



INTERVIEW
Dr Amita Prasad, IAS
 Chairperson, IWAI

SALVAGE
The Race to Free Ever Given

CONTAINER MANUFACTURING
In pursuit to become Atmanirbhar

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Intermodal movement is successful only if there is a confederation among the various links in the system and there is a dialogue among them. Integrated Logistics Planning and Performance Monitoring Tool is a step in this direction

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DEALING WITH THE CONTAINER CRUNCH



Equipment lessors see smooth sailing ahead, likely into 2022

We always paid more attention to tracking of containers and sealing them, but never cared about from where these boxes came, until shortage of equipment came upon us. The New York Times has reported the box shortfall is contributing to inflation. The US pandemic situation has eased to the point where retailers can pass along higher transport costs to consumers without being accused of price gouging and the cost of just about everything is rising. Equipment leasing companies are “making hay while the sun shines.” Generally speaking, the more profitable the market conditions for container lessors, the tighter box capacity is and the more cargo shippers must pay liners for transport. Now the bad news is that equipment lessors see smooth sailing likely into 2022.

Three Chinese companies – CIMC, DFIC and CXIC – produce around 80% of the world’s containers. Production is up sharply, with estimates for 6-8% growth in container capacity this year. But even so, boxes aren’t being built fast enough to ease the capacity crunch.

Back on the home ground, the central government is pushing to become “atmanirbhar” in container manufacturing and industry experts say the move is justified because the growth of the domestic sector and the coastal shipping is generating its own demand for containers. Add to this the demand of CONCOR, other container train operators, NVOCCs and the road sector, and we will see a demand for 50,000 new containers every year.

R Ramprasad
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MULTIMODAL LOGISTICS
Connecting the missing links

The country is moving ahead with a holistic and long-term approach of multimodal connectivity. The government and the logistics service providers each have a role to play in making it efficient and successful. Read on to know more

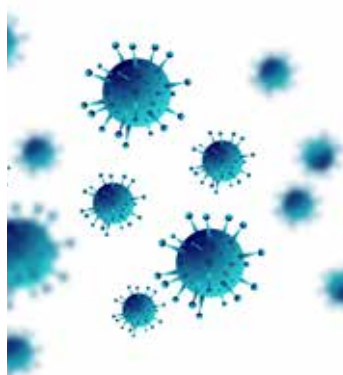


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SEAMLESS

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Intermodal movement is successful only if there is a confederation among the various links in the system and there is a dialogue among them. Integrated Logistics Planning and Performance Monitoring Tool is a step in this direction

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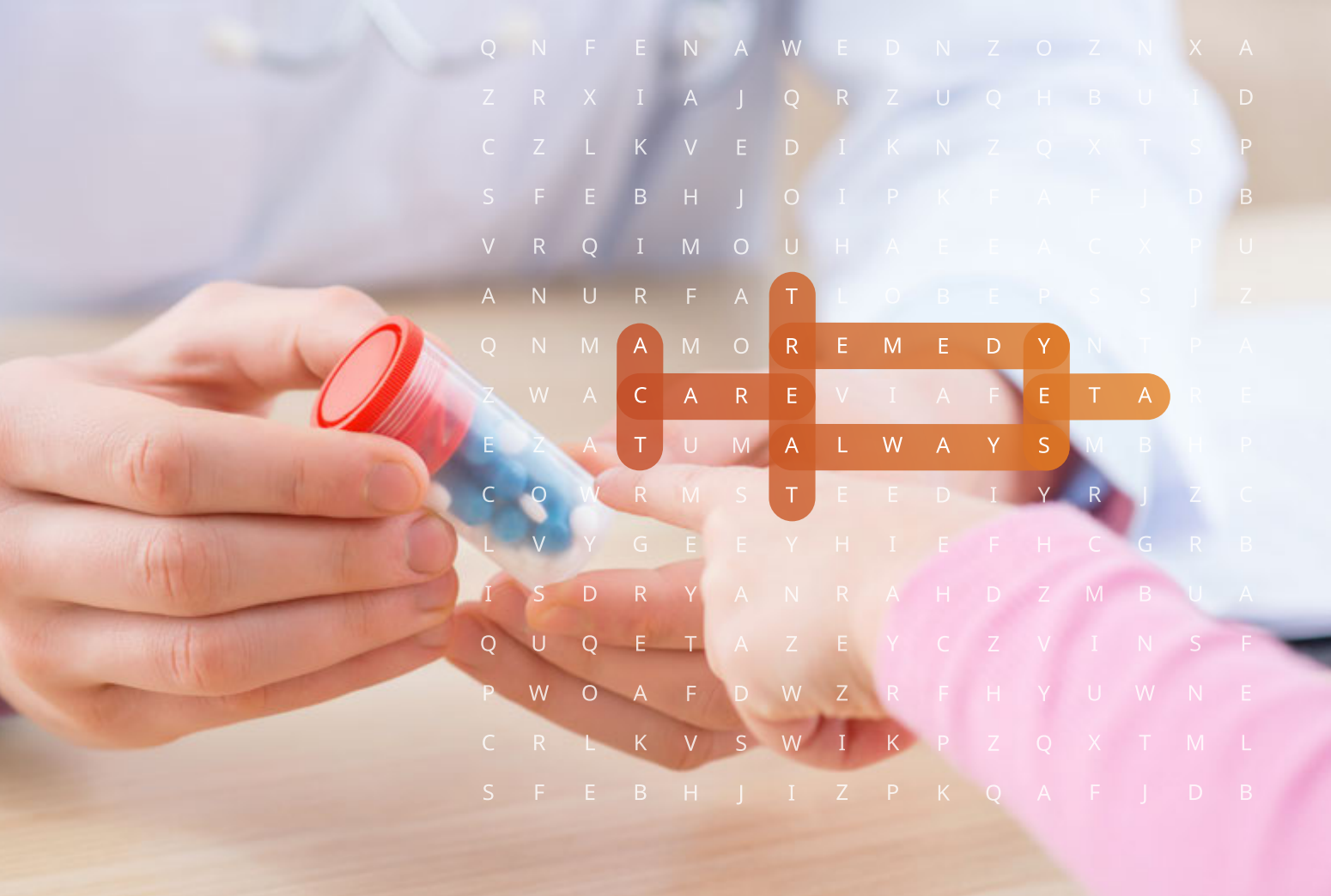
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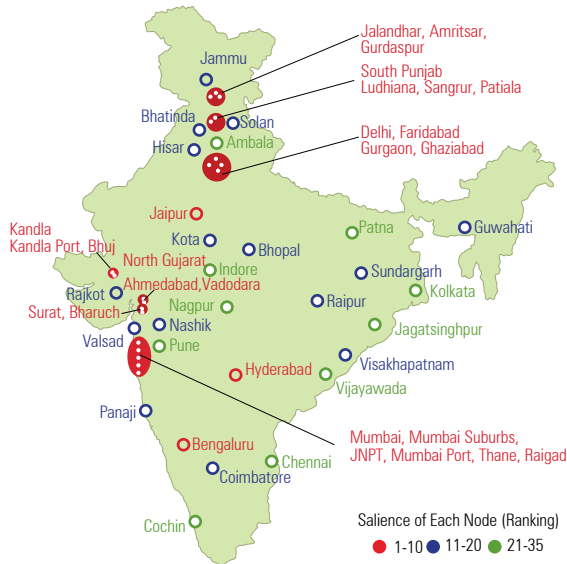
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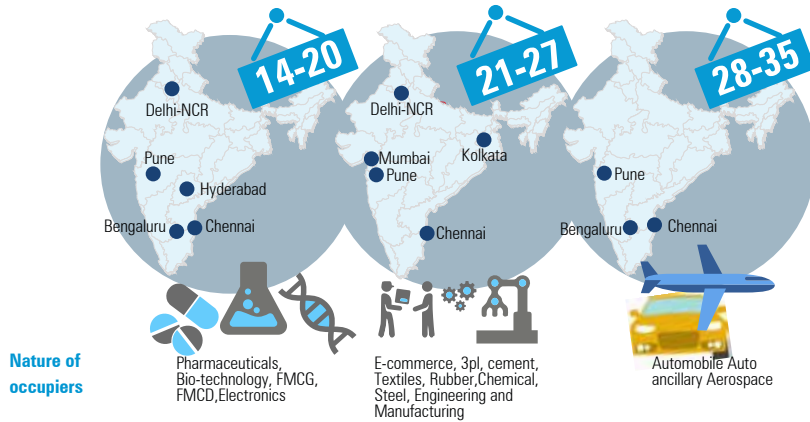
NUMBERS & GRAPHS

Identified Locations for MMLPs



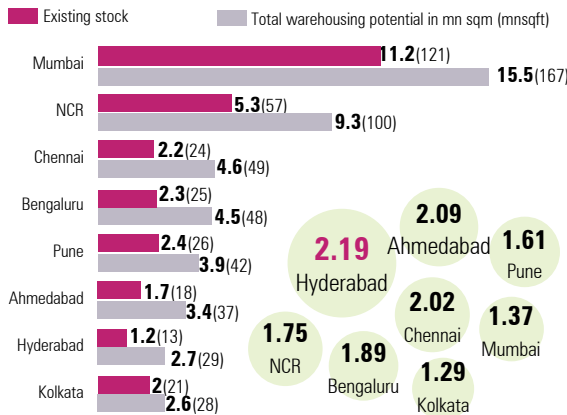
Source: Knight Frank India

Warehousing Rents (INR/sqft/month)



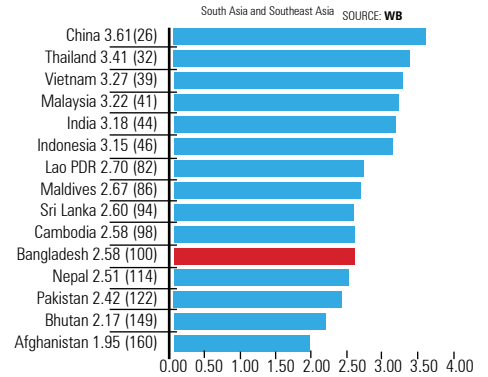
Source: Colliers report on Indian industrial & warehousing market

Total Warehousing land (acres)
Mumbai: 6,625
NCR: 4,178
Chennai: 2,361
Bengaluru: 2,210
Pune: 1,814
Ahmedabad: 1,587
Hyderabad: 1,291
Kolkata: 1,098



Source: Knight Frank India

OVERALL LOGISTIC PERFORMANCE INDEX



Source: Knight Frank Research

Shift in industry structure from fragmented and unorganized players to large organized players

Increasing institutional investor participation in the sector

Consolidation of warehouses from large number of multiple facilities to a few larger centres

Reduction in inventory carrying costs for major companies

Implementation of automation and smart warehousing solutions in warehouse operations

Transformation of warehouse from just storage to one providing value added services

Source: Knight Frank India



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MAKE MULTIMODAL LOGISTICS SEAMLESS



Intermodal movement is successful only if there is a confederation among the various links in the system and there is a dialogue among them. Integrated Logistics Planning and Performance Monitoring Tool is a step in this direction

by Vijay Kurup



T

here has been a constant endeavor to reduce the cost of logistics in intermodal movement over the years. A number of measures have been introduced in the recent past, which not only brought certainty to the supply chain, but also strengthened the linkages in the chain. To what extent has it improved? And what are the challenges to the intermodal movement in hinterland locations?

In 2006, intermodal movement was given a boost when the Indian Railways (IR) allowed public and private players to obtain licenses to operate container trains. According to a Crisil and FICCI study, the private operators have been able to increase their rail share, by providing integrated logistics solutions, lower transport costs/shorter transport times, greater reliability and customized solutions.

However, the IR, with its vast infrastructure to support it, would need to be continuously involved for this model to succeed. Private container operators should be allowed to pick up containers from trains and drop them off on container trucks - 'lift-on, lift-off' operations.

Once the 'lift-on, lift-off' operations are granted to private operators, it would promote multimodal movement of cargo and also enable door-to-door services. At present, IR permits such operations in just 5% of the 258 container terminals.

CONCOR and other private train operators have recently introduced scheduled movement of container trains. This is a precursor to the time-tabled movement of trains in the Dedicated Freight Corridor (DFC) to gateway ports. This has brought in certainty in the container shipments connecting the scheduled vessel.



The Block Trains have considerably speeded up the intermodal connection from the NCR to the ports. Shipping lines have also jumped into the fray to provide dedicated and seamless connection to and from the port. Train departures are matched with the vessel arrivals at the port, dramatically increasing connectivity of shipments. Block trains have the option of priority rail-out with a fixed train schedule. With these facilities, customers will be able to minimize waiting time at the port as well as plan their cargo movements with more certainty.

The railways have lost considerable ground to other transportation modes, this shrinkage in the railway's share can be ascribed to swift improvement of road infrastructure. The situation has been further aggravated by capacity constraints in the railways, along with non-flexible policies, high tariff rates, and limited commercial and marketing initiatives.

However, in an effort to reverse the trend, IR has come up with the Draft National Rail Plan, with an ambitious target of achieving a freight transportation share of 44% by 2051 from the 32% in fiscal 2019.

Nitin Gadkari, Minister for Road

Transport & Highways and the Minister of Micro, Small and Medium Enterprises, has stated that he has been able to achieve road expansion at the rate of 35 kms per day. With road expansion going full steam ahead, it is giving rail a run for its money. All this augurs well for logistics. It brings a level of competitiveness between the two modes of transport thereby improving intermodal movement.

Develop seamless transit of cargo across modes, suggests Shantanu Bhadkamkar, President, AMTOI.

“For multimodal transport to be seamless, the logistics infrastructure needs to seamlessly integrate different modes. In absence of the same Multimodal transport gets reduced to patchwork of segmented transport. As a result the full benefits of multimodal transport are yet to accrue to the stakeholders.”

He further notes, Three important considerations needs to be factored in the planning and implementation:

- Usage as a mass transport system, like transport on trains where people travel together on the same train, in the same direction, at the same speed, but may get off at different places.
- Multimodal integration in the logistics hub of at least two

of following three: road, rail and pipeline, with reasonable accessibility for air transport.

- Direct access on the waterway or via canal for bulk commodities producers like agriculture and agro products, minerals and metals, bulk chemicals etc

Mrs. H K Joshi, Chairperson &MD, Shipping Corporation of India

notes, “Development of integration infrastructure i.e. infrastructure which would provide seamless transit of cargo from one mode to another, such as multimodal logistics parks, warehousing and handling, rail and road connectivity to ports and jetties and other supporting infrastructure needs to be developed. One of the major challenges in using inland waterways is the issue of first and last mile connectivity. Unlike China, our major manufacturing clusters comprising mostly MSMEs are situated in hinterlands which require good quality road/rail connectivity from the ports/jetties. And traditionally have had underlying challenges for the development of quality transport infrastructure, and for resource mobilization in general, which is being addressed by the Government. We also

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have systemic challenges such as the vast expanse of the country's sheer size, a varied and uneven topography, large number of fragmented logistics players and such which makes India Multimodal Model a complex one."

Additionally, efficient transshipment facilities are also must for seamless transfer of cargo from one mode to another. Otherwise due to the delays, longer lead time, multiple handling and costs associated with the first and last mile connectivity, overall logistics costs in multimodal may turn out to be high even if the inland waterway transportation is the cheapest and even the most environment-friendly mode of transportation.

Even the optimal usage of inland waterways itself pose several challenges such as maintaining navigable draft through dredging, cargo handling facilities at the ports/jetties, navigation friendly bridge crossing over the rivers, night navigation facilities and such. Development of soft infrastructure like regulatory policies and incentives, skilled manpower, capable IT systems and such is also needed.

Noting some of the multimodal initiatives taken by Shipping Corporation of India, Mrs. H K Joshi, CMD of the organization says, SCI, through its wholly owned subsidiary Inland & Coastal Shipping Limited, has launched liner service on national waterway-1 between Kolkata/Haldia and Varanasi to fulfil the Government's vision of augmenting inland waterways. Services on NW2 (Kolkata to Guwahati) and on the India Bangladesh Protocol route (IBP route) will also be commenced at a later stage.

Intermodal movement is successful only if there is a confederation among the various links in the system and there is a dialogue among them. Addressing this very aspect is the Integrated Logistics Planning and Performance Monitoring Tool (LPPT) - an ambitious project pursued by the Government of India. This effort could fill the gaps in the entire supply chain system. The endeavor is to coalesce the multiple logistics entities consisting of Participating Government Agencies (PGAs), like the FSSAI, CBIC (Central Board of Indirect Taxes and



Development of integration infrastructure i.e. infrastructure which would provide seamless transit of cargo from one mode to another, such as multimodal logistics parks, warehousing and handling, rail and road connectivity to ports and jetties and other supporting infrastructure needs to be developed

- H K Joshi
Chairperson & MD, SCI

Customs), DGFT (Directorate General of Foreign Trade), and other Ministries, Departments and Regulatory Agencies, banks etc, into a single platform.

Non-government agencies like the private ICD operators, rail operators, and fumigators, packers, transporters, Clearing and Handling Agents (CHA)

i.e. anybody connected with logistics, can be members of this platform. The rates charged for each service would be available on this platform.

There would be a number of discrete service packages available for the exporter or importer to pick and avail. This would be available both for domestic and Exim shipments. A redressal forum would also be available on this platform where issues can be raised and resolved.

The intent is to bring in openness and clarity at all times, commencing from the time the exporter gets his order for his shipment till his shipment is loaded on board the vessel. The membership to this portal will not be mandatory.

With time, each service provider who has registered in this portal would be accredited based on his or her performance. The rating, of course, would be done by the end users and would be visible to all. A business entity wishing to utilize the services of one or more service providers, will exactly know the level of efficiency of the chosen service provider and the rates that they would be charged.

The platform is expected to be as easy and convenient as the highly popular e-commerce platforms that we use for our online shopping today. It is intended to be a one-stop platform to organize shipments.

This model is currently in operation in Singapore and South Korea, China and Europe.

An RFP for Selection of Managed Service Provider (MSP) for Design, Development, Implementation, Operation and Maintenance of integrated LPPT was issued on 29.09.2020 with an expiry date of 28.02.2021. The platform should be operational in a year or two.

What does this mean to an entrepreneur in a remote location? Would he be able to acquire land expeditiously? Would he have a proper road or rail connectivity to move his shipment? On road connectivity, India ranks 72 and on the quality of road infrastructure India ranks 48. The National Infrastructure Pipeline (NIP) will focus on improving these figures.

NIP for FY 2019-25 is a government exercise to provide inter alia transport

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and logistics infrastructure to the industry. The Government is expected to invest ₹102 lakh crore in the next 5 years. Thirty nine percent of the investment would be borne by the Government; the next 39% by the state governments and the balance 22% is expected to come from the private sector. The transport sector includes development of roads and highways, ports, shipping and inland waterways and well-diversified railway and aviation networks. The transport sector in India is expected to be the fastest growing area of India's infrastructure sector.

The states have been asked to earmark land for the development of industry. The land area for a particular brand of industries for each state has been mapped. This has already been implemented. The Centre has drawn up a plan for the national grid for port and rail, which can be adjusted to cater to areas where the industries are being set up. In order to identify the export potential of a particular district from where the export cargoes are originating, the shipping bills will now be required to indicate the origin of these shipments.

In the NIP served areas, any two or three modes of transport would be available or constructed to ensure seamless connectivity to the gateway ports. The road and rail have already been mapped in these areas.

The major Far-Eastern white goods manufacturing giant, Samsung, has shifted its manufacturing base from China to UP.

Under NIP, the land area for each industry has been mapped district wise. The concept being one district one product. Each district would be assessed and promoted for its export potential. As far as possible the government will ensure connectivity by road, rail, air or inland waterways, boosting the first and last mile connectivity.

Yet another new initiative is the concept of Town of Export Excellence (TEE)' for a particular product. Once a district has been notified as TEE, it would be eligible for many export promotion schemes offered by the central government and from States. This title will also support in strengthening infrastructure and development of ancillary logistic



There is need to seamlessly integrate different modes. In absence of the same multimodal transport gets reduced to patchwork of segmented transport. As a result the full benefits of multimodal transport are yet to accrue to the stakeholders.

- Shantanu Bhadkamkar
President, AMTOI

support such as simplification of procedures and packaging. The Ministry of Commerce will also assist in providing information for export promotion in the district.

The revised policy issued by CBIC, which stipulates guidelines

for setting up of inland container depots, container freight stations and airfreight stations, is yet another move to improve intermodal movement. It also intends to align the developments with future projects like rail freight corridors and inland waterways. The inland waterways will have a more inclusive role in intermodal movement. The policy addresses the issues of geographical disparity and localization that has hitherto been the case.

In a bid to have a more equitable distribution of ICDs and CFS across the country, the Government has come up with a set of well-defined and very specific criteria for setting up these intermodal points. In future, the investments would be in those areas where there is a paucity of container depots and freight stations. Demand-supply gap would be the guiding factor. New CFS', which are linked to an ICD, will be prohibited. These measures are expected to boost Direct Port Delivery (DPD) and Direct Port Entry (DPE) between the hinterland and ports. The existing CFS players, who are willing to upgrade with logistics ancillaries would be able to continue in the long term. The government message is crystal clear and blunt - shape up or ship out.

A few shipping lines in an effort to improve on the cost of first and last mile delivery, a significant component of logistics, are offering customs clearance as part of a catalogue of services. The package offered includes transport and warehousing as well. The service offered not only reduces the number of intermediaries in the supply chain, but also the paperwork involved. This facility gives customers an uninterrupted movement of their shipment to their premises that aims to be both swift and efficient.

When governments band together for a common cause, the results can be strikingly progressive. The year 2020 has seen giant strides in the development of intermodal movement particularly in the northeast.

India has been working to connect the northeastern land-locked region with the rest of the country, also via Bangladesh. The arrangement enables India to carry its freight using Bangladesh's river, rail lines and roads, thus circumventing lengthy detours.



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Agartala via Guwahati is 1,650 km from Kolkata by road, whereas the distance between Agartala and Kolkata via Bangladesh is just about 620 km.

Assam is all set to have India's first International Multi-Modal Hub. The Government of Assam is planning to develop Jogighopa, a small township on the banks of Brahmaputra River, as a trans-shipment point for cargo moving from Assam, Arunachal Pradesh, and Nagaland to Bangladesh. The Tripura chief minister has said that a new horizon has opened because it was for the first time that the state was connected with Bangladesh through a waterway.

The foundation stone for a Special Economic Zone (SEZ) had been laid at Sabroom, Tripura, 120 km from Agartala. A bridge on the Feni river which was completed in March this year would connect Sabroom with Chittagong Port in Bangladesh. The SEZ has the potential to become a major logistics hub in this region.

The scope of the India- Bangladesh, Protocol for Inland Water Trade and Transit (PIWTT) which was first signed in 1972 was further expanded in May 2020, to provide additional routes and port of calls in the inland waterways connectivity between the two countries. The inclusion of 93 km Sonamura-Daudkandi stretch along the Gomati River as a new route in the protocol, is expected to significantly improve the connectivity of Tripura and the adjoining northeast Indian states.

The 2015 river protocol agreement permitted the vessels to carry a maximum of 2,000 tons of cargo. But now larger ships are being allowed to ply the waterways, increasing the trade volume and reducing logistic costs.

India can achieve a significant reduction in logistics cost and faster delivery of export cargo through Bangladesh. India has sought for a third country export-import trade, under the coastal shipping agreement and protocol on inland water transit and trade (PIWTT) by allowing trans-shipment through ports on the east coast of India. "Geographically, Bangladesh's location makes it a strategic gateway to India, Nepal, Bhutan, and other East Asian countries. Bangladesh can also become



Geographically, Bangladesh's location makes it a strategic gateway to India, Nepal, Bhutan, and other East Asian countries. Bangladesh can also become an economic powerhouse by improving regional trade & transit through seaport, road and rail connectivity.

- Mercy Tembon
World Bank Country Director,
Bangladesh and Bhutan

an economic powerhouse by improving regional trade, transit and logistics networks," said **Mercy Tembon, World Bank Country Director for Bangladesh and Bhutan.**

A boost to intermodal movement came through the introduction of a new product - LPG through barges on


National Waterways-1 and National Waterways-2. MOL Group is the world's largest gas carrier company and will invest in construction and operation of dedicated LPG barges under the Make in India initiative of the Government of India. Presently, 60% of the LPG is moved along roads to various locations at high cost.

The CBIC policy also aims to encourage development of facilities along infrastructure corridors like railway freight corridors and inland waterways, which would vastly improve multi-modal transportation. Government role is critical, said Shantanu Bhadkamkar, President, AMTOI, both for policy making for creation of infrastructure by the private sector and as a lead initiator of infrastructure in areas requiring pilot infrastructure.


One of the objectives of GST implementation was to ensure the seamless movement of goods across state borders. With this in mind the E-way Bill was introduced to give a fillip to intermodal movement.

Though the E-way Bill has substantially improved inter-state movement, it has not been without impediments. There have been numerous complaints of stiff fines being imposed for minor infractions and non-compliance. This has led to an increase in litigation on the validity and quantum of penalties imposed. One hopes that these disputes are teething troubles, which should eventually pave way for smoother movement of shipments.

IVS Murlidhar, former team leader of Sagarmala, Ministry of Ports and Shipping, is sanguine about the progress in the intermodal developments. He feels that there would be a paradigm shift in this sector, in the two to three years.

There is no finish line in the race for improving the quality of logistics. The quest to reduce costs while maintaining a high level of efficiency has to be unremitting and constant. The Suez incident has starkly brought home the importance of having an impeccable and a steady supply chain. The endeavor should not be confined to the government machinery alone, but to the entire logistics fraternity. 

CONNECTING THE MISSING LINKS



The country is moving ahead with a holistic and long-term approach of multimodal connectivity. The government and the logistics service providers each have a role to play in making it efficient and successful. Read on to know more

In November last year, a land mark development took place that would redefine the logistics landscape of India. The Ministry of Shipping was renamed as the Ministry of Ports, Shipping and Waterways (Pattan, Pot Parivahan aur Jalmarg Mantralaya). This was the wind of change to which the shipping and logistics sector had to adjust its sails moving toward multimodal logistics with greater thrust.

While making this historic announcement, Prime Minister of India, Narendra Modi said, “Now this Ministry will be known as Ministry of Ports, Shipping and Waterways. It is being expanded. In most of the developed economies, the Shipping Ministry is also

responsible for Ports and Waterways. In India, the Shipping Ministry has been doing a lot of work related to Ports and Waterways. Now with more clarity in the name, more clarity will also come in the work.” During the formal unveiling of plaque ceremony, Union Minister of State (I/C) for Ports, Shipping & Waterways and Chemicals & Fertilizers, Mansukh Mandaviya stated “The country is moving ahead with a holistic and long-term approach of multimodal connectivity.”

He further announced, “With the changed name, the Ministry is going to put extra focus on the development of Waterways and coastal shipping. Around 1400 km of waterways have already been fully developed and additional 1000 km is being developed on priority for which DPR/feasibility study has been completed. We are also focussing for creation of a Port Grid, encompassing various smaller

ports like fisheries port, agriculture port and mineral port etc so that port development and port-led development takes place in the country.”

Today, the ports are playing an extremely vital role in Logistics integration. The ports sector in India is being driven by high growth in external trade. According to the Ministry of Shipping, around 95% of India's trading by volume and 70% by value is done through maritime transport. The Government of India is aiming to create port capacity of 3200 Million Metric Tonnes (MMT) by 2021 and has initiated the National Maritime Development Programme, an initiative to develop the maritime sector with a planned outlay of USD 11.8 billion. Port capacity is expected to grow at a CAGR of 5% to 6% by 2022, thereby, adding a capacity of 275 to 325 MT. India has the geographical advantage of being well positioned to emerge as a hub for a

variety of products. The various policies taken by the Government to boost local production has started yielding results in terms of increase in exports from India to various countries. Logistics operators can offer various logistics solutions to the end consumers or producers by combing all the various modes of transport in the coming days.

Multimodal logistics is neither new for the government nor the industry and different modes of this transport model – road, rail, inland waterways, coastal shipping and ports are being individually developed to their full potential, but still multimodal transport per se has not picked up in India. Maritime Gateway has reached out to the association heads of different modes of transport and prominent personalities in the logistics sector to find out:

- Reasons why multimodal logistics is yet to pick up in India
- What the industry should do to promote multimodal logistics?
- What should be the role of the government in this regard?

Why multimodal logistics is yet to pick up in India?

Logistics has been getting the much-needed push from the Indian Government with policy reforms being undertaken and efforts in the direction of infrastructure development taking concrete shape. However, multimodal logistics remains an area of development and there are a few reasons for it.

Deciphering the concept of multimodal logistics, **Hiren Ved, President – MANSA** says, “Multimodal is a word which can be interpreted in more than one way but in simple words it’s –all service under one umbrella -in India due to size of volume, complexities of procedure, accountability of sub vendors, local factors, government regulations and multiple small vendors with local competence were reason the growth was not as much as developed countries. Trade and logistic industry should interact more to understand and accept benefit of multimodal logistics. For instance, MANSA regularly participates in joint discussions with multimodal operators

and supports in their efforts to increase multimodal logistics.”

Explaining the intricacies, **Vivek Kele, Director, Teamglobal** says, “Multimodal Transport entails use of two or more modes of transport, which further means that at some point of time during the process of transportation there is a switch in the modes, eg from rail to Road, road to water, water to rail etc. The factors that drive the multimodal transport are the speed and costs for modal switch and the overall efficiencies achieved using multimodal transport.”

Counting the missing links, **R Ravi Kumar, Secretary General, IPPTA** says, “Absence of a suitable, modern and reliable infrastructure across different modes of transport, lack of digital adoption, insufficiently skilled labour, low performance standards and regulatory hurdles are some of the issues that make multimodal logistics inefficient.”

Higher tax applicability is a hindrance, says Ashutosh Dixit, Head of Products, Maersk South Asia

To start with, each modal has a different tax applicability, and the tax applicability in the same transport segment grows higher as we move to the organised sector. He further adds, “What this means is that the logistics suppliers who are in singular mode of transport have low tax applicability, but the players who can integrate multimodal, have higher tax applicability for the same movements. In such a scenario, integrators of logistics like Maersk, other shipping lines as well as freight forwarders face a challenge in creating and offering cost effective integrated solutions. Integrated logistics are simplifying customers supply chains by providing them a single window access to all their logistics needs, providing them with end-to-end visibility but the different tax structures are making these solutions more expensive.”

Another reason is the lack of digital and legal integration. Each modal of transport in multimodal has their own legal framework and digital systems, making integration of various multimodal solutions almost impossible. For example, road, rail

and ocean transportation all have different documents. Unless these are integrated in a single system or on a single platform, the ease-of-doing-business element remains missing.

Cost optimisation is lacking, points Adhip Nath Palchaudhuri, Director [Service Business], Balmer Lawrie & Co Ltd

India is a highly price sensitive market and the evolving logistics landscape here comprises numerous activities that make it pretty complex. Logistics is highly fragmented and facilities offering solutions through a single window are few. Multimodal logistics is ideal for India, which has a huge coast line of close to 7500Kms, developing inland waterways system, the largest railway network and ever improving roadways. In spite of all these factors, the concept of multimodal logistics has not caught up the way it should have been and we lag behind the western world; primary reason being the ‘Cost’. The Indian multimodal panorama is quite complex as ours is a very large country.

The first and last mile connectivity could become pretty expensive as the cargo moves from a short distance to a large distance using roadways and at times the same needs to be stored to ensure that the next leg of service provider who could use rail, sea or inland waterways, has enough cargo to load and carry to pass the economy of scale. Big corporate logistics companies, providing single window service, will have to come forward, which will help in cost optimisation, where a single entity takes responsibility for every leg of the operation under a single cost head. As long as it is intermodal parties coming together and offer independent service, making it look like a multimodal service, every leg of the service has a cost escalation due to the margins added by each individual intermodal participant making it a nonstarter. Other than this the infrastructure also plays a major role and as of now the Multi Modal Logistics Parks are in the nascent stage and need a scale up to compliment multimodal logistics.

Various modes of logistics are not developed at par, remarks Umesh Grover, Secretary General, CFSAL. In India, majority of the transportation is

done by road (about 60 to 65 percent) followed by rail (about 30 percent). The road sector in India is highly fragmented and railways has their focus on only bulk transportation. At present, a mere 27% of cargo moves on rail, as against a greater than 70% road share. A high cost regime for rail based transport, poor inter-modal transfer facilities, lack of a suitable single document legal framework for multi-modal transport, and poor end to end service offerings with transit commitments are some of the main reasons why the spread of multi-modal logistics remains limited.

It has also been noted that 35%-40% cargoes originating from the hinterlands are impacted due to huge land transportation costs as multimodal options are not only limited but cost ineffective. Transporters have no choice but to use the over-congested and sub-optimal road transport route on account of a crippled rail infrastructure that currently caters to both passenger and freight traffic. First and last-mile connectivity through road transport has significantly improved after GST implementation and dismantling of intra and inter-state octroi collection points. The unfavourable modal mix needs to be balanced with roads accounting for 25-30% of total freight movement, railways 50-55% and waterways 20-25%. We also need to scale up the country's cold chain infrastructure.

Bringing out the disparities **Ashish Seth, MD, Sarjak Container Lines Pvt Ltd** says, "Statistics speaks that maximum freight movement is moving through road transport despite the lower freight cost of rail transport. Further problems with road transport include non standardisation in fleet, like smaller and inefficient trucks, load bodies and multi axel trailers with varied carrying capacities, added to this is the inefficient material handling infrastructure at all locations including the warehouses with limited mechanization, road infrastructure with a limited presence of multi lane national highways. Even our inland waterways policy is not exploited to the fullest. In general we lack standardisation at all levels and this can only be brought through a national

logistics policy. Also the biggest challenge is the lack of education towards the benefits of Multimodal logistics to all the stake holders."

In India, manufacturing centres are widely scattered and each location is specialised in certain products and technology. The concept of Multi Modal Logistics Hub is yet to gain momentum in India as compared with other developed countries. The role of waterways is very negligible as they are not spread over the entire country and instead are concentrated in few regions. Coastal shipping on the other hand is being promoted off late as an economical mode of transport. The Indian Government has initiated various projects under Sagarmala for strengthening coastal shipping and inland waterway transport. However, the potential of inland waterway transport is still untapped in India. The major part of logistics cost in India mainly constitute of miscellaneous expenses paid to transporters towards various heads and customs and terminal related miscellaneous expenses. The Government of India's initiatives such as Direct Port Delivery, GST, e-Sanchit etc. may boost multimodal logistics in India.

Multimodal Transport Document – a single contract of carriage

"There is also no domestic MTL document with legal backing in India. For a vibrant Multimodal sector there needs to be a high degree of integration between the individual modal players which is absent in India," points out **A.V. Vijaykumar, Chairman, FFFAI**. Further, the liability regime also needs to be refocussed and any claims needs to be addressed not in the regular civil courts but by a more agile and fast tracked legal forum. The skilling initiative of Government is a welcome move and the results of this would become visible in the future as this vertical is today facing a severe talent crunch. The focus on this initiative needs to be sustained and greater usage of technology and adopting the teaching techniques in a regional language format requires special attention.

Coinciding on this point, Pramod Kumar Srivastava says, "A key obstacle in the promotion of Indian multimodal



"In India due to size of volume, complexities of procedure, accountability of sub vendors, local factors, government regulations and multiple small vendors with local competence were reason for slow growth of multimodal logistics."

- Hiren C Ved
President, MANSA



"Absence of reliable infrastructure across different modes, lack of digital adoption, insufficiently skilled labour, low performance standards make multimodal logistics inefficient."

- R Ravi Kumar
Secretary General, IPPTA



“Logistics suppliers who are in singular mode of transport have low tax applicability, but the players who can integrate multimodal, have higher tax applicability for the same movements.”

- Ashutosh Dixit
Head of Products, Maersk South Asia



“The first and last mile connectivity is expensive and at times the cargo needs to be stored to ensure the next leg of service provider be it rail, sea or inland waterways, has enough cargo to pass the economy of scale.”

- Adhip Nath Palchaudhuri
Director [Service Business],
Balmer Lawrie & Co Ltd



logistics is the lack of a valid single MTO document throughout the supply chain process. In case of EXIM movement, a single MTO document should suffice for the entire cargo movement from origin to destination. This would promote the ‘Digital India’ initiative as well as reduce unnecessary duplication of documents during the supply chain process. Further, NACFS has approached Indian Customs to issue guidelines for demarcating an exclusive area within ICD/ CFS premises for handling coastal cargo. This initiative will not only lower logistics cost of coastal cargo handling but promote adoption of multimodal logistics in EXIM trade.”

The Multimodal Transportation of Goods (MMTG) Act had paved the way for various Indian logistics service providers to get themselves registered with the authorities and start issuing Multimodal Transport Document. This helped the shipping community in India in a big way as now they could ship goods from any land point in India to any destination in the world under a single Contract of Carriage. Containerisation of goods is fast increasing and many new manufacturers and products are planning to use it. Being a convenient way to transport goods over long distances, containerisation will further boost the potential for multimodal transportation.

India has a vast hinterland, and cargo moves for long distances before connecting the ports either ways. Door delivery can optimise the cost as the cargo can move choosing the right mix of transportation. This can help the customer to connect with one agency,

save time on communication and concentrate on his core activity.

Location of manufacturing hubs should be strategically planned, advises Pramod Kumar Srivastava - President, NACFS. “Major manufacturing hubs across the country should ideally be located near a Container Rail Terminal or Inland Waterway. This would utilize road transportation only for the first and last mile movement, whereas a major portion of the transport movement would be undertaken in a timely manner through rail/ river mode. ICDs and CFS should be granted permission to handle coastal cargo in their premises as they already have the required infrastructure to handle cargo efficiently.”

Unfortunately, there has always been a disproportionately high dependence on the road network. Although it must be acknowledged that there has been a drastic improvement in road infrastructure over the past few years, the other transport modes such as rail, air and river are yet to achieve their optimum potential. Pramod Kumar added, “Our Government is heavily investing in the development of alternate modes of transport, and I believe that we will see a strong adoption of multimodal transport modes in the upcoming years. I am confident that Air Freight Stations will play an important role in multimodal connectivity with planned investments in development of their infrastructure. A coordinated network of modern warehouses near airports, rail terminals and waterways is needed to boost multimodal connectivity in the country.”

Role of industry in promoting multimodal logistics

Integrated logistics suppliers can bring in the much needed expertise, knowledge and funds to consolidate and organise various multimodal service providers into one. Also, having control on the customers' cargo from origin to destination by a single supplier across different modal of transportation ensures higher visibility and transparency that can allow for better planning of supply chains. Digitalisation is high on the agenda for a lot of stakeholders in the logistics sector and solutions like TradeLens, a neutral, blockchain-powered platform, can help these stakeholders achieve their agendas through digital documentation and visibility tools.

Collaborate with customers and incentivise them

Logistic service providers also need to collaborate with customers to understand their requirements and design the logistic solutions accordingly. Involving customers in the process will enhance the communication and visibility of the cargo. Customers would know upfront the expected challenges. Closely involving customers in such a way may go a long way in establishing trust with the customers for adopting the new logistics model.

Logistic companies may have to provide additional incentives to customers for shifting to multimodal from the established logistic channels which is a challenging task considering the current bottlenecks and preferences. There is also a need for increasing awareness about the multimodal logistics among the customers. These days several corporates having ESG as focus agenda may have incentives beyond financial considerations in shifting to multimodal.

Focus on the needs of the customer says Manish Puri, President, ACTO

There has to be a change in direction from a supply side driven system of service offering to one that is driven by demand or the needs of the end users/customers. Currently various stakeholders are seeking to maximise their role in the supply

chain, without really looking at the needs of the customers. Even within the government, different ministries sometimes work at cross purposes, seeking to develop competing rather than complimentary infrastructure and services such as roads v/s rail track etc. It is critical to develop a network of 3PL service providers and consolidators who in turn can source services from different maritime and logistics stakeholders in order to provide true end to end solutions for customers/end users.

Elaborating on the role of ACTO in promoting multimodal logistics, Manish Puri says, "The Association of Container Train Operators has the development of container business which is multimodal by its very definition as their core objective. ACTO engages with the government for policy improvement, to create a better and lower cost platform for providing multimodal services. ACTO also participates in deliberations with other trade and industry associations, to increase awareness and knowledge about the issues concerned with promoting multimodal logistics in the country."

Create patronage among MSMEs

Creating an awareness of both cost/time and environmental benefits through a collective efforts of individual transport verticals can be an effective method to increase the awareness amongst the users especially the MSME users and promote greater patronage. Cross skilling between sectoral employees is another important initiative required.

Need to tame the unorganised players

The major chunk of players in the industry are still unorganised, observes Satish Lakkaraju. The industry share of organised players is only 20%. They have been making efforts to promote multimodal logistics by bringing in newer technologies and equipment's for industry. However, as long as it's not adopted by the 80% unorganized part of the logistics industry in India, multimodal logistics will not see much growth in India in the long run. Logistics was very recently accorded the industry status, while this is a step



"Poor inter-modal transfer facilities, lack of a suitable single document legal framework for multi-modal transport, and poor end to end service offerings are the limitations."

- Umesh Grover
Secretary General, CFSAI



"Inefficient material handling, under developed road infra and inland waterways, lack of standardisation in cargo packing and documentation need to be addressed."

- Ashish Seth
MD, Sarjak Container Lines Pvt Ltd



“There is no domestic MTL document with legal backing in India, integration among modal players is absent and scarcity of skilled workers are major concerns.”

- A V Vijayakumar
Chairman, FFAI



“Major manufacturing hubs across the country should ideally be located near a Container Rail Terminal or Inland Waterway, thus major part of the travel would happen through these modes.”

- Pramod Kumar Srivastava
President, NACFS

in the right direction, there is a need to formalize the industry through regulation by the central government.

Railways should promote Ro-Ro services

The railways should permit Ro-Ro services, currently this is being offered only on Konkan Railways. There is a talk of introducing Ro-Ro services on the DFC. This will be big boon to promote multimodal transport and the private rail operators can participate in the same. This will greatly help the shippers based in hinterlands to reduce the cost of transport to and from the ports.

Create more accredited ‘Multi-modal Transport Operators

Multimodal logistics will receive a huge boost once there are more accredited ‘Multimodal Transport Operators in the industry. Awareness on the importance of Multimodal Bill of Lading and benefits of being MTO accredited is required so that more transporters make an effort to become certified. Organizations already having MTO accreditation would be benefitted by joining international associations such as FIATA to understand worldwide best practices and incorporating the same to benefit Indian multimodal logistics.

Infrastructure development is also necessary to promote multimodal logistics. Development of modern warehouses and trailer parking areas near container rail terminals, coastal cargo terminals, etc. would promote multimodal logistics and reduce road congestion at key areas.

Cargo aggregator model can make coastal shipping and inland waterways profitable, hinted Late Dr A Janardhana Rao, Former Managing Director, IPA. Coastal and inland waterways contribute to 6% of the country’s freight modal mix, which is the lowest among top 10 economies in the world, but developing economies of South Asia like Bangladesh has around 16% and Thailand 12% share of water-based transport, highlighting the scope for improvement in the share of water based logistics in India. Integration of coastal shipping, ports and inland waterways will increase efficiency in overall logistics cost. So, the total losses for multimodal coastal shipping

comes to around 15%, as its cost is higher than the railway cost for key routes and primarily because of non-optimal vessel utilization and high first and last mile distances.

To avoid all those inefficiencies and bottlenecks, coastal shipping is not a viable option for fragmented market but since small parcel size is not enough to utilize the full vessel, while road and rail transport have flexibility to handle smaller parcel sizes, coastal shipping requires larger parcel size to utilize the available vessels so, it will be feasible for railways to pick up multiple cargos from different locations on their inland haulage routes. So, what we have done is at port level, we have taken several initiatives, such as relaxing Cabotage is one initiative, providing tariff discount for coastal cargo, dedicate coastal berths so that coastal cargo should get preferential treatment. So, with aggregator model implemented across multiple sectors, it maybe useful to explore a similar model of water transport sector by integrating coastal shipping with inland waterways sector. So, an aggregator would enable consolidation of all the cargos from different sources headed to a common destination and multiple destinations to ships operating on pre-defined routes. If we can develop that model it will help in solving inefficiencies and further increase the private sector participation.

Role of the government

The Government took a major step forward in simplifying tax structures with the introduction of GST. The next logical step would be to standardise the GST applicability for all logistics service providers making it a cost-effective and level playing field for all.

Bringing down the total cost of logistics has also been high on priority for the Government. One of the measures that can be taken in this direction is that of allowing cabotage on shipping line containers, or simply put, using those containers in domestic movements for better asset utilization that will help the importers and exporters.

The Government has also been vocal about minimum Government, maximum governance. A way to achieve this and boost multimodal

logistics would in fact be to let ICD operators not only use the rail lines but to own them and operate them in select deficit corridors.

Finally, allowing private logistics suppliers to conduct cross-border trades, for example to Bangladesh, could boost new avenues of trade while pushing multimodal in the most effective way.

Banks should honour Multimodal Bill of Lading

Presently, Indian banks only accept the Shipping Line Bill of Lading for negotiating and processing of any formalities. If Multimodal Bill of Lading is accepted as a form of negotiable document in bank related formalities, it would encourage multimodal logistics in the country.

The Logistics Efficiency Enhancement Program

MMLPs, to be set up under the Logistics Efficiency Enhancement Program, aim to reduce logistics costs, improve freight aggregation, distribution, storage, and warehousing and create various value-added services, including labeling, packaging, tagging, and crating. By providing a variety of services in a single location, MMLPs enable firms to produce more and deliver faster to customers. This leads to greater time and money savings. The Government must promote Multi Modal Logistics Hubs and need to ease the licencing procedures. It would be of immense help to kickstart the multimodal logistics revolution by giving a temporary subsidy on the entire logistics cost to make multimodal logistics economical. The Government needs to focus on putting in place the right regulatory and institutional support for building MMLPs which in turn will encourage multimodal logistics.

The national logistics law has to clearly define various participants of the logistics space and create a light regulatory ecosystem. Also, technology has to be leveraged to promote multimodal logistics. Though the Government is promoting digitalisation in the sector, adoption of technology across the board is still “very poor” particularly in the trucking sector. Infrastructure and services integration

has to be supported with integration on the Digital platform in order to leverage the benefits of technological disruptions. Digital transformation leads to long term payoffs through leaner and smarter logistics that ensures smoother interface among logistics stakeholders for seamless delivery.

Standardisation is the key

“Government should implement the rules in a strict manner, bring policy where standardisation is the key factor which each one has to adopt and adapt. We see the benefits what standardisation of containers have brought to the world in place of the conventional shipping. Regulate the operators through a governing body and do not permit a non-member to operate,” suggests Ashish Seth.

Voicing similar concerns, Satish Lakkaraju, Chief Commercial Officer, Agility Logistics says, “Lack of

standardization is the main reason why multimodal has not been able to catch up in India. There is lack of standardization for packaging use, hence cargo gets packed and handled differently across the country. Unlike USA or Europe where it is mandatory to palletize the cargo and serialize it, there is no such regulation in India. As a result there is higher pilferage and damage to the cargo being handled.”

Explaining further **Vivek Kele, Director, Teamglobal** says, “In India only the EXIM cargo gets carried in standard ISO containers, so the modal switch of the cargo in these containers is simple and quick, however the costs can be a concern sometimes. Whereas the domestic cargo which gets carried in normal trucks/CBTs/rail wagons is not ‘unitised’, meaning that it is not palletised, this makes the handling cumbersome. Every time there is a modal switch, it needs to be manually handled using labour and equipment, in most cases it also involves warehousing. This drives up the cost of modal switch and discourages the people to explore multimodal transport and continue with unimodal form of transport.”

Incentivise investment in equipment and technology

Lack of incentives from government to invest in material handling equipment is another reason. With cheap labour



“There has to be a change in direction from a supply side driven system of service offering to one that is driven by demand or the needs of the end users/customers.”

- Manish Puri
President, ACTO



“An aggregator would enable consolidation of all the cargos from different sources headed to a common destination and multiple destinations to ships operating on pre-defined routes.”

(Note: These quotes were taken before his sudden demise)

- Late Dr A Janardhana Rao
Former Managing Director, IPA



“There is lack of standardization for packaging use, hence cargo gets packed and handled differently across the country. So there is higher pilferage and damage to cargo being handled.”

- Satish Lakkaraju
Chief Commercial Officer, Agility Logistics



“The exim cargo is carried in ISO container but domestic cargo moves in trucks/CBTs/ rail wagons, meaning it is not palletised and this makes the handling cumbersome.”

- Vivek Kele
Director, Teamglobal

already available in the country, there is no real incentive for the logistics service providers to invest in material handling equipment. Incentivize investments in logistics facilities and equipment. The logistics industry works on very thin margins and there is hardly any incentive for the logistics service providers to invest in newer more efficient equipment or technologies, especially since the initial capital investment and training expenses are quite high for technologies. Government needs to provide monetary incentives to encourage such transition.

Uniformity in rules is lacking

The government needs to bring in standardization in laws across the whole country. Currently every state works with its own set of laws as result it is difficult to bring standardization through this decentralized approach. Since a lot of cargo movement happens interstate, policy guidelines and implementations should be done at the central level. E.g. mandatory palletisation of cargo will help logistics service providers to invest in material handling equipment as they know there will be optimum usage of these equipment. This will also lower the operational cost in the long run for the Logistics Service Providers.

Uniformity in approval system is required

We have various classifications for CFSs, ICDs, MMLPs etc, we need to have a uniformity in approvals for the same. The job of ‘customs prevention’ should be transferred to the Custodian with AEO status, this will help us to achieve real ‘Faceless Customs’. Since the multimodal transport can take longer than the conventional transport, the time allotted under e-way bill should be higher when the goods are being transported using MMT system.

Fast track land acquisition

The Government needs to fast track approvals, make land acquisition rules easy, conversion of Agricultural land, permit usage of surplus railway land by leasing at affordable rates so that service provider can give services at a reasonable and affordable cost. The

measures proposed in the New Logistics Policy aim to address these challenges by seamlessly integrating multiple modes of transport, documentation and stakeholders, including customs, ports, shipping companies, railways, trucking companies, inland waterways through a robust digital framework facilitated by state-of-the-art technology platforms. With plans to create state-of-the-art Rail Freight Terminals on the Western and Eastern DFC networks, rail connectivity is expected to be boosted. The share of railways increasing from 20% to 50-55% in the overall modal mix, tier2/3 cities will benefit on account of improved first and last mile connect. The stakeholders have also sought liberal land reforms and use of surplus unused railway land to be made available at concessional rates to enhance competitiveness of the rail freight terminals. This truly will be the biggest boost to the multi modal as these all will get covered under the regulatory regime and Logistics Division will be the single focal point for all approvals and issues for the stakeholders.

Deliver comprehensive and not piecemeal service

Government should encourage multimodal logistic service providers for example government /semi government department should seek comprehensive services and not piecemeal service i.e Customs clearance, road transport, loading/unloading, handling/storage, rail transport from different service providers. Let one service provider provide all services so that client has to deal with one company/agency. Here government needs to safeguard that Indian multimodal service providers are fairly protected by giving priority to them over foreign multimodal service providers who may come for strategic reasons to increase market share and may not have permanent plans to grow in India.

Pricing of rail product should be made economical

Pricing of the rail product remains critical, for which the Ministry of Railways needs to find means to lower the delivered price of rail



“GST rates for multimodal movement is 12% where as in railway wagon movement it is being charged at 5% so overall there is extra burden of 7% compare to rail. Make GST at par with Railway @ 5% with Input Credit Mechanism.”

- C Muraleedharan
President, Avana Logistek Ltd

transport in order to make multimodal services competitive with pure road offerings. In addition development of infrastructure such as terminals for effective inter-modal exchange is critical. In this space the government needs to “enable” greater private investment to widen the network of terminals available for such activities. Finally, on the compliance front, the concept of a single transport document, and reducing the uncertainties and costs associated with modal exchange have to be focused on by the government.

Make ICDs extension of gateway ports

ICDs need to be declared as ‘Extended Gateways’ of their respective gateway ports. Recently, ICD Tondiarpet has been declared the ‘Extended Gateway’ of Chennai Port. This is a mutually beneficial move which will eliminate road congestion at Chennai Port by utilising the container rail infrastructure at ICD Tondiarpet. Moves like this boost the confidence of logistic service providers. Government regulations to allow domestic cargo handling within demarcated areas of ICDs and CFS will play a huge role in encouraging multi-modalism in domestic cargo movement.



Detailing on the activities of IPPTA, **R Ravi Kumar, Secretary General** said, “As ports are the interface between the inland and the ocean transport, the endeavour of our Members is to provide a modern and state-of-the-art technology port terminals enabling an efficient and fast handling of goods with minimum transit time. Some of our Members are also trying to diversify into other components of the Supply Chain like warehousing, multimodal logistics parks, CFSs, ICDs, rail infrastructure etc, so that modern facilities can be created across the country.”

GST rates for multimodal logistics should be brought down, argues C Muraleedharan, President, Avana Logistek Ltd.

GST rates for multimodal movement is 12% where as in railway wagon movement it is being charged at 5% so overall there is extra burden of 7% compare to rail. Make GST at par with Railway @ 5% with Input Credit Mechanism.

In coastal we are competing with road and rail transport as primary competitor and reversal of various input credits under GST has made carrying agri cargo unviable. For example port terminals are not ready to give agri exemption benefit, cause as per them they are just handling containers and not goods inside containers. Therefore, GST is charged @18% on load port and discharge port. THC has become costly for shipping company/NVOCC due to no input credit allowed for this. Necessary directives need to be issued by the government to use input GST paid for procuring services for agri produce to be utilized against other taxable commodities output tax liability or

necessary instruction should be issued to terminals for not charging GST on exempted commodities.

Our group has deployed 12 Indian flag container ships on Indian coast to connect West coast to East coast and we are providing weekly scheduled services to our customers. We are the largest domestic (coastal) logistics solutions provider with a market share of 57%. We provide customized/flexible logistic solutions to our customers basis of point to point service in cost effective manner. We serve over 5,000 pick-up and delivery options to our customers in coastal service covering more than 1500 zip codes in India. We offer seamless connectivity through coastal shipping, inland trucking and inland rail rake services.

Carbon credit scheme: Notwithstanding all its merits, the modal shift of cargo to Coastal Multimodal logistics is not happening at the desired pace. It is necessary to incentivize this shift by bringing it under a carbon credit scheme. A generic mechanism for Indian coastal trade need to be developed and put in place. It may be worth considering a matching financial incentive to the industry, the shipping company or the logistics service provider equivalent to the carbon credits availed by the user industry. Besides this, the user industry should also be allowed export incentives based on the foreign exchange earned through the carbon credits.

Sea cargo manifest and Transshipment regulations 2018 , Notification no 38/2018 – Coastal goods (containerised and other than containerised cargoes) should be exempted/removed from the ambit of this regulation as declaration is required only while moving cargo by sea whereas it is not applicable while moving by road or rail logistics services , presume the movement of goods is already tracked through e-way bill system.

The government is now giving equal thrust towards development across diverse sectors be it inland waterways, coastal shipping or rail freight. Cargo tracking is in place. The platform is open for the logistics service providers to plan and execute the most optimal modal mix. 📍



IN PURSUIT TO BECOME ATMANIRBHAR

The government is working on a time frame of 10 years and ensuring that more companies come into this space and start manufacturing containers in large numbers

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Almost all the shipping containers used today are imported from China. Nobody ever bothered about it and manufacturing of domestic containers was totally out of focus until the COVID-19 pandemic disrupted the supply chains, the export/import cycles went out of sync resulting in shortage of containers. The government recognised the gravity of the situation as it severely hampered the trade movement and announced plans to manufacture indigenous containers, as part of the Atmanirbhar Bharat

initiative. The Ministry of Ports, Shipping and Waterways has already set up a committee to study the feasibility of manufacturing containers at Bhavnagar in Gujarat and develop it into a container manufacturing hub. Freight forwarder Pushpak Logistics has placed orders for a few containers with manufacturers in Bhavnagar. The Ministry of Shipping expects an investment of about ₹1,000 crore from private players in this space, which will also create one lakh local jobs. Re-rolling and furnace makers

in the region are being encouraged to diversify in this space.

China has been the world's container factory and by the time they reach Indian shores, they cost us around 40% more, including ocean freight, Customs duty, other taxes, custom house agent charges and sundry expenses. China makes about 90% of global shipping containers. CIMC is the largest container manufacturer with a market share of 40%. Other players include Singamas, COSCO and CXIC. The global container fleet is handled by container leasing companies and shipping lines, with the latter holding a 49 per cent share. Triton is the world's largest container leasing company with a market share of some 14 per cent, owning over six million TEUs.

"We need to address the issue of containers at the earliest especially as we focus on boosting exports on

one hand and reducing imports on the other,” Ajay Sahai, director general, FIEO. Currently, India sources its entire container needs from China at prices ranging from ₹2,39,760 to ₹4,54,545, depending on the container’s size. As per data released by the Ministry of Ports, Shipping and Waterways, on an annual basis, Indian coastal shipping adds about 10,000 teus of new containers annually, while CONCOR may require 2,000 to 2,500 teus. India will require approximately 60,000 new containers between 2021 and 2026, an annual addition of about 10,000 TEUs per year.

“India should start manufacturing marine containers within the country. This would assist in the security of supply chain for exports,” said Sunil Vaswani, Executive Director, CSLA. Venturing into this uncharted territory, Transworld Group has signed an agreement with Sagarmala Development Company Ltd to build a cargo container manufacturing facility in Gujarat with an investment of about ₹200 crore. The plan marks India’s entry into manufacturing cargo containers, a segment dominated by China. There are reports about central PSUs like Braithwaite and BHEL being well equipped to manufacture export cargo containers and are all set to enter the business.

“There is a need for refrigerated containers and instead of depending on the imports of such containers we should manufacture them indigenously to work towards making India self-sufficient in the maritime economy,” said Union Railways Minister Piyush Goyal. He emphasised on increasing the production of Corten 6 quality steel as this is used for manufacturing good quality containers.

Certification of containers

IRClass has launched a new service to provide certification of marine containers in accordance with IMO International Convention for Safe Containers (CSC). It has released Guidelines on Certification of Containers which are published on its website. The guidelines were developed by the Rule Development & Associated Research team headed by N Girish.

IRClass has received authorisation

from the Government of India (Directorate General of Shipping) and other leading Flag Administrations towards the certification of containers. The process includes review and approval of container design, assessment of production facility, prototype testing, inspection and testing during production and certification. Maintenance of certification is subject to periodic examination.

T K Sahu, Divisional Head – Ships and Technical Services of IRClass said: “We have a comprehensive scheme for the certification of marine containers in accordance with IMO CSC Convention and can guide local manufacturers to produce containers in compliance with the international requirements. IRClass aims to support container manufacturers in the production of world class containers, which meet global quality standards equivalent to those produced by leading manufacturers.”

The service aligns with Maritime India Vision 2030, India’s plan to transform the maritime sector over the next 10 years. This will support the domestic production of containers and help ensure a consistent supply of containers while reducing the cost of trade.

“With a global shortage of containers, we see an opportunity here in the market and aim to provide customers with an alternative to fulfil their container requirements. We are confident that IRClass certification will assist in overcoming the container shortage crisis soon and give customers the assurance that containers will meet the rigorous technical standard that the IMO CSC Convention requires” added Sahu.

Economies of scale is the trick

Unlike other products, manufacturing of containers is economically more feasible in a market where exports are more than imports. Otherwise it will make the business unviable as the freight cost to ship an empty container from a country to other could cost equal to almost 30-40 per cent of the market price of a container. And this is one of the reasons for China becoming a hub for container manufacturing.

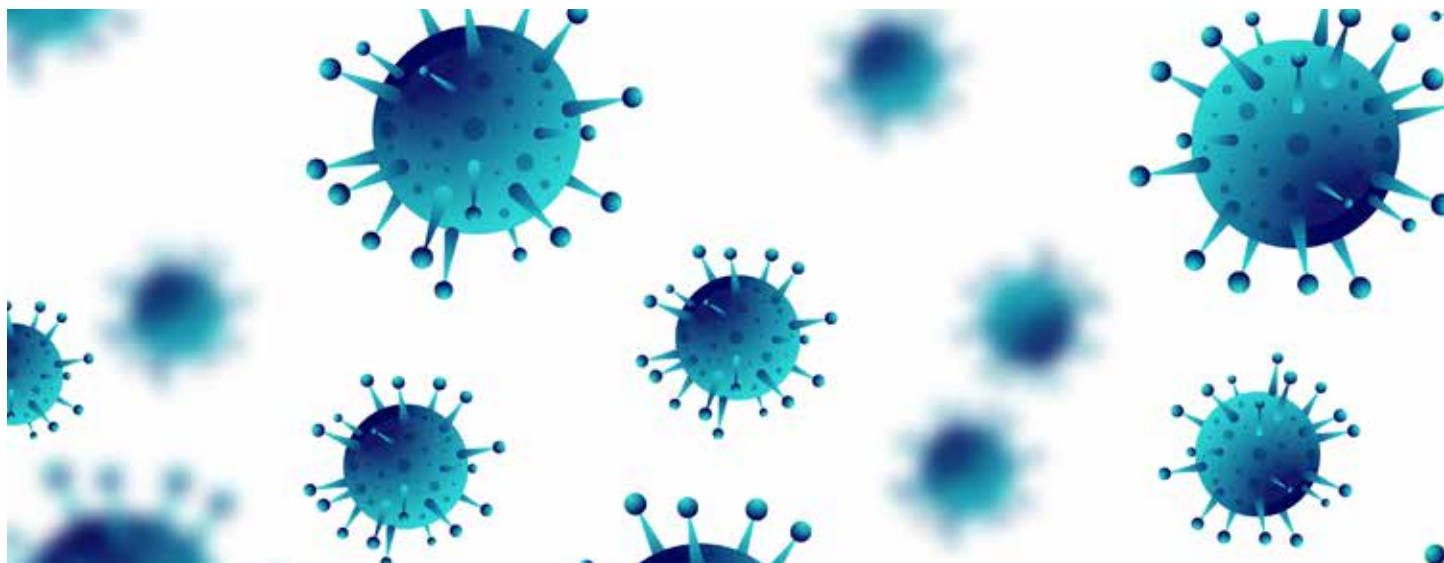
The minimum container production capacity of a plant is 40,000-50,000 teus per month. The domestic demand for new containers needs to match with this production capacity to make container manufacturing viable. At present, three-fourths of the container manufacturing is happening in China and one-fourth in South Korea and these two nations dominate the entire space.

Moreover, China also had an entire eco-system of industries which produce raw materials such as steel, floor board, locking bars, door seal, paint that are used to build a container. China originally became the prime manufacturer of ISO containers, firstly, because of low labor costs, later because of China becoming the steel recycling hub globally, then of course they surged as the ‘factory to the world’. India could be competitive but it must become a larger ‘steel recycler.’

Special Secretary (Logistics) Pawan Agarwal said one of the “serious” issues that the country is facing in creating an ecosystem for container manufacturing is availability and costing of special steel used to make those boxes. “Now as we move forward, we are working on a time frame of 10 years and ensuring that more companies come into this space and start manufacturing containers in large numbers,” he added. The government is working with the steel companies to create capacity in India for manufacturing the special quality of steel used in containers. As far as manufacturing and fabrication of containers are concerned, companies like BHEL and DCM-Hyundai have the requisite capabilities.

CONCOR has already issued an order of 2,000 containers to BHEL and Braithwaite & Co Ltd and discussions have been initiated with steel manufacturers for producing COR-TEN steel in India at competitive prices. At present the COR-TEN steel price in India is ₹75 per kg and to be internationally competitive, we have to reduce it to ₹45 per kg.

Discussions are also on with railway wagon manufacturers, BHEL, private players and Balmer & Lawrie to set up production lines for indigenous manufacturing of containers. 🇮🇳



ONCE BITTEN, TWICE CAREFUL

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he second wave of the pandemic is more lethal and has once again underscored the significance of supply chain – be it oxygen cylinders or the COVID-19 vaccine. As the country goes into partial lockdown, lockdown logistics is the buzz word to ensure supplies of essentials continue to move unabated between states. While a lot has been written on the perils of this pandemic, there have been some positive sides as well such as the rise of digitalisation, new rules coming up in the ports sector and changing supply chains.

Maritime Gateway through its popular series of online interviews (Digital Dialogues) has been constantly interacting with industry leaders to

keep you posted on the latest industry updates. Below are some edited excerpts from these interviews.

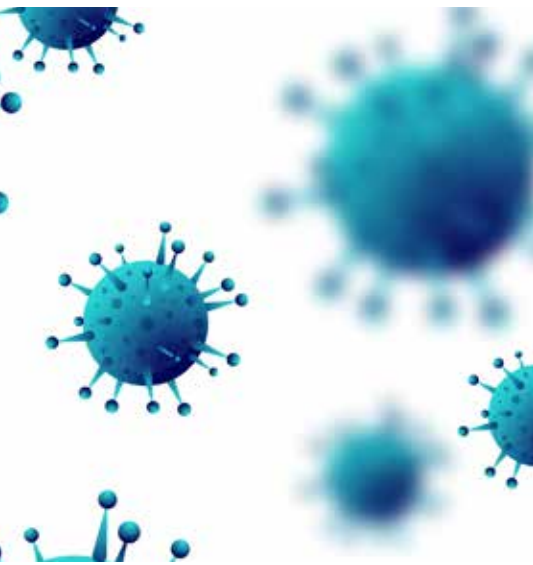
Late Dr A Janardhana Rao
Managing Director, IPA

“The MP Act 2021 will provide more autonomy to ports and help them to take decision faster with respect to infrastructure development and change the market conditions. Major ports will contribute significantly to economic growth and provide world-



class port infrastructure by adopting landlord port model of development. The major ports have gained autonomy on many key matters including the traffic, development of port assets, master planning of infrastructure within port limits and power to make the regulations for operations in the major ports. The bill also provides for the formulation of executive board that’s more important for resolving disputes.”

“The Maritime Vision 2030 will identify initiatives such as development of new ports, world-class mega ports, transshipment hubs, infrastructure modernization of ports. These initiatives help in lowering the operational costs to the ports, reducing turnaround time, providing cost efficient services, increased throughput and as well as providing ability to handle large vessels. The ERP Systems project aims at improving efficiency in port operations, strengthen the flow of information across all levels to



facilitate monitoring, control and decision making and policy planning.”

A Rama Mohan Reddy, IFS
Zonal Development Commissioner,
Visakhapatnam SEZ

“Last year VSEZ recorded 14.8% growth in exports, whereas all other SEZs have recorded a growth of -1.26%. We provided ease of doing business to all business units in the SEZ during lockdown, while working from home. We were working round the clock to facilitate approvals, taking feedback from all the units operational. That way we have made all 489 units operational within just 15 days of the lockdown out of 526 units. In 2019-2020, we approved 90 units in just one year, which was the highest figure in the history of SEZ. At the beginning of year 2020, we projected that we will definitely reach 12% minimum growth and we have achieved 14.8% growth. All the SEZs of the country contributed to the tune of 7.86 lakh crore out of 21.3 lakh crore exports from the whole country that means SEZs are contributing to one-third of the exports from the country.”



H K Joshi
Chairperson & Managing Director, SCI

“As far as container shipping is concerned, the rates are a little unsustainable but of course, these are likely to continue in the same way for at least some time more. We consider that at least for the next 3 to 6 months, these freight rates will continue. Of course, a lot depends on how economies will handle the second and the third waves of the pandemic. Going forward we would like to get some more partners to increase our presence in the coastal trade. The Indian subcontinent is going to be a primary hub of activity and coastal trade will be a very attractive business for all of us. Inland waterways is going to be another sunrise sector going forward and SCI is operating through Inland & Coastal Shipping Limited company.”



Liji Nowal
Founder & Managing Director, ODeX

“One major inflection point during the lockdown I feel is the time that business owners have got to step back and look at cost versus value and that has been a major driver, because I have had

very large Indian forwarders who have now come on-board ODEX and we have been speaking to them for a long time, they changed, they adapted digitization to the extent that they have wanted to.



But today when we speak to them, it's a completely different story because they have started recognizing that digital is an investment and not a cost, and let us look at what is the return on investment, and I think this has only been possible because of the pause that we had in April and May last year, when the volumes were down when it was becoming impossible to function.”

Ted Hiran Muttiah
Chief Commercial Officer,
South Asia Gateway Terminals Pvt Ltd

“So far when we speak to our customers, the shipping lines, many of them themselves don't seem to have a handle on what might be the future? We are beginning to see a new supply chain in terms of sourcing. Importers are looking for near sourcing and their traditional sourcing, so you might have sourcing from China and then somewhere midway point. We are seeing a lot more cargo or trade between ASEAN block of nations and South Asia mainly India and to some extent Bangladesh. When we talk about competition, we consider Jebel Ali to our west and to our east is Singapore and Tanjung Pelepas to some extent in Malaysia. We want India as partners with us as we also need to position ourselves and I think there is some work to be done to win the confidence of Indian importers and exporters.”



VARIOUS MODES OF LOGISTICS SHOULD COMPLEMENT EACH OTHER

A comprehensive National Transportation Development Plan that inter-links individual plans/schemes/programs for seamless multimodality of transport infrastructure needs to be developed, such that various modes complement each other to bring in logistics efficiencies, optimal utilization and overall sustainability.

Multimodal logistics is yet to catch up in India. What could be the reasons?

The logistics sector is highly fragmented and largely unorganized both on the operator and regulator sides. On the regulatory side there are various ministries that govern various aspects and modes of multimodal logistics (Ministry of Commerce and Industries, Ministry of Road Transport and Highways, Ministry of Ports, Shipping and Waterways, Ministry of Railways and Ministry of Civil Aviation). There are various development plans / programs under implementation such as Sagarmala, Industrial Corridors, Dedicated Freight Corridors, Bharatmala, Jal Marg Vikas Project etc. Each program has its own development plans and monitors the progress of projects under its purview and hence there is no uniform vision, in the absence of which there is not strong drive for promotion and adoption of multimodal logistics. In fact the various modes are currently competing with each other rather than complementing.

The government has already recognized the importance of promoting multimodal logistics and development is being undertaken by the

National Highways Authority of India, development of Integrated Multimodal Logistics Parks by National Industrial Corridor Development Corporation (NICDC) Limited and development of multimodal logistics parks along the Dedicated Freight Corridor.

Role of Inland Waterways as an important component of multimodal logistics?

Inland Water Transport (IWT) is world over recognized as a fuel efficient, cost effective and an environment friendly mode of transport, especially for bulk goods, hazardous goods and over dimensional cargo with socio-economic and environmental advantage. Hence in times when there is a lot of focus on sustainable modes of transport such as e-mobility, rivers for inland water transport are already "available", however infrastructure needs to be enhanced to facilitate ease of transportation.





DR AMITA PRASAD, IAS
CHAIRPERSON, IWAI

In the overall logistics supply chain, Inland waterways can play the role of the sustainable mode that not only facilitate cross bank transportation, but also connect the landlocked states to the ports along the coast. The requirement of land as compared to other modes of transportation is negligible and hence can reduce the capital required for development the logistics supply chain infrastructure.

Inland waterways are already being utilized for transportation of cargoes to the north eastern states via Bangladesh.

Inland Waterways also contribute to a lot of social benefits such as reduction in noise, pollutants and climate costs as well as accidents, infrastructure and congestion.

How is IWAI promoting use of multimodal logistics?

IWAI recognizes the role of multimodality for an efficient logistics ecosystem. While river provide a natural “highway” for transportation, the first and last mile connectivity, hubs with suitable infrastructure at these Interchanges is very important. With this point of view, IWAI is developing multi-modal IWT hubs at Varanasi, Sahibganj and Haldia. These terminals shall have road/rail and inland waterway connectivity and shall provide infrastructure for seamless transfer including storage facilities, cargo handling and processing facilities etc. The multimodal terminals can act as distribution hubs as well as cargo consolidation hubs across different modes of transportation that can help in reducing overall logistics costs.

What role the shipping and logistics industry can play to promote multimodal logistics?

The logistics cost in Indian is 14% of its GDP as against 9% in the advanced economies. Further India ranks low at 44 on the world Logistics Performance Index which is a measure of how easy or difficult it is to transport general merchandise in the country, and this can be considered as a key to economic growth and competitiveness.

Similarly, shipping is dependent on the first and last mile connectivity for the transportation of the cargo. Port can already be perceived as multimodal



hubs with the integration of rail, road as well as pipeline connectivity within or in the vicinity of their premises.

Therefore, while shipping is dependent on multimodality, the efficient use of various modes can significantly increase the efficiency of transportation and consequently the performance of the logistics in terms of both cost and time.

Further, Logistic Parks are being developed on the National Waterways at Varanasi and Sahibganj which will eliminate first mile/ last mile connectivity cost to certain extent.

On the regulatory from what the government needs to do to promote multimodal logistics?

As mentioned above the logistics sector is highly fragmented and largely unorganized both on the operator and regulator sides. Hence the policy initiatives and the development of the sector remains fragmented too and there is lack of a uniformed comprehensive vision. The infrastructure development across modes should be such that it complements other modes rather than compete with them. The policy framework should facilitate seamless transfers, promote technology and streamline the approvals processes.

IWAI has already recommended in its Maritime Vision 2030 Plan a need for a comprehensive National Transportation Development Plan that inter-links individual plans/schemes/programs for a comprehensive development and seamless multimodality of transport infrastructure. These development plans/schemes/programs may be conceived in a manner such that the various modes complement each other to bring in logistics efficiencies, optimal utilization and overall sustainability.

Please share some user case studies in using multimodal logistics?

Eighteen pilot movements along NW-1 were carried out under Jal Marg Vikas Project for capacity augmentation of NW-1 for demonstration of potential of Inland Water Transport Sector during the year 2017-18 & 2018-2019.

The experiences indicated that year-round availability of sufficient LAD up to



There are various development programs such as Sagarmala, Industrial Corridors, DFCs, Bharatmala, Jal Marg Vikas Project etc. Each program monitors the progress of projects under its purview and hence there is no uniform vision.

2.5 meter, the improved night navigation system and multiple handling for end to end transportation are needed for successful fit of IWT in the Multimodal Logistics System.

The economics of transport with IWT and over all viability suffered due to the reduction in payload carried on the IWT vessel, therefore, it is required that payload quantity to be carried sufficiently i.e 1500 to 2000 tonnes in each voyage over greater distances.

The cost incurred on first and last mile transportation reduces overall viability of transport compared with other surface modes of transport,

therefore the development of necessary infrastructure for cargo aggregation near to the terminal area are required for making sustainable and economically viable development of IWT on NW-1.


At present the Inland Water Transport sector is at nascent stage. Therefore, IWAI conducts Market Development through webinar, Seminar and Stakeholders consultations.

The availability of two ways cargo traffic is also required to be established to increase the economics of voyage and also utilize the asset to its optimal.

Availability of adequate handling equipment for fast and cost-efficient loading and unloading of goods is also required to be provided at terminals.

Availability of suitable vessel size and low draft standardized vessel for NW-1 is being made good. Shipping Corporation of India (SCI) has been recently provided with three vessels for running scheduled services from Varanasi and Patna to Kolkata.

Similar efforts have been made in State of Assam and 4 Ro-Ro vessels have been provided for better movement of goods and passengers.

IWAI is committed for improving visibility and usage of waterways in identified and prioritized 23 National Waterways till 2030. 



THE RACE TO FREE EVER GIVEN

Traffic in the Suez Canal has returned back to normal but the \$1 billion bill slapped by the Egyptian authorities is holding back the mega vessel Ever Given from exiting the canal

On March 23, MV Ever Green of Evergreen Marine Corp. loaded with 18,000 containers had just entered the southern end of the 120-mile Suez Canal for the last leg of its voyage to Europe from China, when it was drifted by a furious sand storm, blocking one of the world's most economically important waterways. The epic traffic jam of roughly 400 other ships, which have since started passing through the canal again, was even captured by the satellites due to the pollution they raised.

The salvage operation took 6 days, 11 tugs and two dredgers to free the 224,000-ton cargo ship. But steering out of the canal was still a

distant dream for the mega vessel as the Egyptian Authorities slapped a hefty \$1 billion bill for the damages (this includes \$300 million salvage bonus and \$300 million for loss of reputation). While there was no reported damage to the cargo and that to the vessel appeared to be minimal, but the vessel is likely to face possible compensation claims from a variety of interests such as shipping companies caught up in the backlog.


The operators of Ever Given are exploring the possibility of transferring its 18,000 cargo-filled containers to other vessels as it remains stuck in legal limbo. Evergreen Marine Corp., is already facing increasing pressure to deliver its thousands of containers - filled with everything from toilet paper to coffee and furniture - to its

frustrated customers. "Customers are asking when their boxes will be delivered after the ship seizure, and the prospect of moving the containers to other ships and delivering them to the clients in Europe is now on the table," informed people involved in the matter. But any efforts to remove the 18,000, 20-foot container units from the Ever Given could become a massive physical and logistical challenge, possibly requiring officials to move the vessel, which is currently anchored in the canal's artificial Great Bitter Lake. There are a number of options, empty ships can be deployed to pick up boxes and some can be loaded to other container ships crossing on the same route to Europe.

The move could also create additional legal issues, relating mainly to claims and fees surrounding the vessel and its cargo customers. However, Evergreen Marine Corporation is studying the possibility of the vessel and the cargo on board being treated separately by the Egyptian Court. Shoen Kisen Kaisha, the ship's owner, earlier this month filed a general-average claim against the vessel's operators, which calls for companies with cargo on the vessel to share the risk and costs involved in the ship's recovery.

The last time General Average was declared was following the 2018 fire on board the Maersk Honam. After declaring GA, the adjustor fixed the salvage security at 42.5% of cargo value and 11.5% as a GA deposit - this meant a shipper with a cargo worth \$100,000 needed to pay a combined deposit of \$54,000 to get its cargo released.

This leaves shippers with uninsured cargo highly vulnerable to losing it, as the owner can hold the goods under lien until the deposit is paid. Shippers with insured goods will have those deposits covered by their insurers.

According to panellists on a recent webinar on container casualties, held by the London Shipping Law Centre, GA is only declared in incidents which have incurred an extraordinary loss - the general rule of thumb being a loss of over £10m on a ship of 15,000 teu or bigger. 



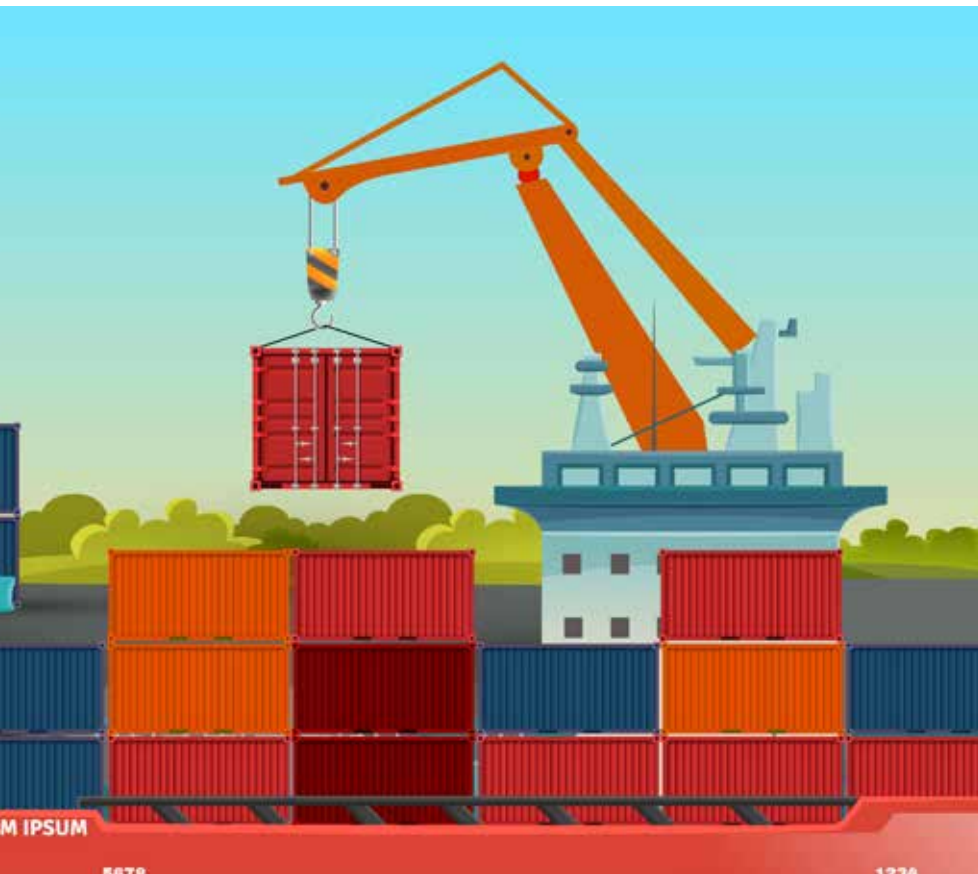
BIJOY PAULOSE
CHAIRMAN & MD, VS&B CONTAINERS GROUP

A VISION TO BE THE LARGEST CONTAINER TRADER

“In the next 5 years, we want to be one of the largest container traders in the world and to do that we have already started setting up our infrastructure, in terms of IT, offices and people,” reveals **Bijoy Paulose, Chairman & Managing Director, VS&B Containers Group**

It is the silver jubilee year of VS&B. Can you give me a brief on what are the important milestones in this journey and how the business evolved over a period of time?

We started off in 1996 as agents for Cronos Containers. At that time, I was supplying containers from Balmer & Lawrie to Cronos from the container manufacturing plant at Chennai and Cochin. So, they asked me to join, I agreed, and thus VS&B was established. Within two years we became an area office for Cronos for the Indian subcontinent, Middle East and South Africa. In about 5 years’ time, Cronos became the largest container leasing company in terms of fleet out of India and Middle East, though worldwide Cronos is only the 5th largest container leasing company. If I talk about milestones, there are two aspects - one would be the business side of it. We did the business growth first as agents, then in about 4 years, in order to enhance Cronos business, we started leasing containers from them and sub-leasing it to the smaller NVOs, smaller lines in India, Middle East. Then we slowly started building up a container



available globally. Average use age of a container could be around 15 years, which means any container that was built before 15 years is actually available for sale. Today, about 3 million containers are being produced annually, 15 years later, 3 million containers will go on the market to sell. But there again, there is a ready market for second-hand containers, but you need to have a strong IT system, MNR system which will grade these containers according to the damage or what cargo it can be used for. Today, we have a procurement team which looks at buying containers, because it's not easy to find containers anywhere in the world.

For one-trip containers we identify specific buyers by the type of containers they need, specifically in Europe.

We have this issue of huge gap between exports and imports and because of this lot of repositioning happens and I think now there is an acute shortage of containers in the marketplace. So, how is this situation handled by a container leasing company?

When the container business does very well like it is now, container leasing companies have very little to do because if you are not in trading, if you are only in container leasing, you have very little to do because at this point of time, internationally, container leasing, utilization is an unbelievable 99% plus so there's nothing available like to lease out and frankly at this point of time, I don't think any of the leasing companies will spend any money on positioning. So, even in a perennially surplus place like the US, if you have containers, you can offer it to a shipping line, they will put it on a vessel and carry it to China where the demand is so high. Factories cannot keep up to demand of production. But having said that these are not normal times. If this was the way, there will be 100 more container leasing companies. Normal situation is that we are operating on utilization of 85% to 90% or so. Then the efficiency is purely on the basis of your ability to reposition and put the box back into use. Repositioning is something that the industry can never get away

fleet ourselves but everything under the umbrella of Cronos. We are one of the largest domestic leasing companies today in India. Then we looked at trading as a natural corollary to their business and therefore trading started in a small way in 2006. Today, we are one of the largest traders in India, Middle East region. Then, we started positioning containers. So, we ran out of containers in India and VS&B started to move Cronos Containers from US and Europe which was an extremely successful programme. We cleaned up the entire ARHBS (Antwerp, Rotterdam, Hamburg, Bremerhaven) stocks of 40 ft high cubes. Then we moved over to US East Coast and moved close to 20,000 containers to India. We became a kind of solution finder for Cronos and then they came up with an issue in the software that they were using, so as a one time solution we started a small software company and 17 years later this software company today deals with about 8 international leasing companies for their gate-in, gate-out and EDI transmission. 1700 depots transmit through that network, CMA CGM handles their entire repair and recovery process. 5 years ago, Cronos

got sold and we became a full-fledged container leasing and trading company.

Can you explain a little bit about the container leasing and container trading part of it? How does this work and how much of percentage of your business is now into leasing and trading and these one-trip containers?

There must be close to 40 million containers in the world and 50% of that fleet is owned by container leasing companies and only 50% is owned by container shipping companies. Container leasing operates more or less on the same basis or principles as car hire, which means container leasing companies have to be financially very strong because the moment you start a business, you have to establish 100 depots immediately. Larger leasing companies have probably 400 depots around the world which means shipping lines or anybody who hires from them can hire in any of these places and that it's a container leasing company's job to rehire the containers from those places.

In container trading we have scratched only a small part of what is



Surplus boxes are always available in Dubai, Sri Lanka and Singapore. An international shipping line is unlikely to buy containers in Mumbai if they have surplus containers already in Dubai which they can move to Mumbai.

from whether it is a shipping line or a leasing company.

For the last 15 to 20 years, the largest importer in the world is the US followed by Europe and the largest exporter continues to be China followed by some other Southeast Asian countries. So, containers will always be in demand where export is high and will always be surplus where imports are high. There have been so desperate times when leasing companies have chartered a vessel to move out empty containers. You have no choice and repositioning is expensive. In a normal trade, when you buy a container, it costs probably about \$2500 in China. The cost of positioning a container from US back to China could cost \$1500.

When do you think the normal situation comes back, business as usual?

We purchase containers every month for our Europe business. We are seeing no let-up in the prices in China and there is no real alternative for container production anywhere because, you can't snap your fingers and set up a container plant. 97% of the container production capacity is only in China. So, container prices

are still riding very high which goes to show that the shortage is still continuing and that's linked with also the disruptions which happened in the trade. So, whatever has happened between Australia and China has resulted in small things, if you look at it, it's a butterfly effect, results in increase in costs of what goes into steel production, which means steel prices go up, which means container prices go up and the Covid situation and the lockdowns which were there in Europe and US and the disruption to shipping cost such a big logjam that it's still taking time to clear it and things like what's happened in the Suez Canal of one ship, that threw one more variable into the whole equation.

As a container leasing expert, what is your perception about making containers in India and if the plans really are grounded, when can we see the containers coming into the market. Does it sound good for the trade?

We had 5 to 6 container manufacturing plants about 20 years ago. They all closed down because it was not viable. But today, the position of container shipping and the industry has changed.

So, it justifies to have maybe a plant or two but having said that the big changes that have happened in the last 20 years is one, the growth of the domestic sector and the coastal shipping which generates its own demand. Then the rail, what CONCOR needs or what the other rail operators may need for the domestic carriage. I am not even bringing the truck sector into this, the road transport sector, without them. Over and above that, there are reasonable sized NVOCCs who operate in the India, Middle East, Southeast Asia market. The biggest of them probably own 100,000 containers. Now, even if you take 10% or 15% of that to be replaced and if you have 5 of them of that size, you are now talking about maybe 50,000 containers. So, add coastal, add the small companies, plus add VS&B itself buys 4000 to 5000 boxes every year, and we were to build up our domestic, we are a ready customer for this too.

When container industry was in its nascent stage in China, the support was from the government because it's a completely export oriented industry and the government has to treat it like, it's not a product, it's a product which will carry products. So, you have to treat it a little differently from rest and position the plant. If you are really looking at a world-size plant and then you also have to look at what that plant can cater to.

When you look at the international business, which is the big part of China's production where international shipping or leasing comes into picture, there one must remember that what we have around us is also very important. For example, Dubai, on the West of India will always be a surplus location and these surplus boxes have to come somewhere, in the global logistics picture. Sri Lanka and Singapore continue to be a surplus area. So, with all those factors mean that in the global logistics, there are already places from which the international demand will get covered, for example, an international shipping line is unlikely to buy in Mumbai if they have surpluses already in Dubai which they can move to Mumbai. Otherwise, they have to move that box from Dubai to much further on, maybe to Vietnam or Thailand. Why would they do that? So, these are factors also to be kept in mind. 📍

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