported goods.

Would you like to share any upcoming initiatives by Customs?

Manufacture and Other Operations in Special Warehouse Regulations, 2020.

In terms of the warehousing provisions, which are simple and easy to comply, capital goods and raw materials can be imported without payment of duty for manufacturing and other operations, to a bonded warehouse facility. The duty is deferred—and where the imported inputs are used for the manufacture of goods exported, the duty, namely the basic customs duty and IGST is exempted and the GST, zero-rated. A single point of approval, common application form, unlimited period of retaining the warehoused goods, facility of importing capital goods needed for the manufacture also duty-free, no geographical restriction as to where to open the manufacturing warehouse, make it a more attractive proposition than other existing schemes.

Deferred Payment of Import Duty to Authorised Public Undertakings

In an effort to expedite the clearance of imports by public sector undertakings, the government has extended the deferred customs duty payments facility to them. The PSUs will be allowed to pay customs duty within 14 days of imports. This measure is expected to result in speedier clearance of goods imported by the PSUs, thereby helping them in their activities. 

PLANNED INDUSTRIAL GROWTH ACROSS THE STATE

"Agriculture and aquaculture being the major contributors to GSDP, the state economy has seen the least impact of the COVID-19 induced economic slowdown. The state government has further come up with industrial zoning to foster planned industrial growth across regions," explains KVS Prakash Rao, President, AP Chamber of Commerce



KVS PRAKASH RAO
PRESIDENT, AP CHAMBER OF COMMERCE

Can you give us an overview of the activities of AP Chamber of Commerce? What is its role in promoting trade and commerce in the state of Andhra Pradesh?

Andhra Pradesh Chambers of Commerce and Industry Federation was established in 2000 as a chamber of commerce representing the business community in Andhra Pradesh. AP Chambers has been relentlessly pursuing the agenda of identifying business opportunities and challenges and addressing critical issues with the sole focus on sustainable growth in the region. AP Chambers has been instrumental in influencing policy framework of the government.

AP Chambers frequently organises interactive meetings with ministers, senior bureaucrats to convey the industry concerns and issues affecting the growth of business in the state. It provides a platform for businesses from different sectors to express the challenges they are facing to the concerned authorities. Many state level associations and bodies are affiliated to AP Chambers.

Some of the main activities of the chamber are:

- Representations to the state and central governments on the issues



affecting the commerce and industry in the state

- Bringing awareness to the members on various state and central laws and amendments
- Organising seminars and workshops for members and meetings with government officials on important issues
- Acting as a trade facilitation centre

How have been the exports from Andhra Pradesh last year? In the recent NITI Ayog rankings, Andhra Pradesh stands at 20th position in export preparedness. What do you think should State Government be doing to promote more exports from the state?

The exports (products) from the state for the FY: 2019-20 (up to September)



were at ₹49, 221.62 crores. The major exports from the state are drugs & pharmaceuticals, leather, animal and marine products, agriculture and agro based products, handloom and textiles, minerals and mineral products, and engineering products. The state government needs to provide effective and supportive institutional mechanism for promotion of exports. It also needs to provide effective and competitive export infrastructure for the growth of exports. The state government needs to strengthen the state's association with export promotion councils and international trade bodies. We need to leverage on India's trade agreements with other countries and build healthy trade relationships.

Government of Andhra Pradesh has recently unveiled new industrial policy 2020-23. What is your view on the policy? What else should Government do to promote more industrialisation in the state?

The new industrial policy focuses on 10 thrust areas to boost economic growth. These are food processing, pharma and biotech, textiles, electronics, footwear and leather, toys and furniture, chemicals and petrochemicals, aerospace and defence, auto, machinery, precision equipment and minerals. The manufacturing sector, which can create large scale employment, has been given the highest priority. The government has come up with industrial zoning across

The new industrial policy focuses on improving ease of doing business through faster approval of projects, reducing upfront cost of setting up MSMEs, supporting them in their operations, and helping them scale-up.

the state to ensure planned industrial growth in all regions and to provide risk-free, investment-friendly environment for setting up and running industries in the state.

The new industrial policy focuses on improving ease of doing business through faster approval of projects, reducing upfront cost of setting up MSMEs, supporting them in their operations, and helping them scale-up. The new industrial policy focuses on creating employment opportunities to the youth of the state, balancing growth across regions, and creating environmentally sustainable growth. The state government introduced YSR AP One, which is a multi-faceted business enablement centre. It acts as a one-stop resource and support centre for industries.

In my opinion, a holistic approach is needed for industrialising the state. It has to start with quality education and skills training to provide

the required skilled manpower to industries, transparent and non-corrupt governance, and easing of regulatory and approval procedures. The state needs to take advantage of its natural features such as a long coastline, strong agriculture and aquaculture industry, young workforce, etc. The state government, more or less, addressed many of these issues in the new industrial policy. Now, it has to ensure that all these measures will be implemented to promote industrialisation in Andhra Pradesh.

What is the contribution of MSME sector to the state exports? Where are the major MSME clusters located in the state? How is the government supporting growth of this sector?

There are around 33.87 lakh MSMEs in Andhra Pradesh.¹ The major MSME clusters in Andhra Pradesh are located in Anantapur, Chittoor, East and West Godavari, Guntur, Krishna, Kurnool, Cuddapah, Prakasam, Srikakulam, and Vishakhapatnam.²

During 2019-20, 44 Large and Mega industrial projects are established with an investment of ₹22,282.16 crores providing employment to 18,385 persons, and 10,019 Micro, Small and Medium Enterprises were established, with an investment of ₹2,979.86 crores providing employment to 76,716 persons. To support and nurture the growth of MSMEs, the government has decided to support and monitor the implementation of MSME loans scheme under an umbrella program "Dr Y.S.R Navodayam" which creates a new ecosystem for MSMEs ensuring that all the eligible MSME units are covered for One Time Restructuring of accounts up to 31-03-2020.³

What has been the impact of COVID-19 on the state economy and exports?

The GSDP of Andhra Pradesh is expected to contract by 1.4%, which is the least among the all the states. States where the economy is dominated by agriculture are likely to see less contraction. AP's contraction is expected to be smaller compared to other states as its economy largely consists of revenue from agriculture and aquaculture sectors. 



BLOOMING BUSINESS UNDER PRESSURE

Andhra Pradesh has a significant share in cotton exports from India. Cotton yarn is mostly exported to China and small quantities go to Bangladesh as well. Logistics cost account for 30-40% of the total cost of cotton yarn being exported.

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ndhra Pradesh is one of the leading producers of cotton in the country and has well developed spinning and processing sector in the textile industry. Cotton is grown widely in Krishna, Guntur, Chittoor, Kadapa, Prakasam, and Kurnool districts and to an extent in the two Godavari districts. In the year 2020-21 around 15 lakh bales of cotton were produced and around 2 lakh bales are exported every year.

Due to increase in cotton price to ₹7,000 per quintal during the last season (2019), the farmers, who cultivated chilly during the previous year (2018), shifted to cotton crop during this season. The area under cotton cultivation increased to 17 lakh acres from 14 lakh acres in the state.

Andhra Pradesh has a significant share in cotton exports from India. Approximately 200 containers (25

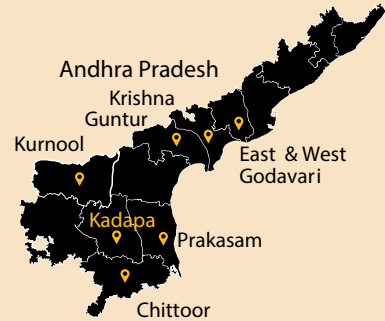
metric tonnes each) are exported every month to China. But China's trade war with the United States has brought this number down to just about 25 containers during the last four to five months. And during the COVID-19 pandemic the exports even declined to zero, causing the prices of yarn to drop by at least 10%. The drop in exports and over production of the crop have majorly contributed to the drop in price. There is a huge demand for cotton in India. But, for reasons like better prices, it is exported to China and other countries.

The AP Spinning Mills Association have revealed that the total yarn production in Andhra Pradesh is 5, 25,600 tons per annum and exports to China is 2,10,000 tons per annum in 14,000 containers through Chennai port.

Sharing insights into the logistics of cotton yarn and grey fabric from Guntur, Govind Raj, Vice President, Kallam Textiles reveals, "Most of the cotton yarn and grey fabric from Guntur is exported



Cotton growing districts in Andhra Pradesh



Approximately 200 containers (25 metric tonnes each) are exported every month to China. But China's trade war with the United States has brought this number down to just about 25 containers during the last year.

through Krishnapatnam, Kattupalli and Chennai Ports. Visakhapatnam is far away from Guntur, hence they prefer Adani Krishnapatnam Port as it is in close proximity and exports move more quickly from this port. But volume wise majority of exports are routed through Chennai Port. During COVID-19 as operations are slow, so exports are moving through Chennai Port. It costs ₹27,000 for moving one 40' container from Guntur to Adani Krishnapatnam Port. The same container if moved via Chennai port the cost increases to ₹40,000. Cotton yarn is mostly exported to China and small quantities go to Bangladesh as well. Logistics cost

account for 30-40% of the total cost of cotton yarn being exported.”

Guntur, Chittoor, Kadapa and Kurnool districts of Andhra Pradesh have many textile based industries such as ready-made garments, modern textile weaving, cloth weaving, hosiery and spinning mills. The ginning mills, most of them located in Guntur district, supply cotton to textile mills in other states such as Maharashtra, Tamil Nadu, Gujarat and Karnataka. A textile park is located in Chirala and about 90,000 weavers operate from the Prakasam district, again located close to Chirala. The textile and garment sector has good scope for development as the Prakasam district

in the Vizag-Chennai Industrial Corridor development programme is identified for development of textile industry.

Apart from China, Cotton Corporation of India is pushing for cotton exports to major consuming countries such as Bangladesh and Vietnam through the government channel. “We are trying for a big deal with Bangladesh. Due to its proximity, India has a logistic advantage in selling to Bangladesh, a major cotton consumer. Bangladesh needs about 90 lakh bales (of 356 kg each) per year of

Country	Country-wise cotton exports from India (Quantity in bales/Value in ₹ crores)			
	2017-18		2018-19*	
	Quantity	Value	Quantity	Value
Bangladesh	2397390	5456.59	1543584	2202.53
China P RP	813144	1623.19	1417593	2095.31
Vietnam Soc Rep	1190193	2321.74	622564	669.68
Pakistan	1276055	2311.67	713759	592.83
Indonesia	384790	746.64	75698	55.09
Taiwan	56191	112.29	11447	25.14
Thailand	111045	232.62	30001	60.16
Ethiopia	1061	1.60		
Malaysia	322906	663.23	58715	126.83
Turkey	30784	6704	891	2.25
Korea RP	24141	55.29	10974	22.20
Italy	36204	78.21	22097	45.96
Bahrain IS	27151	62.94	13572	31.72
Japan	8583	23.17	10447	27.22
Singapore	1484	3.03		
Morocco	631	1.19		
Other Countries	101099	216.27	73970	165.66
Total	6782852	13976.71	4605312	6122.58

*Position upto May 2019

The state government is setting up 45 cotton purchase centres in the state, including eleven in Guntur district. Now 15 quintals can be purchased per farmer instead of 10 quintals.

– Mopidevi Venkataramana Rao,
Minister of Animal Husbandary,
Fisheries and Marketing



Most of the cotton yarn and grey fabric from Guntur is exported through Krishnapatnam, Kattupalli and Chennai Ports. Volume wise majority of exports are routed through Chennai Port. It costs ₹27,000 for moving one 40' container from Guntur to Adani Krishnapatnam Port. The same container if moved via Chennai port the cost increases to ₹40,000

– Govind Raj, Vice President, Kallam Textiles



Due to its proximity, India has a logistic advantage in selling to Bangladesh, a major cotton consumer. Bangladesh needs about 90 lakh bales (of 356 kg each) per year of which 30 lakh bales go from India.

– PK Agarwal, CMD, CCI



India has high capacity for spinning, but not for weaving and garment-making. This forces it to depend on exporting yarn to China, which makes garments and exports them to the US and Europe.

– P Koti Rao, Secretary,
All India Cottonseed Crushers Association

which 30 lakh bales go from India, said PK Agarwal, CMD, CCI. Movement of cotton from spinning mills to seaports is mainly through road.

India has high capacity for spinning, but not for weaving and garment-


making. This forces it to depend on exporting yarn to China, which makes garments and exports them to the US and Europe. The spinning industry is dependent on other nations as 30-35% of yarn is exported, mostly to China.

“We process only 12 lakh tonnes of cottonseed, from which we extract about 50,000 metric tonnes of cotton linters. Linters have 70 to 80 per cent cellulose content, and has many applications in day to day life. When processed, they can be used as raw material to make bank notes and paper for documentation, ignition material for weapons, and material for some medicines,” explains P Koti Rao, Secretary, All India Cottonseed Crushers Association (Mumbai).

Minimum Support Price (MSP) Operation

Every year before the commencement of the cotton season (October to September), the Ministry of Agriculture based on the recommendations of Advisory Board viz., Commission for Agricultural Costs and Prices (CACPC) fixes the Minimum Selling Price (MSP) with a view to give incentives to the Cotton farmers of the country.

Cotton Corporation of India (CCI) has been nominated by the Government of India for under taking MSP operations in the event when prices of seed cotton (kapas) touch MSP level, for procuring entire quantity of kapas offered by the cotton farmers in various APMC market yards at MSP rates without any quantitative limit. Around 350 procurement centres have been opened in all the cotton growing states.

Minister of Animal Husbandary, Fisheries and Marketing, Mopidevi Venkataramana Rao informed that the state government is setting up 45 cotton purchase centres in the state, including eleven in Guntur district. Cotton purchase centres will be opened in Guntur, Tadikonda, Krosuru, Sattenapalli, Pidiguralla, Nadikudi, Narasaraopet, Macherla, Chilakaluripet, Pedanandipadu and Phirangipuram. The footfall of farmers in all cotton market yards has significantly increased. The government has also eased regulations on purchase of cotton. Now 15 quintals can be purchased per farmer instead of 10 quintals. 



DAMPENED TRADE

India is the second largest producer and exporter of tobacco globally, but logistics challenges arising due to the pandemic have had a bearing on exports in the first half of last year

C OVID-19 has dampened the global tobacco trade. During the last year, domestic consumption and export of tobacco from India witnessed a dip of about 20 per cent due to COVID-19. “Logistics challenges arising due to the pandemic have had a bearing on exports in the first half of last year, but exports had recommenced from May onwards. However, it is too early to quantify the impact. Now the major challenge being faced by exporters is availability of empty containers and vessel space,” says India’s tobacco major ITC.

India is the 2nd largest producer and exporter of tobacco (in quantity terms) after China and Brazil, respectively. Tobacco crop is cultivated in an area of 0.45 million ha (0.27% of the net cultivated area) producing 800 million kg of tobacco leaf, out of this around 230 million kgs are of flue cured (FCV) tobacco which is predominantly used in cigarettes and non-FCV tobacco production is around 450 million kg. In the global scenario, Indian tobacco accounts for 10% of the area

under cultivation and 9% of the total production.

Every year a committee of Tobacco Board on production control, lays down policy and fixes crop size for different soil regions in AP and the last year permission was granted to sow 140 million kgs.

Flue cured variety of tobacco production is again administrated by Tobacco Board and exporters source Flue cured tobacco through auction conducted by the Tobacco Board. Other varieties of tobacco such as Burley, HDBRG, and Fire cured and sun cured tobacco are sourced from farmers. Flue cured tobacco is grown in Andhra Pradesh and Karnataka Regions. In AP, East and West Godavari, Krishna, Guntur, Prakasam and Nellore districts and in Karnataka, Mysore, Mandya and Hassan districts are the major production clusters.

In 2020 due to COVID-19 major tobacco companies refused to give a better price to low and medium grade varieties, forcing the state government to intervene and press AP Markfed to procure the produce. It is learnt that the state government will now actively intervene in the trade and ensure a level playing field between farmers and the traders.

Exports

In value terms, India exports about ₹5,000 crore worth of tobacco after value addition to USA, Europe and other countries. Of the total production 65 per cent is exported and it fetches about ₹3,500 crore at farmers’ level.

India’s un-manufactured tobacco exports were 180 million kgs (M Kgs) in 2019-20, almost same as that of 2018-19 with a minor drop of 2% in volume. Andhra Pradesh’s share in un-manufactured tobacco exports would be in the range of 55% to 60% (i.e tobacco cultivated in Andhra Pradesh).

India’s un-manufactured tobacco exports are spread across 50 plus countries. Europe is the major destination followed by Far East, Middle East and North Africa. Majority of exports say 90% in volume terms are being shipped from Chennai and Adani Krishnapatnam ports and balance from Mundra and JNPT ports.

China is a major market but the country is not importing any tobacco from India. Tobacco traders are exploring this market with the help of Tobacco Board. A few months ago, a Chinese trade team had visited Prakasam District and studied the tobacco cultivation in the district. Following the visit, tobacco farmers were hopeful of getting a good price for their produce through exports. But following the outbreak of COVID-19, China has not evinced any interest in import of tobacco from India. Maramreddy Subba Reddy, Head, Tobacco Farmers Association said, “Coronavirus has dashed the hopes of Prakasam farmers of getting a good price for their produce through export orders from China.” 

GETTING HOTTER



VELAGAPUDI SAMBASIVA RAO
PRESIDENT, ALL INDIA CHILLIES EXPORTERS ASSOCIATION



Being the main cash crop of Andhra Pradesh chilli exports are on the rise. Velagapudi Sambasiva Rao, President, All India Chillies Exporters Association, details on the production and exports scenario in the state

What is the scenario of chilli exports from Andhra Pradesh?

Chilly is one of the main cash crops in Andhra Pradesh along with cotton. It is cultivated mainly in the districts of Guntur, Kurnool, Krishna, Prakasam and West Godavari. The dried red chillies are exported to several countries like China, Bangladesh, Sri Lanka, ASEAN countries, USA, Europe, Middle east etc. The main varieties suitable for export that are grown in Andhra Pradesh are as follows:

- Tejaswi a.k.a SI7
- 334 a.k.a S4
- Byadgi a.k.a 355

Many other varieties such as DD, 341, 3551 etc are also exported but mostly in powdered form or in mix masalas.

The chillies are widely categorized as 3 types based on their usage and characteristics. The Tejaswi or SI7 is known for its high pungency (or high capsaicin content) where as Byadgi variety

is known for its high color (or paprika content). The 334 or S4 variety is mostly used directly in Indian and other Asian cuisines. The chilly crop is harvested in AP between the months of January and April. The prices generally come down during these months and hence many farmers after selling a portion of the crop will store the remaining produce in cold storages. Some traders also store the crop in cold storages and sell them when the price goes up. The price of chilly depends mostly on the crop arrivals during the season. The demand for storage spaces picks up during the months of July to December.

Which are the clusters in Andhra Pradesh from where production and exports of chilli happen?

There are mainly 4 clusters in AP: Guntur, Prakasam, Kurnool and Krishna. Guntur has 3 sub regions namely 'Desevaali', 'Palnaadu' and 'Amaravati

belt'. The exportable varieties grown in Guntur are 334, Teja, 355, 3551 etc. The chillies are exported as whole chilly, stemless chilly, stem cut chilly, chilly powder etc. Kurnool is famous for powder varieties, i.e DD, 341 and 3551 variety.

Which seaports are used for export and which are the export markets?

Most of the chillies from AP are exported through Adani Krishnapatnam Port or Chennai (kattupalli) Port.

The export markets are China, Bangladesh, Malaysia, Indonesia, Thailand, Vietnam, Sri Lanka, Middle east, USA, Europe.

How is the facility for warehousing, cold storage of chilli in the state?

There are more than 100 cold storages in Guntur district. About 15 in Krishna district. 9 cold storages in Ongole. The cold storage facilities are adequate for the crop that is being grown now.



Chilli Production


Most of the cold storages tend to lose money during the years when the crop is low. The cold storage rents have not increased for the past 10 years which is a major advantage to the farmers.

How is the logistics facility for chilli exporters? How does the cargo move to seaports – through road or rail?

The cargo is exported using containers. The containers are generally stuffed in the exporters’ warehouses and Customs clearance is done either at port or at Guntur ICD. The ecosystem for export is well established and there are many service providers who take care of the entire supply chain. The service charges are also very competitive due to competition and availability of business.

What has been the impact of COVID-19 on the trade?

The market yard was closed for several months starting in April and was only recently opened completely. This has forced the farmers to store in cold storages as they could not sell. This created an artificial demand for chillies and the prices fluctuated. Now the prices have stabilized. The international market was also disturbed due to the COVID19 pandemic. The Chinese government is discouraging import of chillies from India and is encouraging the local farmers to produce chillies.




	India	AP	
QTY (MTs)	4,43,900	2,60,569	2017-18
VALUE (₹ Crore)	4256.33	2498.23	
QTY (MTs)	4,68,500	2,75,010	2018-19
VALUE (₹ Crore)	5411.18	3176.10	
QTY (MTs)	4,84,000	2,84,108	2019-20
VALUE (₹ Crore)	6221.70	3652.43	

Also the availability of good quality material is also a problem. During the harvest season, the farmers could not find workers to grade the chillies and hence the quality of the chillies stored in cold storages is affected by the pandemic. This has caused the prices of best quality chillies to go up even though the demand is less.

We are informed that Chinese government has started checking shipments especially the refrigerated containers for covid19 virus and it was reported that the virus was found in some shipments from South America. This is causing panic among importers

in China who are reluctant to buy chilly in refrigerated containers.

What are the issues and challenges faced by chilli exporters?

- The central government is not releasing MEIS benefits that have accrued due to the exports already done by the exporters.
- Cess is still being levied, even though the same was abolished by the central government by an ordinance.
- Many exporters are sending material without payment or LC and giving credit which is affecting all other exporters. 



RAMAYAPATNAM PORT BOON FOR BACKWARD REGION

The all-weather deep draft port will feature world-class facilities to meet the present and future trade needs, fostering growth in the backward Prakasam district



BY SUKUMAR DARA

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he development of Ramayapatnam Port in Ramayapatnam village of Prakasam district has progressed further and the state government is in the process of giving final touches to the master plan. The state government has decided to build it on landlord model, wherein the port authority acts as a regulatory body and as landlord while private companies carry out port operations—mainly cargo-handling activities.

The government has approved the Phase-I Detailed Project Report (DPR) prepared by RITES according to which 802 acres of land will be acquired at a



The government has set 2024 as the target to commence commercial operations of the port. 802 acres of land will be acquired at a cost of ₹199.94 crores. The first phase will have a total of four berths comprising of 2 multipurpose and one each for general cargo and coal. The Phase I will involve a cost of ₹3,736.14 crore and will be completed in a period of 36 months.



cost of ₹199.94 crores. The first phase will have a total of four berths comprising of 2 multipurpose and one each for general cargo and coal. The Phase I will involve a cost of ₹3,736.14 crore and will be completed in a period of 36 months.

The project is expected to handle 24.91 MMT of cargo in the initial phase and would be self-reliant once this phase gets fully operational. The construction of breakwaters is likely to be done in the initial phase, while dredging and construction of berths may be planned in phases. It will have a draft of 14.5 metres in the first phase to handle mini cape capacity vessels.

Hinterland

The primary hinterland of the port will be Prakasam District, Guntur District and Kurnool in Andhra Pradesh as

well as Nalgonda, Mahaboobnagar, Rangareddy, and Hyderabad in Telangana. In fact the port will be the nearest to the landlocked Telangana. Other regions that can benefit from the port include Nellore, Cuddapah, Chittoor, Ananthapur in Andhra Pradesh; the border districts of Telangana, and Chhattisgarh, Maharashtra and Karnataka.

The cargo traffic expected to move through the port includes granite, food grains, rice and other food grains, cement, fertilizers, tobacco, dry chillies, and aqua products. The port is likely to handle massive exports from granite industry in Prakasam district and tobacco from Guntur. At present both the industries depend on Krishnapatnam and Chennai Ports. The cargo potential in the hinterland

is estimated to be around 24.89 tonnes by the year of commencement of operations.

Road and rail connectivity

Ramayapatnam is just 4.5km from NH-16 and the connecting straight road joins NH-16 at Thettu. A route from Ramayapatnam village to the National Highway via, Salipeta, Ravur, Chevuru and Elurupadu is being explored. This connectivity, avoids the railway line crossing, is considered to be best suitable. It is also in close proximity to the Visakhapatnam-Chennai Industrial Corridor.

South Central railway passes adjacent to the NH-16. Rail connectivity from Salipeta village to the nearest Thettu Railway station is also being explored. Thettu has four railway lines. It

Ramayapatnam Port

Investment : ₹3,736.14 crore
 Land Acquired : 802 acres
 Number of Berths : 4 Berths
 (2 multipurpose; 1 general cargo and 1 coal)
 Cargo Handling Capacity : 24.91 MMT
 Draft : 14.5 metres



Cargo expected to move through the port:



24.89 tonnes

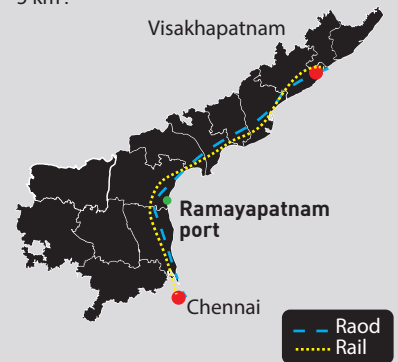
Cargo traffic in the first year of operations:

24.91 MMT



Connectivity

Ramayapatnam is just 4.5km from NH-16
 It is close to the Visakhapatnam-Chennai Industrial Corridor.
 The South Central Railway line is at 5 km .



is also the main railway line connecting the Chennai-Howrah route. The proposed diversion rail line connected to the port will be the shortest and ideal route which avoids the existing road to Ramayapatnam village. The major advantage of the Ramayapatnam port is that the existing National Highway and the South Central Railway line is very close – just about 5 km.

Industries

As per a feasibility report by RITES, Indonesia based Asian Paper and Pulp, M/s Jindal Steel and M/S Ramco cement are expected to be among the main port

users.

The National Investment and Manufacturing Zone (NIMZ) in Pamarru which is 60 km from Ramayapatnam, and the industrial cluster at Donakonda will directly benefit from the port. Andhra Pradesh also has a strong presence in various sectors including agro and food processing, chemicals, petrochemicals, textiles, pharmaceuticals, electronics, metallurgy and electrical engineering, which will benefit from the port

Located 93 km North of Krishnapatnam Port, the all-weather port will feature world-class facilities

to meet the present and future trade needs. It will also include an artificial deep-sea harbour along an open straight sea coast. The new port will meet the increasing cargo demand in the state, while fostering growth in the backward Prakasam district.



MORE THE PORTS, MERRIER THE SHIPPER

"We want more ports to come up which will create more competition and more add on facilities will come up for the benefit of trade and industry," suggests G Sambasiva Rao, MD, Sravan Shipping Services Pvt Ltd

What has been the impact of COVID-19 to your business? Going forward what is your expectation on future revival of business?

Due to Covid 19 we have suffered a lot. Driver's shortage and shortage of labour and at the same time the cost of operations also increased. In future minimum for one year the business will be negative. But we are hopeful to remain in the field and plan for continuing the business in future.

AP Government is building another port at Bhavanapadu in the proximity of Visakhapatnam. Does this concern you? What do you think will be the impact?

The establishment of Kakinada Port has not caused any significant impact to the volumes of Visakhapatnam Port as it has good infrastructure and nine Container Freight Stations with all infrastructure. For the trade and industry, if Bhavanapadu Port comes up Visakhapatnam Port may lose some break bulk, but regarding container cargo Visakhapatnam port will continue its expansion plans. We want more ports to come up which will create more competition and more add on facilities will come up for the benefit of trade and industry.

State government should put in the best efforts to promote export cargoes like rice, fruits and vegetables. Lot of opportunities exist for sea food like prawns and fish for export from Andhra Pradesh.

In the recent NITI Ayog rankings, Andhra Pradesh stands at 20th position in export preparedness. What do you think should State Government be doing to promote more exports from the state?


State government should put in the best efforts to promote export cargoes like rice, fruits and vegetables. Lot of opportunities exist for sea food like prawns and fish for export from Andhra Pradesh. We have more export oriented units and SEZs. By this we can improve our ranking with NITI Aayog.

It is estimated that coastal vessels in India spend about 70 per cent of their time in ports waiting to dock and only 30 per cent in actual voyage. Your comments?

Coastal vessels have to wait for berths due to cargo availability issues, but at some ports there is no waiting time for the ships. Coastal shipping is going to improve year on year. In future demand

for coastal shipping will improve to avoid rush on the roads and reducing cost of logistics.

In coastal shipping poor last-mile connectivity and multiple handling pushes the cost and time for moving the cargo to destination. How can these bottlenecks be overcome?

Need to develop better warehousing facilities near the ports and also develop proper road infrastructure for 24 X 7 cargo movement. Better truck parking with all facilities is very much needed. Private labour should be allowed to operate in the ports for quick loading and unloading of cargo. Develop good railway sidings. By this direct loading of cargo can be done by which cost of logistics will come down. We must avoid multiple operations. Govt must develop logistics sector by giving industry status to the logistics sector. Already central govt has given Infrastructure status to logistics sector. 

MACHILIPATNAM PORT STRATEGICALLY LOCATED

Strategically located in the center of the east coast the port will offer significant savings in terms of voyage time and cost for cargo destined to/from the South East Asian countries and Asia Pacific region

BY SUKUMAR DARA



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achilipatnam had so far not witnessed any major industrial developments, but an upcoming greenfield port in the region is expected to usher in a new era of economic activity and generate huge direct and indirect employment for the local people. The state government has issued orders for development of phase 1 of the port by approving the DPR developed by RITES. This will be an all-weather multi-purpose port in Krishna district of Andhra Pradesh, being developed on the landlord port model, wherein the port authority acts as a regulatory body and as landlord, while private companies carry out port operations—mainly cargo-handling activities.

The phase I is expected to be completed in 36 months at an estimated cost of ₹5,835 crore, in which the state government will fund ₹1,000 crore. The state government permitted the AP Maritime Board to raise loans not exceeding ₹4,745 crore for the project.

About 800 acres of land will be acquired for the project that will

comprise of 6 berths including four for general cargo and one each for coal and container handling. It will have a draft of 14 meters. The nearest ports in the vicinity will be Kakinada Port, located at a distance 144 km to the north, and Adani Krishnapatnam Port, located 233 km to the south of Machilipatnam.

In phase 1 the port is expected to handle 19.717 MMT of cargo and 0.356 MTEU. Major commodities that will move through the port are coal, agricultural products, iron ore, container cargo, general cargo, petroleum products, and OSVs. The port is set to attract large-scale industries to Machilipatnam including oil refinery, power plants, and SEZs.

Domestic / Export Markets

The new port would facilitate the development of domestic and export markets. The imports include thermal coal, coking coal, container cargo, general cargoes, edible oil, lube oil, timber, machineries etc. The exports include iron ores, thermal coal, steel

products, general cargoes, aluminium, containerised cargo etc.

Hinterland

The primary hinterland of the port will cover the central and southern portions of Andhra Pradesh, and border areas of Karnataka and Tamil Nadu. It will include the southern and northern districts - Krishna, Guntur, West & East Godavari of Andhra Pradesh, and Nalgonda, Medak, Khammam, Warangal, Ranga Reddy and Hyderabad districts of Telangana. Opportunities are also expected in Chhattisgarh state and the border districts in the states of Madhya Pradesh, Maharashtra and Karnataka. The secondary hinterland will cover the coal imports of the cement plants in Northern Karnataka and Eastern Maharashtra.

For container traffic, the primary hinterlands will extend up to Nagpur and beyond towards North; Sanathnagar in Hyderabad; and the border regions in Maharashtra and Karnataka states.



Road connectivity

External connectivity from the port boundary to the National Highway NH-65 (Old NH 9) by a four lane road (with provision for upgrading to six lanes) along with a utility corridor shall be formed by government of AP. An 80 m wide land corridor has been identified for the main access roads including pipeline. Internal roads with high density traffic catering to container yards, cargo storage areas and warehouses are planned with 4 lane and utility corridors in a 45 m wide corridor.

An important road connection to the port is National Highway No. 65, which originates in Pune, passes through Maharashtra and Telangana, and terminates in Machilipatnam. Other key road connections include National Highway- 44, which connects Machilipatnam to Nagpur and the northern cities of Madhya Pradesh via. Hyderabad; National Highway -30, which connects Machilipatnam to Jagadapur in Chhattisgarh and beyond; and National Highway – 16, which

connects Machilipatnam to Tamil Nadu via Vijayawada as well as the eastern states of Odisha and West Bengal. The port will be located 65 kilometers from Vijayawada.

Rail connectivity

A railway line about 6.2 km long connecting the port to the main line near Pedana Railway Station on the Vijayawada – Machilipatnam main line is proposed to be developed. Internally about 57 kms of railway lines are proposed “in plant” & comprising of five full length rail lines with linkage to the main line for export of coal. Full length lines shall be provided for import coal also and provision for two engine escape lines shall be kept. Sufficient provision will also be made for enhancement of the railway tracks to cater to future requirements. Entire rail yard shall be provided with proper switching arrangement and facility for efficient loading and unloading of wagons.

The nearest railway station to the port will be Vijayawada, which is one of


the major junctions of Indian Railways. This station is the second largest stations and one of the busiest in the country, with more than 250 express and 150 freight trains passing through it daily. The Vijayawada station offers double line connectivity to Nagpur and Bhopal, the major cargo hinterlands of Madhya Pradesh, Chhattisgarh and the Eastern regions of Maharashtra.

Due to excellent road and rail connectivity, the port is expected to attract large volumes of container traffic in addition to bulk and general cargo, and emerge as a mega container hub on the East Coast of India. Also, being located in the central part on the coast of Andhra Pradesh, the port will be close to the fertilizer consumption destinations in the primary hinterland, and the import of the fertilizer is forecasted to be high.

Projects at the Port

The state government is contemplating to develop an oil refinery, naphtha cracker unit and many other industries near Machilipatnam Port and its hinterland. An Australia-based power giant has expressed interest in setting up of a coal-based thermal power project (5,000 MW) near Machilipatnam. The Telangana state government is proposing to set up two thermal power plants (combined capacity 7,600 MW) in Nalgonda district and coal import for these power projects would be routed through Machilipatnam Port, being the nearest port.

The cargo storage areas for bulk cargoes, which will be mostly transported by conveyors, are planned on the south side of the port approach roads while those for general cargo and containers are planned on the north side of port approach road nearer to docks. Liquid cargoes are proposed to be transported through pipeline.

In view of its strategic location and excellent road and rail connectivity to all major inland destinations via Vijayawada and on account of estimated savings in distance, voyage time and freight for cargo, containers destined to/from the South East Asian countries and Asia Pacific region when compared to ports on the west coast, Machilipatnam Port renders itself as a major container hub on the east coast of our country. 



The Bhavanapadu Port proposed almost eight years ago to be developed at Bhavanapadu village in Srikakulam district of Andhra Pradesh, may finally see the day light. It is being developed on the landlord model, where the port authority acts as a regulatory body and as a landlord, while private companies carry out port operations—mainly cargo-handling activities. The state government has approved the DPR prepared by RITES for development of phase-1 at an estimated cost of ₹3,669.95 crore and **R Karikal Valaven, IAS**, Special Chief Secretary (Industries & Commerce), Government of AP, released orders to this effect. The Bhavanapadu Port Development Corporation Limited (BPDCL) under the supervision of the Andhra Pradesh Maritime Board will take up the development process.

The state government will fund the basic infrastructure of the port such as dredging, reclamation, breakwater and land acquisition and outsource operations to private firms who will

GREENFIELD PORT IN MINING REGION

The Greenfield private port is part of the logistics infrastructure upgrade the state government is planning to meet the container cargo demand which is likely to go up to 300-350 million tonnes by 2025

procure heavy duty cranes and other infrastructure required at the berths to handle cargo.

Located about 80 nautical miles north east of Visakhapatnam Port Trust, the port development is divided into three phases. The state government will allot ₹261 crore towards land acquisition cost of 500 acres required for the phase-1

development. The government also permitted the Andhra Pradesh Maritime Board (APMB) to raise funds not exceeding ₹2,123 crore with the support of the state government. The APMB is also allowed to utilise certain portion of its revenue as equity and escrow in future for debt funding for the project as per the AP Maritime Board Act-2019.



Phase-1 of the port will be developed at an estimated cost of ₹3,669.95 crore. In this phase, the port will have a total of 4 berths, of which, 3 are general cargo berths and one is coal berth. It has to be accomplished in a period of 36 months. The government also permitted the Andhra Pradesh Maritime Board (APMB) to raise funds not exceeding ₹2,123 crore with the support of the state government.

In phase 1 the port will have a total of 4 berths, of which, 3 are general cargo berths and one is coal berth. It has to be accomplished in a period of 36 months. Panamax carriers of 75,000 DWT and cape size vessels of 1,50,000 DWT carrying bulk cargo are expected to call at the port, which will require a draft of 17.10 mts. The port is expected to handle about 12.18 MTPA of cargo during the phase 1.

Hinterland

While the primary hinterland for the port will be Andhra Pradesh and Telangana, other regions that can benefit through the port include mineral rich regions of southern Odisha, Chattisgarh, Jharkhand, Maharashtra, Madhya Pradesh, Uttar Pradesh and Karnataka. Key commodities that are expected to move through the

port are LNG, LPG, iron ore, fertilizers, containerised cargo, basic metals, food products, coke and petroleum products, vehicles, agri commodities and chemicals.

Break-bulk cargo has good growth potential in the port's hinterland. Iron ore, fertilizer, alumina and other mineral industries have good growth potential in the hinterland closer to the port, as the direct hinterland of Bhavanapadu has several producers and consumers operating in these sectors. Containerisation level of the hinterland is lower than the country average. Containerised cargo mainly includes cashew, polished granite, jute and jute products and soymeal. Iron and steel, ferro products, alloys and iron and steel scrap will be handled as break-bulk. Thermal coal, coking coal, limestone and fertilizer will be handled as dry-bulk.

Infrastructure and connectivity

Road

The national highway – 5 from Chennai to Kolkata is at a distance of 25kms from Bhavanapadu. There are two route options for connecting to this highway – the shorter route is 10km passing through Peddamarripadu, Rarnesvaram, Burgam, Dimiladda, Narsipuram and joining the highway about 4km north of Tekkali. Currently there is no continuous road connectivity.

The longer route is 20km long passing through Peddamarripadu, Chimpurupalli, Pallada, Upparapeta and joining the highway towards north of Bendi reserve forest area. The port site is currently connected to the highway by a single lane road of 5mts that passes through Naupada.

Rail

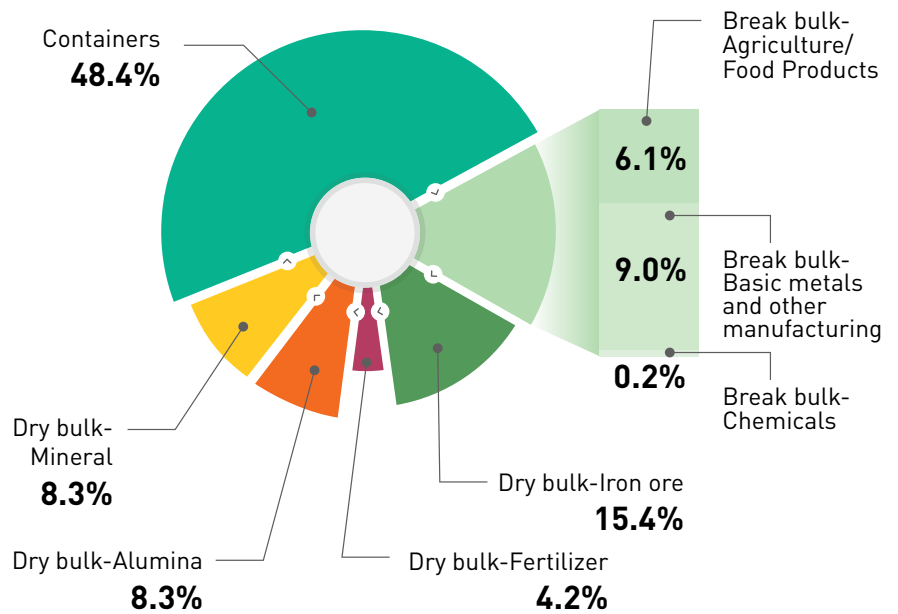
The nearest rail head is at Naupada junction which lies on the Chennai-Kolkata broad gauge main rail line passing about 7kms from the port site. Another broad gauge 90km long branch line from Naupada junction connects to Gunupur. Extension of the Gunupur-Naupada line upto Rourkela via Berhampur and Bhubaneswar will ensure faster and wider connectivity to the region. There is also a branch line from Naupada junction eastwards upto Kotta Naupada.

Infrastructure Phase I

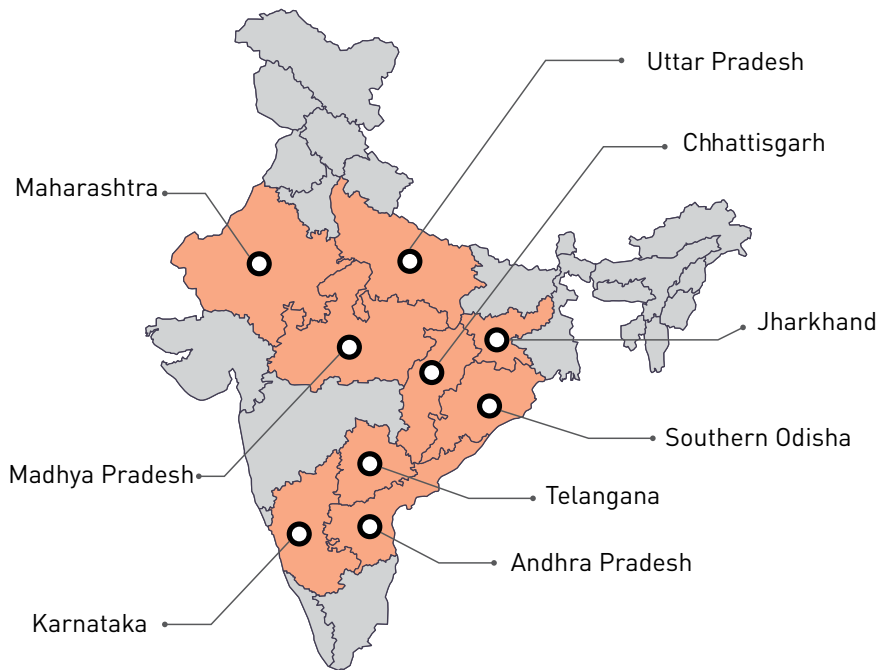
[36 months]

- 1** coal berth
- 3** general cargo berths

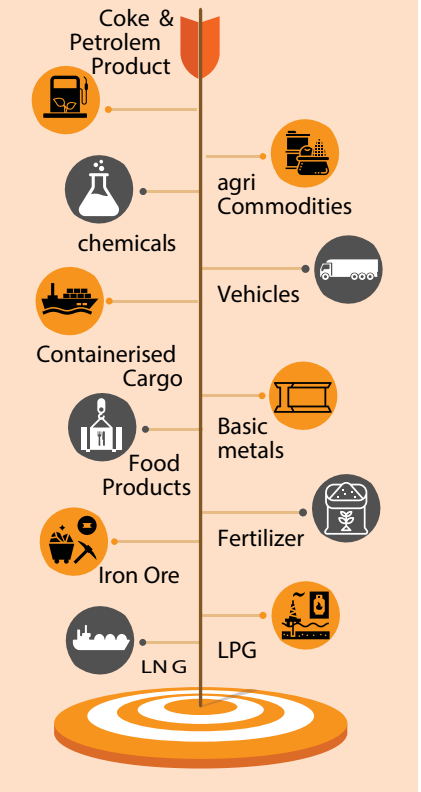
Commodities expected to move through the port



Primary hinterland



KEY COMMODITIES



Under the 12th five year plan there is a proposal to connect Gunupur and Therubali (near Rayagada) which is about 130km. This will help trains coming from Raipur to connect Naupada without touching Vizainagaram, thus

saving 2-3 hours of journey. The port will have a double broad gauge railway line of 2,100 mts length; single broad gauge railway line of 1,400 mts and road connectivity of 4,800 mts.

The government's effort to develop

greenfield ports is just in time as the state's cargo traffic will soon rise drastically when the Vizag-Chennai and Chennai-Bangalore industrial corridors become operational.

AGRI EXPORTS TO DRIVE DEMAND FOR WAREHOUSING

Demand for port-based warehouses is increasing. In the COVID-19 aftermath demand for warehousing is expected to increase by 10 per cent in the next two to three years, primarily driven by agri exports



In the pre-COVID-19 era, warehouse leasing by corporates marked a significant increase in Andhra Pradesh during the first half of the 2019 calendar year. Tier II cities like Vijayawada saw rise in leasing with large e-commerce players taking up 0.15 million sq ft space. Besides, several manufacturing firms acquired land in Sri City, one of the country's mobile phone manufacturing hubs. The demand for storage of import containers was more compared to exports and this condition prevailed until the impact of COVID-19 was felt.

Sharing his views on the scenario of warehousing sector in the sunrise state, G Sambasiva Rao, Managing Director, Sravan Shipping says, "I feel the size of warehousing sector in Andhra Pradesh will be about 50 million sft and this includes space operated by government Central Warehousing Corporation, AP State Warehousing Corporation and the private sector. In the coming months as the economy emerges from the pandemic, demand for warehousing will

increase by about 5 per cent including grade 'A' warehousing." Exports of agri products, rice, chemicals and pharma have increased during the current quarter, ushering the demand for temperature controlled warehousing.

Industrial expansion, growth in exim cargo, particularly agri commodities influence the demand for warehousing in the state. Major cluster for warehousing is located in Kakinada as more agricultural products like rice are exported from here. Occupying the second position are the areas surrounding Visakhapatnam Port, followed by Krishnapatnam Port and Gangavaram Port.

The COVID-19 impact

Revealing the impact of pandemic V Baskaran of Gateway Distriparks said, "During the pandemic, demand for warehousing came down by about ten per cent due to decline in movement of exim cargo and as the industry was not operating at its full capacity due to labour issues. Manufacturers had cut down on their inventory levels and were looking for warehouses located closer to the seaports in order to reduce the logistics cost. Moreover, as the inventory levels were reduced

businesses tried to adjust their imports within their facilities rather than using external warehouses and this negatively impacted on the demand."

Now as the economy emerges from the COVID-19 impact, the demand for warehousing space to handle exports, particularly agri-products, has increased as compared to imports. A major observation is that the demand for port-based warehouses has remained high. Agri-exports are seasonal and the requirement for warehousing fluctuates accordingly.

Way forward

Demand for warehousing can be expected to increase by 10 per cent in the coming two to three years as export and import cargoes are improving. The state government is encouraging agri exports in order to earn better foreign exchange and provide better income to the farming community. "In order to encourage warehousing sector in the state, government should declare industry status for it. Warehouse developers and investors will be able to gain easy access to bank loans at competitive interest rates with the duration of loans to be financed up to 15 years," suggests G Sambasiva Rao. 

T

he Chennai Bengaluru Industrial Corridor was conceptualised in the year 2011 when the Prime Minister of Japan visited India. Prime Ministers of both the countries emphasised on the importance of infrastructure development in the areas between Chennai and Bengaluru. The central government then directed to operationalize the modalities for preparation of the Comprehensive Integrated Master Plan for development of the corridor.

The Chennai Bengaluru Industrial Corridor (CBIC) will come up along Chennai, Sriperumbudur, Ponnapanthangal, Ranipet, Chittoor, Bangarupalem, Palamaner, Bangarpet, Hoskote and Bengaluru. Three industrial nodes are proposed along this corridor – Krishnapatnam Industrial Node in Andhra Pradesh, Ponneri Industrial Node in Tamil Nadu and Tumakuru Industrial Node in Karnataka.

Special Purpose Vehicles (SPVs) for Krishnapatnam and Tumakuru nodes have been incorporated and detailed master planning and preliminary engineering activities are in progress for these two nodes. Land acquisition will be the responsibility of the respective state governments. Since the project is presently under development stage, completion date of the project has not been fixed yet.

The cost for each node is estimated as follows:

- Ponneri node: ₹32,713 crores
- Tumakuru node: ₹13,716 crores
- Krishnapatnam node: ₹18,548 crores

Connectivity to Chennai

Situated on NH-48 the corridor rides on connectivity. In Chennai, major roads and highways that connect this corridor to the rest of the city are Outer Ring Road (ORR), Poonamallee High Road and Gandhi Road. Pattabiram is the closest railway station to the Thirumazhisai areas and Tiruvallur from the Sriperumbudur area. However, there is a proposal to create a new station at



CHENNAI BENGALURU INDUSTRIAL CORRIDOR

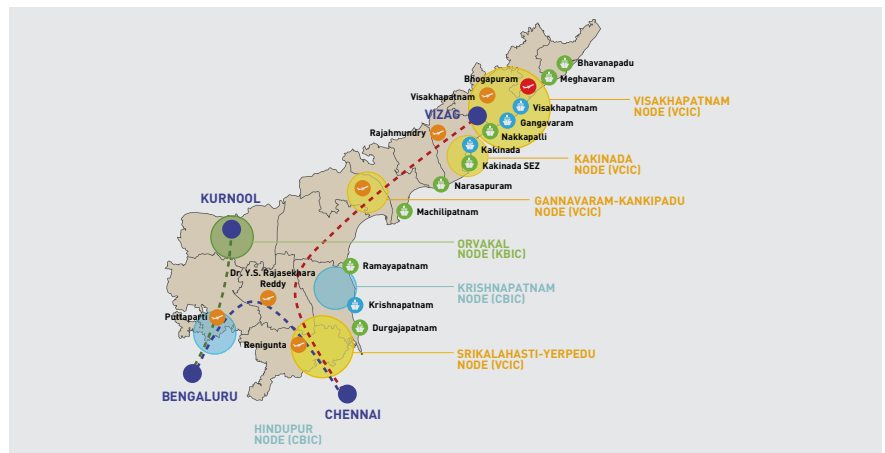
The strategy to develop CBIC is part of the plan to achieve accelerated development, regional industry agglomeration in the states of Tamil Nadu, Karnataka and Andhra Pradesh and to facilitate development of a well-planned and efficient industrial base



Sriperumbudur which is expected to add value to the plot investments here. The Chennai International Airport is 22 km away and takes 50-60 minutes to commute from Thirumazhisai, while it is 38 km from Sriperumbudur which takes 60 minutes to reach.

The Chennai-Bengaluru Industrial Corridor has several plot layouts across the NH-48 initiating from the West to the southern outskirts of Chennai. It is also considered an auto and electronic hub of the city because of its proximity to various auto manufacturing companies in Oragadam. The plot hotspots on the corridor are Karayanchavadi, Nemam, Kuthambakkam, Valarapuram, Sriperumbudur and Sunguvarchatram.

The corridor between Chennai-Bengaluru-Chitradurga (around 560 Km) would have an influence area spread across the states of Karnataka, Andhra Pradesh and Tamil Nadu. An area of about 700 acres has been selected in Kattur and Ebrahampuram villages in Thiruvallur District of Tamil Nadu.



This location is East of State Highway 107. Out of the total extent about 100 acres will be earmarked for roads, logistics stations, utilities and social infrastructure. TIDCO has commenced the land acquisition process.

The Tamil Nadu government is fast-tracking work on the Corridor and the key shareholders and state support agreements will be signed next month. The government will be registering a special purpose vehicle with the Central government for the execution of projects on the Ponneri node.

The Ponneri Node

The Tamil Nadu Industrial Development Corporation (TIDCO) and the National Industrial Corridor Development and Implementation Trust (NICDIT) have joined hands to develop the Ponneri Node, which will be the largest node.

Detailed master planning is being done by Delhi Mumbai Industrial Corridor Development Corporation. The Node area is located 10 km from SH 56 and 30 km from NH 5 and the nearest rail head is at Minjur 5 Km and 30 Km from Chennai International Airport. The Kattupalli, Kamarajar (Ennore) ports are within the node area itself. Stable supply of power and availability of natural gas from the TIDCO/IOC LNG Import Terminal project is under construction. It has proximity to diverse industrial clusters around Chennai, ongoing cluster development programs within the node area are for plastic / engineering components manufacturing industrial units, proximity to existing CFSs and logistics facilities in and around the Chennai region.

Land for phase 1 & 2 in Ponneri node is already acquired and area for Phase-3 is to be acquired. Ongoing external linkage projects for Ponneri industrial node:

- Northern port access road for connectivity to Kattupalli and Kamarajar (Ennore) Ports
- Rail link to Kamarajar (Ennore) Port from the North of Minjur Railway station on the Chennai Gudur line
- Kamarajar (Ennore) Port – Minjur – Avadi/Tiruvallur rail link
- Rail link from Avadi to Guduvancherry via Sriperumbudur and Oragadam
- Chennai outer ring road – Phase I and Phase II
- Peripheral road from Mamallapuram to Ennore
- Bengaluru – Chennai expressway

Plastic Industries Park

The plastic Industries Park is a sector specific cluster development program initiated by Dept of Chemicals and Petrochemicals, Govt of India. It will have support of all services that are needed at door step for high-end engineering plastic components manufacturing units in the park. A Special Purpose Company viz. 'Tamil Nadu Polymer Industries Park Limited' with Tamil Nadu Industrial Development Corporation Ltd and State Industries Promotion Corporation Ltd as its promoters has been formed. About 306 acres of lands in the Voyalur & Kattupalli

villages, Thiruvallur District have been transferred to Tamil Nadu Polymer Industries Park Ltd, by TIDCO for setting up the Plastic Industries Park.

Engineering Components Manufacture Hub

The proposed Engineering Components Manufacture Hub (Heavy Engineering Hub) will be a dedicated special investment hub for select sectors such as shipbuilding and auto components industry and other sectors including electrical industry sector. This hub will have two enclaves viz., shipbuilding support industries enclave and auto components / electrical industries enclave. Among these, the enclave proposed for support/ancillary units for shipbuilding will be the anchor enclave.

Business potential for the proposed hub is expected to be about ₹6,000 crores in a ten years operational timeline.

Advantage TUMAKURU node

Tumakuru has the distinct advantage as the satellite town to Bengaluru, located at a distance of 72 km (SE). It has the potential to integrate with wider Bengaluru industrial and economic cluster which includes automobile and electronics industrial hubs. Tumakuru node is well accessible with NH-48 passing through the site and SH-84 in close proximity.

The nearest railway station is Heggere railway station at a distance of 15 km and Tumakuru railway station located at 18 km, Bengaluru airport is at a distance of 77 km, Mangalore seaport is at a distance of 240 km, the nearest access road is NH-48 which is passing through the site, while the Karnataka-Telangana State boundary is at a distance of 20 km. Identified sectors include auto and auto components, chemicals, electronics, engineering, food products, general industries, other transport equipment, pharmaceuticals and textile and apparel.

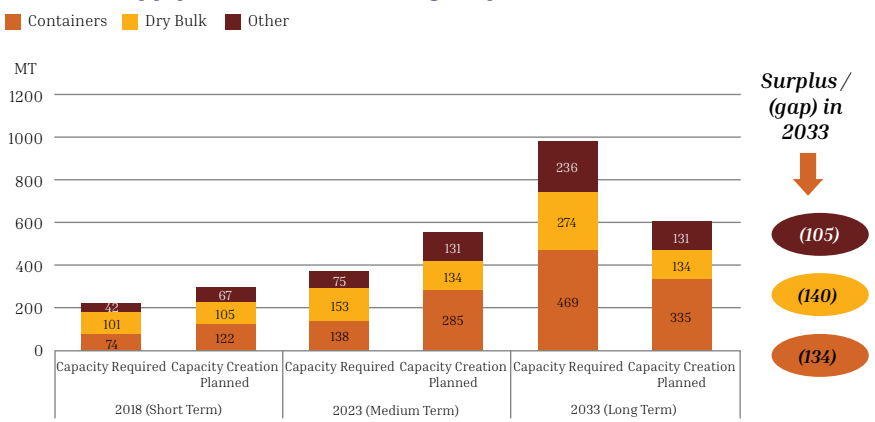
Krishnapatnam industrial node

The state government has set the process of land acquisition on fast track and has asked the Nellore district administration to constitute special teams to complete the acquisition of nearly 9,000 acres for the proposed CBIC.

Summary of key sectors - historical growth rates and key districts for investment

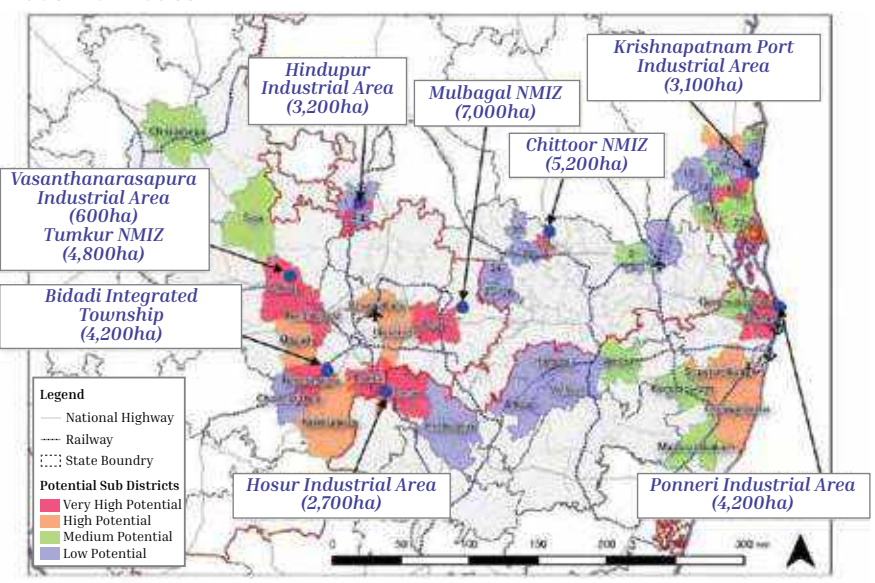
Sector	Output growth India (CAGR)	Key districts for investment in the corridor
Computer, Electronics and Optical Products	15% (2006-11)	Chennai, Kancheepuram, Bengaluru urban, Bengaluru rural
Metallurgy	14% (2004-12)	Chitradurga, Anantapur, Chittoor, Nellore, Tiruvallur, Tiruvannamalai, Kancheepuram, Tumkur, Bengaluru rural
Textiles and Apparel	17% (2006-11)	Tiruvallur, Dharmapuri, Kancheepuram, Bengaluru rural, Bengaluru urban, Chitradurga
Food Processing	20% (2009-11)	Nellore, Chittoor, Tiruvannamalai, Dharmapuri
Pharmaceuticals	14% (2008-12)	Bengaluru urban, Bengaluru rural, Chennai, Kancheepuram, Nellore
Chemical and Petrochemicals	11% (2009-13)	Bengaluru urban, Bengaluru rural, Ramnagara, Chennai, Tiruvallur
Electrical Machinery	23% (2009-11)	Kancheepuram, Chittoor, Chennai, Bengaluru urban, Bengaluru rural, Krishnagiri, Tiruvallur
Machinery	14% (2009-11)	
IT and Financial	8% (2008-12)	Bengaluru urban, Bengaluru rural, Chennai

Demand supply scenario in CBIC region ports



Source: IICA Study Team analysis
 (1) Optimal berth capacity utilization of 70% has been considered as per international standards
 (2) Capacities as provided by Ennore & Kattupalli ports have been considered, emergence of these projects are contingent on future market forces

Industrial Nodes



Source: IICA Study Team Analysis

Investment envisaged for development of this node is ₹18,548 crores.

Key infrastructure projects envisaged at this node are four laning of the following national and state highways: NH-4 stretch from Mulbagal to Andhra Pradesh border; from Andhra Pradesh border to Chittoor. NH-18 A from Chittoor to Renigunta and SH-6(NH-71) from Renigunta to Naidupeta.

Krishnapatnam Port is at about 10 km from the node. Nearest airport is the Chennai International Airport at about 180 km and the Tirupati Domestic Airport is at about 90 km from the node.

Major industrial sectors include automobiles, machinery, computers, electronic and optical components and medical equipment.

Corridor extended to include Kochi

Following request from the Kerala government the Centre has decided

Chittoor districts to Krishnapatnam, Managlore and Chennai Ports

- Railway connectivity from Nellore to West Godavari, East Godavari mines
- Develop freight corridor between Bengaluru rural and Chennai seaport, to promote exports of chemicals and petrochemicals
- Improve rail connectivity between Bengaluru rural and Chennai seaport

Cluster advantage


The corridor accounts for about 60% of India's automotive export. About 400 of the Fortune Global 500 companies outsource their IT/ITeS/other services to firms in Bengaluru & Chennai. Kancheepuram is the hub of silk weaving and handloom industries of India. Nellore is the hub for providing

Chennai port is 95% by road and 5% by rail. The current rail network is heavily dominated by passenger services and less orientated towards freight traffic. Further, critical portions of the rail network in the CBIC region stands utilized at over 100% causing congestion and limited bandwidth to increase the frequency of freight trains.

Three regions have broadly been identified for development of logistics parks which include the Bengaluru outskirts, Chennai outskirts (near Sriperumbudur) and Krishnapatnam region.

At present, most of the 26 CFSs located in and around Chennai handle only around 36% of the total export container traffic movement by road to Chennai Port while the remaining container traffic comprises of factory stuffed containers. The present CFSs are operating at around only 45% - 50% capacity utilization. The major bottleneck is present in the poor last mile connectivity to the ports. The high percentage of factory stuffed containers which do not pass through CFSs and hence take considerable time for customs clearance.

There is significant capacity addition planned in enhancing road connectivity to the ports in the CBIC region. Some of these proposed projects are the ongoing elevated road corridor from Maduravoyal to Chennai Port, the Ennore – Manali Road Improvement Project, the proposed Northern Port Access Road etc. With the expected completion of last mile road connectivity projects such as Ennore Manali Road Improvement Project (EMRIP) and the Elevated corridor to Maduravoyal and the existing rail and road evacuation capacity will increase significantly.

Some upcoming projects that are expected to attract investors to the area include the Chennai Metro Rail Limited (CMRL) that will begin work on phase III and the upcoming 262 km long Bangalore-Chennai Expressway which will run through Karnataka, Andhra Pradesh and Tamil Nadu will begin at Hoskote and terminate at Sriperumbudur, where it will connect to the Chennai ORR. Once completed, this will considerably reduce the commute time between Bangalore and Chennai. 

The corridor accounts for about 60% of India's automotive export. Nellore is the hub for providing raw materials to food processing sector. Vellore accounts for about 37% of the country's export of leather products.

to extend the Chennai-Bengaluru industrial corridor to Kochi. It will be extended through Coimbatore to Kochi. Among the two integrated manufacturing cluster that will be developed as part of the Coimbatore-Kochi industrial corridor, one will be in Palakkad while the other will be in Salem, Tamil Nadu.

Kerala's Integrated Manufacturing Cluster will be coming up in the 100 kilometre stretch on either side of Kochi-Salem National Highway. The IMC will be focussing on sectors like electronics, food processing, agro-industries, IT and traditional industries.

Recommendations by JICA

- Strengthening rail network (specially Bengaluru rural, Krishnagiri, Thiruvallur) as necessary requirement to transport over dimensional consignments
- Rail connectivity from mines and industrial units of Bellary to Chitradurga, Anantapur and

raw materials to food processing sector. Vellore accounts for about 37% of the country's export of leather products. Vibrant base of MSMEs accounting for about 15% of India's MSME units is present in the corridor.

Machinery, electrical machinery, automobiles, textiles and apparels, food processing, chemical & petrochemical and pharmaceuticals are likely to play a key role in developing the MSME output and drive the exports.

The aim is to increase manufacturing contribution in the corridor from 17% to 25% of corridor GDP by 2033-34. Increase GDP growth in the next 20 years from 8-9% as seen during past decade to an average of 12-13%.

Logistics

The ports serving the CBIC region include Chennai Port, Ennore Port, Kattupalli Port and Krishnapatnam Port. Transportation via road is significant as compared to rail in the CBIC region. The modal split of cargo, mainly containers, moving for imports and exports from



VIZAG–CHENNAI INDUSTRIAL CORRIDOR: DRIVING INDIA'S ACT EAST POLICY

T

he Vizag–Chennai Industrial Corridor (VCIC) is a key part of the planned East Coast Economic Corridor. It is aligned with the Golden Quadrilateral and is poised to play a critical role in driving India's new "Act East Policy." VCIC's long coastline and strategically located ports provide it with an opportunity to create multiple international gateways to connect India with the vibrant global production networks of Southeast and East Asia.

The corridor's coastline is about 800 km long and is currently served by the ports of Visakhapatnam, Gangavaram, Kakinada, and Krishnapatnam in the state of Andhra Pradesh; and by the Chennai Ports cluster (Chennai, Ennore, and Kattupalli) in the state of Tamil Nadu.

Road network grid

VCIC is anchored around the 800 km segment of NH5 between Chennai

Dotted with India's largest concentration of MSMEs and strategically located ports connecting to the production networks of Southeast Asia, the VCIC corridor is strategically carved to drive India's Act East Policy

and Visakhapatnam. From Chennai, the stretch passes through Tada, Nellore, Ongole, Chillakaluripet, Vijayawada, Rajahmundry, Kathipudi, Tuni, and Anakapalli before reaching Visakhapatnam. While almost two-thirds of this stretch is close to the coast, NH5 branches inland between Ongole and Kathipudi. NH5 is part of the Golden Quadrilateral, the Kolkata – Chennai rail route, and seven non-captive ports.

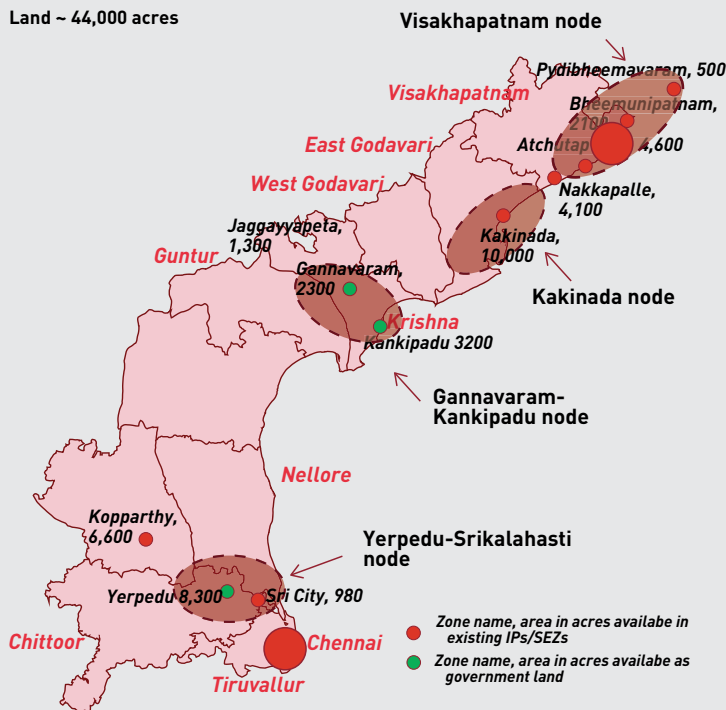
VCIC is also bounded by important national highways on two other sides. NH7 (North–South Corridor of the Golden Quadrilateral network) passes through Anantapur and Kurnool districts to the West, connecting to Hyderabad, Nagpur, and Delhi in the north, and to Bangalore and southern districts in the South. NH4 (southern leg of the Golden Quadrilateral network) between Chennai and Bangalore forms the southern boundary of the VCIC region.

NH9 (Machilipatnam to Pune), passing through Vijayawada and Hyderabad and Solapur, forms the important radial highway network from VCIC to the hinterlands. NH18 (Kurnool on NH7) to Chittoor (on NH4) forms a diagonal stretch in the south-western part of the VCIC network. NH205 (Anantapur on NH7) to Chennai via Tirupati forms another diagonal stretch parallel to NH18. NH221 and NH43 (between Vijayawada and Raipur) passes through Jagadalpur.

Rail network grid

The spine of the network is made up of a sub-segment of the Chennai–Kolkata line. This spine falls under the Vijayawada division of the South Central Railway (Gudur–Duvvada) with small segments falling under the Southern Railway (Chennai–Gudur) and East Coast Railway (Duvvada to Visakhapatnam), respectively. For both passenger and

Land ~ 44,000 acres



freight traffic, the spinal link is one of the most prominent ones (one of the top seven high-density railway corridors) in the Indian Railway network. The spine of the network provides onward connectivity to the important hinterland centers of Bangalore, Mumbai, Nagpur, and Kolkata through prominent junctions in the route.

Five other divisions of the South Central Railway (Guntakal, Guntur, Hyderabad, Secunderabad, and Nanded divisions) form the network connectivity for the corridor. Key interchange points through the Southern, Southwestern, West-Central, and East Coast Railways provide connectivity to distant hinterland centers.

Industrial growth

The corridor includes four geographic nodes that will drive industrial growth: The northern node is in close proximity to the ports of Visakhapatnam and Gannavaram. The southern node is close to the urban centers of Tirupati and Nellore. The two nodes in the central region are primarily green field. One extends from Gannavaram to Kankipadu. The other node is around Kakinada Port of Kakinada.

Industrial clusters in Andhra Pradesh

- Pharmaceutical cluster at Vijaywada

(Krishna district)

- Auto cluster in Vijaywada (Krishna district)
- Power loom cotton yarn cluster in and around Guntur town (Guntur district)
- Fruit processing cluster in Chittoor and adjoining villages (Chittoor district)
- Rice milling cluster in and around Eluru (West Godavari) and Rajahmundry (East Godavari)

Industrial clusters in Tamil Nadu

- Auto cluster in Chennai and Ambattur (Thiruvallur district)
- Leather cluster in Madhavaram (Thiruvallur district)
- Carton and corrugated box cluster in Ambattur, Thiruvallur, and Gumudi-pondi (Thiruvallur district)

Food processing

Marine farming is prevalent in the districts of Kakinada and Chittoor. Similarly, vegetable oil companies are mostly concentrated near the Krishnapatnam Port in Nellore district.

Textiles

Visakhapatnam, Chittoor, Prakasam, and Guntur are the key districts with textiles industry agglomerations.

Chemicals and Petrochemicals

Visakhapatnam and Kakinada have key

chemicals players, further the proposed Visakhapatnam- Kakinada Petroleum, Chemical and Petrochemical Investment Region (PCPIR) will have Vizag and Kakinada districts within its influence zone.

Pharmaceuticals

Pariwada in Visakhapatnam and Vijaywada in Krishna are the key pharmaceuticals industry agglomerations along the corridor. The JN Pharma City in Visakhapatnam houses some of the major pharma players in the state.

Metallurgy

Visakhapatnam, Chittoor, and Nellore are the key districts for the metallurgy sector along the corridor.

Electronics

Visakhapatnam is a key node for electronics sector development along the corridor.

Auto and auto components

Auto Nagar in Vijaywada is a citadel for the manufacture of automobile spare parts along with Gudivada, in Krishna.

Key industrial nodes: Visakhapatnam node

The three major industrial clusters in Visakhapatnam are around Atchutapuram, Nakkapalli, and Bheemunipatnam. The node has two operating ports to handle the cargo from central and western India.

Kakinada node

Kakinada is known as the Fertilizer City of Andhra Pradesh. Kakinada has an SEZ, industrial clusters like Thammavaram, Vakalapudi, Kakinada and Peddapuram and is part of the proposed PCPIR.

Gannavaram-Kankipadu node

There are many large scale industries like sugar and cement, and many small scale industries including musical instruments, gold-plated ornaments, and Kondapalli toys.

Yerpedu-Srikalahasti Node

The node is strategically located at the southern end of the corridor, which is closer to Chennai and Bengaluru. The node comprises Sri City. 📍

A PORT AND SEZ TO FOSTER INDUSTRIAL GROWTH

Strategically located on the Vizag Chennai Industrial Corridor, this is the first SEZ on the east coast to supply piped natural gas to its industrial units

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he East Godavari district in Andhra Pradesh has a strong agricultural economy and boasts of having the highest reserves of oil & natural gas in South Asia. Thus the Kakinada SEZ industrial park is strategically located on the Vizag-Chennai Industrial Corridor in East Godavari district and offers approximately 8,521 acres of industrial land, while a commercial seaport will be developed over 1,811 acres. The SEZ will be self-contained. Presence of sea ports as well as oil & gas discoveries in the Godavari basin make this district an ideal ground for logistics, energy and hydro carbon based industries. It is strategically located in the AP-PCPIR (Petroleum, Chemical & Petrochemical Industrial Region). An integrated refinery and Petrochemical complex will be the anchor projects for the SEZ. There are plans to incorporate a domestic tariff area as well.

In January 2019, a ground-breaking ceremony for the greenfield commercial port near Kakinada was held by GMR Kakinada Gateway Port, part of the GMR

Group. The construction cost of the port is estimated at ₹3,000 crore with an estimated phase 1 capacity of 16 million tonnes.

The Kakinada Gateway Port is promoted by Kakinada SEZ. The agreement was awarded by the state government with a concession fee of 2.7 per cent of revenue share in the first 30 years, 5.4 per cent of revenue

share from 31st to 40th year and 10.8 per cent of revenue share from the 41st to 50th years. The upcoming commercial port will handle coal, general cargo, and liquid cargoes over the concession period. The AP government had inked a MoU with Haldia Petrochemicals for a refinery/ petrochemical project in Kakinada SEZ with an investment of ₹60,000 crore.





The SEZ will be the first zone on Eastern Coast of India that can provide piped natural gas supply to all its industrial units

Kakinada SEZ, a subsidiary of GMR Infrastructure had also signed a MoU with the Andhra Pradesh Gas Development Corporation (APGDC) to get access to piped domestic natural gas for its upcoming 10,500-acre zone. The SEZ will be the first zone on Eastern Coast of India that can provide piped natural gas supply to all its industrial units. Kakinada SEZ is located 6 kms away from the Kakinada Srikakulam Pipeline. APGDC, as per the MoU, has agreed to lay a spur line from the main trunk line to the zone premises for facilitating piped gas access to commercial & industrial customers.

The SEZ is well connected by road

to NH5 and is at a distance of 63km to Rajahmundry, 160 km to Visakhapatnam and 209 km to Vijayawada. 3 railway stations provides excellent north south connectivity - Kakinada Junction, Kakinada Port & Samalkot. The SEZ has excellent access to both Kakinada seaport and Visakhapatnam seaport.

As per a study conducted by PwC, the following sectors have emerged as the key demand generators for the SEZ:

Large format industries

- Electronic Hardware
- Petrochemicals / Refinery
- Electrical machinery

Medium format industries


- Pharmaceuticals
- Food Processing
- Paper and paperboard
- General and Special Purpose Machinery

Small format industries

- Medical equipment
- Toys and Textiles
- Furniture
- Auto components
- Specialty chemicals

The SEZ is being positioned towards an electronics hardware manufacturing enclave, due to the thrust given by central and state governments; an integrated Food & Agri processing enclave due to native economy's strength along with a Refinery & Petrochemical complex is planned since it is part of Government of Andhra Pradesh's PCPIR (Petroleum Chemical Petrochemical Investments Region).

Major industrial parks planned in the SEZ include toys, games, sports goods and apparel manufacturing park; hardware manufacturing park; refinery and petrochemical complex; chemicals and pharma park; food and agri processing park.

In a recent development, GMR Infrastructure has signed definitive agreements to divest its entire 51% stake in Kakinada SEZ Ltd to Aurobindo Realty. As part of the proposed transfer of stake of KSEZ, the 100% equity stake of Kakinada Gateway Port Ltd (KGPL) held by KSEZ would also be transferred to Aurobindo Realty. Total consideration for the sale of equity stake as well as the sub-debt in KSEZ is ₹2,610 crore. 

A LOT CHANGES WITH THE CHANGE OF DECADE

The year gone by has seen the rise of digitalisation amidst the bloodbath caused by the pandemic. But we have all the reasons to welcome the New Year with renewed hope as the Narendra Modi government has big plans to pull Asia's third-biggest economy back from the worst.

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he year 2020 that marks change of the past decade started with one of the most monumental shifts in modern shipping history with the entry into force of the IMO 2020 regulations limiting the amount of sulphur used in ship fuel around the world from 3.5% to 0.5%. Going forward as the pandemic cast its spell across the continents container shipping took an early hit as the global economy went into hibernation amid factory shut-downs in China and low demand from lockdowns in key markets like Europe and the US. In order to stay afloat, container lines responded by blanking sailings, embarking on one of the biggest capacity crunches in memory. In May a record-breaking 12% of the global container fleet was idled. Even as capacity has been reinstated—the share of the fleet that is idle has fallen to around 3%. Rising freight rates became order of the day. Rates have shot up most dramatically on trans-pacific routes. Spot prices for sending a container from China to America's West Coast have risen by 127% since last year, to record highs. Down the lane, as retailers in the US and Europe started

replenishing their stocks for the holiday season causing a cargo boom on the transpacific trade, clogging ports and creating a trade imbalance that led to shortage of empty containers in Asia. Not to forget the crew change crisis that saw some 4,00,000 seafarers stranded on board ships and working beyond their employment agreements.

Despite a slowdown in global trade, the maritime industry is having a banner year. The container shipping industry is on course for record profits of \$12bn-15bn this year. Maersk, the world's biggest container-shipping firm with 17% of the market, expects profits of \$6bn-7bn, up from a pre-pandemic estimate of \$5.5bn.

Jon Monroe, President, Jon Monroe Consulting rightly said, "Cargo owners require two things - a reliable supply chain with exact timelines and a reliable budget that can cover the cost of goods to market. Neither of these two requirements have been met in 2020, and only one of these requirements is associated with the cost of freight. Going into 2021, spot rates will play a major role in contract negotiations."

Back at our home ground the pandemic has brought to the fore the significance of a robust supply chain in an unprecedented manner. The mention of "supply chain" was noted by industry leaders in many an address by the Prime Minister. More so, during the recent inauguration of the Eastern DFC, the Prime Minister Narendra Modi emphasised, "The development of the country's infrastructure should be kept away from politics. Country's infrastructure should be a mission to benefit many generations, not 5 years of politics. If political parties have to compete, there should be competition in the quality of infrastructure, competition on speed and scale."

India's containerized trade is slowly recovering from the effects of the COVID-19 pandemic, but industry analysts have noted a shift in historical traffic patterns: volume gains are being driven more by exports than imports. In the first five months of FY 2020-21, major ports together handled 3.2 million teus, excluding transshipment, a 25 per cent year-over-year drop. Of this, outbound freight accounted for approximately 50 per cent (1.6 million teus), up from 47 per cent (2.03 million



teus) in the same period in 2019. India's private terminals are also regaining lost volumes at a quicker pace than their public counterparts. Private ports saw their combined total cargo tonnage drop 8.2 per cent year-over-year in August, significantly lower than the 16.6 per cent slide reported by public ports.

The CFS and ICD sector has taken a major beating with their utilisation decreasing by around 50% during the pandemic. The sector is looking at new streams of business to increase their revenues, such as offering value added services. On the brighter side, CBIC released a new policy for the CFS/ICD sector which replaces the old policy drafted in 1992.

Among the big banner policy reforms are the draft of Coastal Shipping Bill, 2020 tabled by the Ministry of Shipping for suggestions from the stakeholders and general public. The Lok Sabha passed Major Port Authorities Bill 2020 that seeks to repeal the Major Port Trusts Act of 1963, providing greater autonomy in decision-making to major ports to professionalise their governance by setting up boards.

A report by Arthur D. Little India released in collaboration with CII reveals that the pandemic has laid bare the weaknesses in the logistics industry—with 75 per cent of companies in the sector experiencing disruptions and a majority lacking a contingency plan to deal with a problem of such magnitude. The crisis has also necessitated the re-imagining and redesign of supply chain management after businesses underwent digital transformation. The report further states that India's supply chain and logistics costs currently account for 14 per cent of the GDP at a massive \$400 billion, compared to global average of approximately 8 per cent. There is a competitiveness gap of \$180 billion in the sector, and this is expected to increase to \$500 billion by 2030 if the inefficiencies in the supply chain are not addressed.

Supply chains are transforming globally by adopting Industry 4.0 trends including agile networks, disruptive technologies, end-to-end visibility, and risk mitigation versus risk management. India can benefit from the experience of mature economies, which have used emerging technologies such as

artificial intelligence, blockchain, and the Internet of Things to enhance supply chain operations and resilience.

Digitalisation is the new norm

Either by choice or coercion people have embraced digitalisation. Particularly the industry hailed the initiatives by CBIC such as faceless and "Turant" Customs, a giant leap forward to leverage technology for faster Customs clearance of imported goods. About 4 years back it was difficult convincing shippers to use digital tools, but post-COVID the acceptance of technology especially in freight forwarding has increased about ten-fold.

Rail freight chugging ahead

This year has been a "Year of Grit and Victories" for Indian Railways. Faced with daunting and unprecedented Covid related challenges, the Indian Railways flagged off "Shramik Special train" in May 2020 for moving migrant labour. The national freight mover used the pandemic to increase its freight share by launching a slew of services such as Kisan rail, timetabled freight trains, Freight Rebate Scheme for traffic loaded in traditional empty flow directions, parcel service, cargo tracking services and many more.

Indian Railways arrested the decline in freight traffic to 9 per cent in the half-year period ended September at 533 million tonnes (mt). The April-June quarter with 241 mt freight volume was a washout due to lockdown, registering a 21 per cent decline. Freight earnings, however, saw a decline of 17 per cent at ₹50,168 crore during the first half of the current financial year, even despite 31 per cent fall at ₹22,266 crore in the April-June period. In September, Railways handled 102 mt of freight, up 15 per cent compared to September 2019. The revenue from freight operations in the month also increased by 14 per cent to ₹9,903 crore, compared to the same period in 2019.


A National Rail Plan (NRP) 2030 has been developed with a view to develop infrastructure by 2030 to cater to the traffic requirements up to 2050. Based on the NRP, a Vision 2024 document has been prepared to develop infrastructure by 2024 to enhance modal share of Railways in

freight transportation to more than 40 per cent and to cater to the traffic requirements up to 2030. Vision 2024 document lists all priority projects with target dates of completion and allocation of resources. Multi tracking of 14,000 Km route, electrification of entire Railway network, upgrading the speed potential of important routes to 130 KMPH and 160 KMPH (present speed potential 110 KMPH), completion of important coal connectivity and port connectivity projects have been planned as part of Vision 2024. An innovative financing has been devised to fund these priority projects. Indian Railway Finance Corporation (IRFC) is mobilizing resources with sufficient moratorium period and projects are being targeted to be completed well before expiry of moratorium period. These priority projects are being planned in such a way that they will provide enough return to service the debt.

Railway Board Chairman and Chief Executive V K Yadav said, as per the national rail plan 2030, the total traffic will be 2,024 mt by 2024 and 3,200 mt by 2030. Of this, the share of coal is expected to be 1,400 mt.

"Our way is the highway"

Due to consistent efforts of the Ministry of Road Transport and Highways length of the National Highways has increased from 91,287 km in April, 2014 to about 1,36,155 km as on 20 December 2020. The Ministry proposes to develop additional 60,000 km of National Highways in the next five years, of which 2,500 km are expressways/access controlled highways, 9,000 km economic corridors, 2,000 km for coastal and port connectivity highways and 2,000 km border road/ strategic highways. The Ministry also intends to improve connectivity for 100 tourist destinations and construct bypasses for 45 towns/cities during this period.

All said and done, it is noteworthy that India is among very few countries whose economic activity has risen with declining pandemic induced fatalities. India is set to swing from being a cautious spender in 2020 to opening the fiscal floodgates as Prime Minister Narendra Modi seeks to pull Asia's third-biggest economy back from the worst of the pandemic. 

NEVER WASTE A GOOD CRISIS

Be it the government or the private sector, everyone has innovatively used the pandemic to bounce back

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he pandemic has seen global trade and economies falter, but on the brighter side it has witnessed the rise of digitalisation which has been more visible in the maritime sector. Even the government has pressed forward the development of logistics infrastructure, while businesses have used this slack period productively to nurture their expansion plans. When JSW Infrastructure acquired the Chettinad Group's terminals during the lockdown all the approval process through the government departments in Delhi happened on virtual platforms. On similar lines, the trade has hailed virtual platforms provided by Customs for facilitating trade.

Going forward as the economies in this part of the globe rise back the focus will particularly be on India and Bangladesh as both the countries have witnessed rapid growth over the past few years. Clearly, there will be more investment happening in the infrastructure sector as a healthy logistics industry is essential for healthy economic growth. This is particularly evident from the several logistics infrastructure projects that have been flagged off. The 432-meter long bridge over River Feni that connects Ramgarh in southeastern Bangladesh and Tripura in India is about to complete. This will open a new corridor for Indo-Bangla trade and commerce. It will provide direct road connectivity between South Tripura and Chittagong, allowing India to use Chittagong as a port of call and promote trade, tourism and people-to-people ties. The bridge will facilitate carrying of heavy machines and goods

to and from the north-eastern states and the rest of India via Bangladesh through Chattogram Port.

Several sections of the eastern and western dedicated freight corridors have become operational with freight trains speeding at above 90kmph as compared to the earlier maximum speed of 75kmph. Coming to road logistics the Ministry of Road Transport and Highways has more than doubled the length of highways constructed or awarded in the Q1 of 2020 as compared to the same period last year.

Daily road construction during the three-month-long nationwide lockdown hovered around 18 km a day as the government and the National Highways Authority of India (NHAI) used labour optimally to complete work with minimal hindrance. The Ministry of Road Transport and Highways constructed 1,640 kilometres in the first quarter (April-June) of the financial year 2020-21. During this period, it awarded contracts for 1,658 km of highways. Union Minister Nitin Gadkari had said in April that he plans to set an ambitious target of 60 km per day of highway construction to ensure speedy economic recovery from the shock of the Covid-19 pandemic.

Shipping Corporation of India has expressed plans to team up with the Inland Waterways Authority of India to commence coastal shipping services which will be undertaken through a wholly-owned subsidiary – Inland & Coastal Shipping Ltd headquartered in Kolkata. It will first start operations on national waterway-1, the stretch from Varanasi to Haldia on Ganga river. The proposed development assumes significance after another state-run entity, Container Corporation of India has discontinued its coastal shipping operation.

This infrastructure development has to continue unabated because if this doesn't happen then the economic

"We were the first country in the world to have devised our own SOP for sign-on and sign-off of Indian crew at Indian ports and that was extended to the anchorages, so that the ships don't have to incur any expenditure at port-call only for change of seafarers. During the peak of COVID-19 period when the entire country was in lockdown, we developed an online system to issue e-passes for all seafarers to enable them to undertake inter-state and intra-state travel. We started the process of virtual classes for maritime training institutes, we increased our e-learning capability and introduced many new subjects in our e-learning module. We are in the process of launching an online exit examination for all modular classes. Thus in the past 3 months, technology induction has been very fast in the Indian maritime administration."


Amitabh Kumar, IRS
Director General of Shipping,
Ministry of Shipping



"There is a shift in our cargo mix from captive to third party. The container terminal acquisition was largely targeted towards third party as there is absolutely no containerised cargo in captive use. Similarly, LPG, LNG, urea or sugar, all these cargoes we are moving are third party. The acquisition of Chettinad Group's terminal is again targeted towards third party cargo. Our coal terminal with 30 million tonne capacity coming up at Paradeep is again non-captive. So if you see, our captive cargo was close to about 95%, but in 2020 we would be almost 75% captive. Next year, I hope the share of captive cargo in our cargo mix will come down to 65% and going forward as our investments start showing results, our captive cargo percentage will drop in our total cargo handling. No doubt, our captive cargo is also increasing, but with that increased captive still the share will come down, which is a good sign."

Arun Maheshwari
Jt. Managing Director & CEO
JSW Infrastructure Ltd



growth that this part of the world very much needs to come out of the after effects of the pandemic will be retarded. 



"We believe there is great scope and lot of potential for us to succeed in the flourishing consumption space of India. Although the economic scenario appears to be restrained at the moment due to the impact of COVID-19, the India growth story remains intact for the long run, fuelled by promising GDP growth prospects and demographic dividends. The strategic acquisition of GATI has given us a significant opportunity at just the right time. We are now in a position to leverage the express logistics major's first-mile and last-mile delivery capabilities to offer specialised solutions to tap into the e-commerce logistics segment."

"Post-lockdown, the business volume of GATI has gone up significantly to the pre-COVID-19 level and the numbers are improving. This trend is likely to continue in the following quarters. In addition, a result-oriented, focused transformation effort is currently in progress at GATI. So, the outlook is very positive."



Shashi Kiran Shetty
Chairman, GATI



"Until data sets and forms are standardised, it will be very difficult to create any form of data scalability and we will be working in silos. All of this data will have to come and find itself in common platforms. This can be an initiative the government can nudge various private enterprises to access and share data through common platforms. The government is very actively trying this with the PCS. It is a matter of adopting standardisation and single platforms to create scale. Coming to harvesting the terra bytes of data – how you anonymise it, collect and set it with very strict rules with regards to privacy without allowing the gatekeepers taking undue advantage of it and this data even though held by the government has to be completely anonymised before sharing, because unless the data is not accessed by larger number of stakeholders, its value will get lost. So we need to make sure that all concerns to privacy are addressed, standards are maintained and a single platform is created for accessing the data"



Dhruv K Kotak
MD, JM Baxi Group



"In Haldia we are developing around 1,50,000 sqm of area and in the process we have roped in our trade partners. The users are allotted land for 5 years, they can avail discounted rent and develop it.

Around 30,000 sqm of space has already been allotted in this manner. The users have surety of land and they can develop and use it as required for 5 years. In Kolkata, as we deal in agri commodities, we had at least 6 to 8 old sheds, out of which, two we repaired ourselves and in other two we did an experiment. We floated an expression of interest for parties interested to repair and use them for 5 years and pay the rent. Glencore has taken the sheds, repaired them at their cost and are paying us the rent. Further it also gives me a sort of commitment from their side that they will bring the cargo also. These are a couple of successful initiatives which we have taken."



Vinit Kumar, IRSEE
Chairman, Syama Prasad Mookerjee Port



"I think, without question investments in infrastructure will happen post-COVID. A healthy logistics industry is essential for healthy economic growth and logistics industry depends enormously on the provision of adequate infrastructure. India and the surrounding countries, in particular Bangladesh, have experienced rapid growth over the last few years. And that means the infrastructure that supports that growth has got to continuously be expanding, so, I don't think there's any doubt that the port infrastructure and particularly the inland infrastructure will continue to grow. Because if that does not happen, then the economic growth which this part of the world very much needs to get itself out of the after effects of the pandemic will be retarded."



Julian Michael Bevis
Senior Director, Group Relations,
Asia, A.P. Moller-Maersk Group



"We used to move dry bulk and liquid bulk including all the major products, but now we want to diversify our cargo base to include LNG and containers as well. Our main cargos are coal, iron ore, steel products, liquids and containers. Now LNG, LPG and gasses are also picking up and we want to move them as well. So that is what we are looking at going forward and have a larger presence in India as well as abroad, because not many companies have that sort of presence as it needs deep pockets."



Rajiv Agarwal
Managing Director & CEO
Essar Ports Ltd



"The real shift has been that the government is now willing to trust. Now the burden is on the Custom broker, exporter, importers, terminal operators, custodians and shipping lines to respect that trust. If we can respect that trust there are immense possibilities for the government to make this movement of cargo across borders easier, faster, and bring down the cost for Indian manufacturers, ultimately their volumes will go up and they are in a position to compete."

"The custom broker is very capable. He understands the whole thing and he must move out of going to container freight station or the custom station and move into the offices, warehouses and the factories of the exporters and importers, thus becoming a true service provider. And this will happen because there is so much pressure the leadership is putting on its members that we must support the facilitation, and find our advantage within the facilitation."



Samir J Shah
Partner, JBS Group of Companies





“One of the biggest impacts of technology is disintermediation, it removes the middlemen. There is certain layer of intermediaries who are not adding any value, they are just buying and selling freight. Shipping lines have eliminated such intermediaries. Starting with Maersk which has always been ahead of the curve, MSC, CMA CGM, Hapag Lloyd and other shipping lines have slowly started offering their services on their platform. And they have ensured that the platform is effectively used by cutting away the other ways of transacting business. But intermediaries still hold relevance in our industry because intermediaries are not only buying and selling freight services, they are also adding value in terms of transportation, warehousing, labelling, packing, customs clearance etc.”



Vivek Kele
Founder, Teamglobal Logistics



“We have started export/import consolidation stores. The first export consolidation store was opened in Gujarat during COVID-19 times. Commodities from various manufacturing sites are moved to this distribution centre and we consolidate as we move it for exports. The advantage for the customer is they can be very close to the port, because it is difficult to get containers when there is a shortage. Near the port it will be much easier to get the containers than from the inland areas. So, this is one new service which we have started as an export consolidation zone which will help the customer closer to the port and they can cater to the customer needs much faster than being in an inland location. Supply chain and logistics is a very hot sector at this point. And we could see lot of improvements happening in this area. Companies are looking much more favourably to outsource the logistics portion and focus on their core competency.”



Anil Radhakrishnan
Director & Co-Founder
Accex Supply Chain Solutions



“Liquid bulk is a totally different segment, you can't treat liquid bulk on par with containerized cargo. The entire dynamics of liquid bulk operations are totally different. And liquid bulk is a highly sensitive commodity because it involves and carries the tag of demurrage which is payable in precious foreign exchange.”

“Now if there is a delay in the berthing of a vessel and evacuation of cargo and the vessel has to wait, the country loses foreign exchange and today we are talking of demurrages which are ranging from \$30,000 to \$45,000 per day. Now, this can be avoided. So, CBIC has to develop and devise schemes for ensuring that liquid bulk cargos are expeditiously assessed and cleared, which was happening in the 80s.”



Jayyant Lapsiaa
President, AILBIEA



“Considering the overall cold chain capacity in India in terms of the volumes, we are among the top 3 or 4 in the world. But since this country is primarily driven by agriculture and most of the cold chain set up long ago was focused on agri produce, almost 60% to 65% of the capacity is only meant for potatoes. And out of the balance, around 30% to 35% capacity goes for rest of the agri produce like apple and carrot kind of things. Only 4% to 5% of the overall Indian capacity are modern and multipurpose. And that's where the challenge comes in terms of capacity.”



Sunil Nair
CEO & Whole Time Director,
Snowman Logistics



“Tradelens is different from the services offered by digital platforms of freight forwarding companies. We have a very specific service of networking and putting data for the use of different members of the platform, it is a very secure and neutral platform where the chain of events is captured. On top of that we have the facility of moving any document from one end to another, so this is a very limited sphere we are focusing on for the sake of the industry where we want to do away with documentation and digitise their flow. In the journey of the container from point of origin to point of discharge, every place where the container is handled you can get the data which cannot be altered. If the data is altered, it is accompanied with the entire record of who has altered it and when. Stakeholders like Customs, port authorities, railway companies and consignees who want to track their cargo, can use this information for their benefit.”



Bimal Kanal
Director, Tradelens,
Indian Subcontinent



“The Delhi Mumbai Industrial Corridor Development Corporation (DMICDC) Logistic Data Services (DLDS) has so far tracked 25 million containers. Beyond tracking and tracing the huge volume of data being generated is used for analytics. The highlights of these analytics reports are presented to the Ministries. These analytics showcase the dwell time of all terminals which have implemented this system. Currently this system is implemented across 25 port terminals in the country. It provides vital insights like the transit time between the ports and CFS/ICDs, cargo movement by road and rail and more importantly locations where the congestions are happening. For instance, about 35 CFSs are located within a vicinity of 15-20 km of JNPT, but time taken by each CFS for disposal of cargo is different, which means there are issues with road movement of cargo. So we are trying to drill down into such kind of analytics.”



Surajit Sarkar
Chief Operating Officer,
NICDC Logistics Data Services





"During the pandemic we used the time to accelerate our expansion plans. We upgraded our cranes so that we can reach 21 containers across the ship, in order to accommodate the same type of ships that come to Nhava Sheva and Mundra. We are looking at establishing a Ro-Ro ferry to Hazira, expanding our liquid berths so that we can accommodate Very Large Gas Carriers (VLGCs) and there are some expansion plans as well for LPG capabilities in Pipavav Port. We are expanding our warehouse to accommodate more fertilizer. We are discussing with the Gujarat Maritime Board for getting our concession extended, so that we can take a long-term horizon on all these capital expansions that we are planning."



Jakob Friis Sørensen
Managing Director, APM
Terminals Pipavav



"LCL consolidation depends on your expertise, because there are some very large networks worldwide which end up capturing cargo which is generated by the buyers overseas. At Swift Cargo we have capitalised on our repute and experience in specialisation into North America and the US. We have five cities in India where we close our own boxes into the United States East and West coasts. We have our customers in Kolkata, Ahmedabad, Nhava Sheva, Mumbai, Cochin and Chennai. The future holds promise for only those who can specialise and generate volumes and not for those who are going to attempt. So, the barriers are going to be greater in the LCL side of the business."



Harish Pandeya
Managing Director
Swift Cargo



"We may see some shift in trade but not a significant one in short and medium term. The anti-China sentiment and people diversifying their supply chains is pointing at people wanting to move out of China and looking at other markets like Mexico. So this may cause a shift in the volumes moving in different trade lanes. In my opinion there could be some small impact and Southeast Asian nations like Vietnam attracting trade, but a significant change may not happen in 2-3 years."

"For companies to relocate their operations to India or Vietnam they will need the support infrastructure and port capacities. It is difficult for Vietnam to develop such capacities in a short term. People are looking at just-in-case scenario to secure their supply chains if similar events happen in future. It is also called as China+1 wherein businesses will continue to have China as their sourcing hub, but will use one or two other locations as backup."



Shailesh Garg
Director - General Manager
India, Drewry



"I appreciate the Customs department – CBIC and DG Shipping for swiftly implementing digitalisation across Customs operations. Most of the Customs operations have gone digital by now and Customs is moving to achieve complete digitisation before end of this year. During the COVID-19 period a lot of procedures were simplified such as execution of bonds and physical documents could be exchanged in digital format. Execution of bonds was relaxed and undertakings on letterheads from AEO tier I, II and III customers were accepted. We are prepared for the changing scenario. Our activities never stopped even during the lockdown to maintain the flow of essential commodities."



A V Vijaykumar
Chairman, FFFAI



"We have been proposing to the government that CFSs can do a lot more. They can perform the functions of a MMLP or FTWZ. Allow them certain additional activities like aggregation, segregation of cargo, labelling and barcoding. Secondly, domestic cargo, non-exim cargo can be handled in CFSs though they are Custom cargo service providers, Custom stations, but virtual boundaries can be created for distinction of cargo. Movement of people and goods can be monitored and tracked through a virtual boundary and reports can be generated."

"I am proposing a solution to the government and we hope that government will listen. Especially at JNPT, with the new airport coming in and the air cargo seeing a lot of increase, these container freight stations can also serve as readymade air freight stations. It will bring down the cost, because setting up a new facility involves huge cost and so these readymade facilities can start from day one."



Umesh Grover
Secretary General, CFSAI



"We should not be dependent on Chinese imports, but the ground reality is today around 40% of cargo consolidation and imports are from China and this is not going to stop all of a sudden. About 80% of bulk drugs come from China and there are many products which are coming cheap from China as compared to made-in-India. Now Amazon has come up with a policy that businesses have to declare in which country their product is made? But Chinese goods are still selling. There will be a dip in imports from China, but those commodities will be imported from other countries in Southeast Asia. Korea is coming up in a big way in electronics and we have been buying a lot of Korean products. Japan is also an option but it is quite expensive for our industry. In the electronics sector there is no other market and China is the biggest supplier. Household items and gift items can be imported from Vietnam, Cambodia, but their capacities are very limited compared to China."



Makarand Prabhakar Pradhan
Chairman, CP World Group





A SMART PORT ECOSYSTEM

Managing a state with private and public ports requires significant coordination with industries, service providers and port owners. Digital investments make it easy and are vital to enthruse further movement of goods across the state



BY SURENDRA LINGAREDDY, DIRECTOR, ASIA PACIFIC, VOLTEO

E

arly 2018, stepping into the beach road building in Kakinada you could smell the changing tide. Except this time, it wasn't coming from the ocean. There was an exuberant buzz in the largest conference room filled with local ship agents, barge owners and government personnel from Department of Ports (DOP) and Kakinada Anchorage Port (KAP).

Driven by the need to seek efficiencies in cargo operations, enhance security at gates and achieve ISPS compliance, about 50 people had congregated to discuss the way forward. Little did they know that they were also laying the foundation for DOP to operate uninterrupted when COVID-19 strikes in 2020. Addressing the gathering, the port officer for KAP said he needed

suggestions to enhance his ability to deliver streamlined value to the entire ecosystem. "I believe it is prudent to review our current processes that stifle cargo throughput, gate management and decrease your waiting times". Taking cue from his blunt opening, one of the ship agents highlighted the need for a one-stop offering where they can submit paperwork for their chartered vessels, lease lands and warehouse and pay once for all the services rendered.

By the end of a marathon session, there was consensus. Bring together administrative and operational processes and act as a single window to offer port services. Later that year, Andhra Pradesh launched their Smart Port solution to ship agents that transformed the way business gets done.

The solution has extensive coverage for ship agents to submit documents online. For faster evacuation of cargo, multiple stakeholders can collaborate to work on a single vessel and still be billed separately. The entry and exit procedures for manual labor and trucks are completely streamlined and barges/land/godowns are catalogued for better visibility and utilisation.

About 500 ship agents use the smart port system to facilitate vessel calls, collaborate with ship chandlers and enjoy a streamlined payment system. Port conservators have less paperwork to deal with, a complete financial management system that eliminates the need to manually corroborate invoices with the cheques received in the bank. The state also provided a payment gateway that reduced the time, the revenue was reflected in state treasury by channeling all payments directly via the state owned comprehensive financial management system.

"Prior to the introduction of Smart Port system, most of the day I read paper. Now I get to focus on things that require due-diligence and spend less time in files. After the system has been introduced, the time taken to process the end to end paperwork has been dramatically reduced and the business has considerably increased" said one of the Port Conservators. "While we were aware the land and warehouses leased, to exactly pinpoint which lease ended when and whether a lessee has overstayed was a cause of concern. With digitalisation, there has been significant cut down of these types of revenue leakages," added the finance team.

Shipping agents feel they equally have benefitted. "The ability to operate remotely from our individual homes to apply for every facet of vessel operation is extremely unique to this port and has come in very handy during COVID-19."

Buoyed by the success, the Andhra Pradesh Maritime Board (APMB) plans to expand its offering further. "We were recently ranked No.1 in Ease of Doing Business and are eager to leverage our extended coastline to connect with hinterlands in ours and neighbouring state of Telangana. There are opportunities for monetising through information governance leveraging cloud, IoT and Mobile."

When COVID-19 lockdown was announced, the instant transition to work remotely was viable as the systems allowed this as part of their plan. With a mission to develop further nonmajor ports, APMB has big plans to capitalise on the opportunity to become a viable alternative to west. It all may start with delivering stellar digital experiences to its stakeholders. 📍



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- ✓ Operational during lockdown
- ✓ Services maintained thanks to the actions of the port community
- ✓ Responding to our clients

In 2020, the satisfaction of our maritime and waterway customers was at the heart of HAROPA's strategy. In 2021, the ports of Le Havre, Rouen and Paris come together to improve yet further our services for our clients' complete satisfaction.

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