Terminals Tussle for Cargo

Major Port Authority Bill 2020

Emerging Out of Congestion

Edible Oil Imports on Slippery Grounds

south asia's premier maritime business magazine

₹100

maritime gateway

JUL-SEP 2021 WWW.MARITIMEGATEWAY.COM

RNI NO: TELENG/2009/30633 POSTAL REGISTRATION NO: HD/1137/2019-2021
DATE OF PUBLICATION: 01/08/2021 DATE OF POSTING: 05/08/2021

RIDING THE LCL BOOM

VAISHNAV SHETTY
EXECUTIVE DIRECTOR, ECU WORLDWIDE

LOGISTICS IN THE COMBAT AGAINST COVID-19

Logistics service providers have braved the pandemic and maintained the supply chain against all the odds, while exercising necessary precautions to ensure both medical supplies and essentials of life are delivered in-time


GENMA

ARE INDIAN SEAFARERS BEING TARGETED?

The unofficial ban imposed by China has affected about 20,000 Indian seafarers.

India had recently launched an aggressive vaccination programme in the country to counter Covid pandemic and the impending third wave, with three of its own developed vaccines, Covaxin, Covishield and Corbevax. Most of the seafarers in India have been given Covaxin, a two-shot vaccine developed by Bharat Biotech, which is however, not yet approved by the World Health Organization (WHO). Citing this as the reason some of the shipping companies have denied permission for Indian seafarers who have received Covaxin.

Of late, the All India Seafarer & General Workers Union has written a letter to the Union Minister for Ports, Shipping and Waterways, Sarbananda Sonowal alleging that China has not been allowing entry of ships to its ports with Indian crew on board since March 2021. The workers union has sought the central government's help in resolving the 'unofficial ban' imposed by China on vessels entering its ports with Indian seafarers. This is not the first instance as some Indian sailors faced a similar issue earlier in 2021 when China did not allow two foreign ships with them onboard to berth at its port.

The unofficial ban imposed by China has affected about 20,000 Indian seafarers facing threat of job loss, as companies are not recruiting them for the China-bound ships.

China has clarified that the restrictions are not targeted on ships crewed by Indian seafarers, but said that some measures are directed only to control the impending third wave of pandemic, and to ease the supply chain disruptions. The Chinese Ministry of Transportation confirmed recently that it was blocking crew changes for at least 30 days from certain crewing agencies and management companies, after positive cases of the virus were discovered among crewmembers coming ashore.

However, the Maritime Association of Shipowners, Shipmanagers and Agents (MASSA), is in regular touch with the Indian Shipping Ministry regarding crew change challenges faced by Indian seafarers and is in dialogue with the concerned states to find a resolution to this stalemate. Abhijeet Sangle, Working President of the All India Seafarer and General Workers Union, claimed it to be China's tactic to isolate Indian seafarers in order to provide better prospects to its sailors.

The central government and the Director General of Shipping of India must deal with the issue seriously and sort it out with the Chinese counterparts, as 80 per cent of seafarers on various ships come from India and without them the shipping industry which is already witnessing several supply chain disruptions may get into troubled waters.

Rampresad

R Ramprasad
Editor-in-Chief and Publisher
ramprasad@gatewaymedia.in

EDITOR AND PUBLISHER
R RAMPRASAD, ramprasad@gatewaymedia.in

GENERAL MANAGER - OPERATIONS
RAVI TEJA, raviteja@gatewaymedia.in

ASSOCIATE EDITORS
OMER AHMED SIDDIQUI, omer@gatewaymedia.in
NARASIMHA RAO, narasimharao@gatewaymedia.in

DESIGN CONSULTANT
VIJAY MASA, CREATIVE CLICKS

MANAGER - MARKETING & SALES
NATIONAL & INTERNATIONAL
SATISH SHETTI, satish@gatewaymedia.in +91 99207 05534

ADMINISTRATION
KISHORE P, CHIEF MANAGER, GENERAL ADMINISTRATION
MADHUKAR, MANAGER, prmadhukar@gatewaymedia.in +91 93937 68383

DIGITAL MEDIA
VINAY

FINANCE
RAKESH U

Maritime Gateway is printed by R Ramprasad published by R Ramprasad on behalf of Gateway Media Pvt Ltd, D.No. 6-2-984, #407, 5th Floor, Pavani Plaza, Khairatabad, Hyderabad – 500 004, Telangana, India.

Printed at M/s PVB Printers, 11-5-418/A, Ground Floor, Skill Adobe Apartment, Redhills, Lakdikapool, Hyderabad - 500004. Published at Gateway Media Pvt Ltd, D.No. 6-2-984, #407, 5th Floor, Pavani Plaza, Khairatabad, Hyderabad – 500 004, Telangana, India.

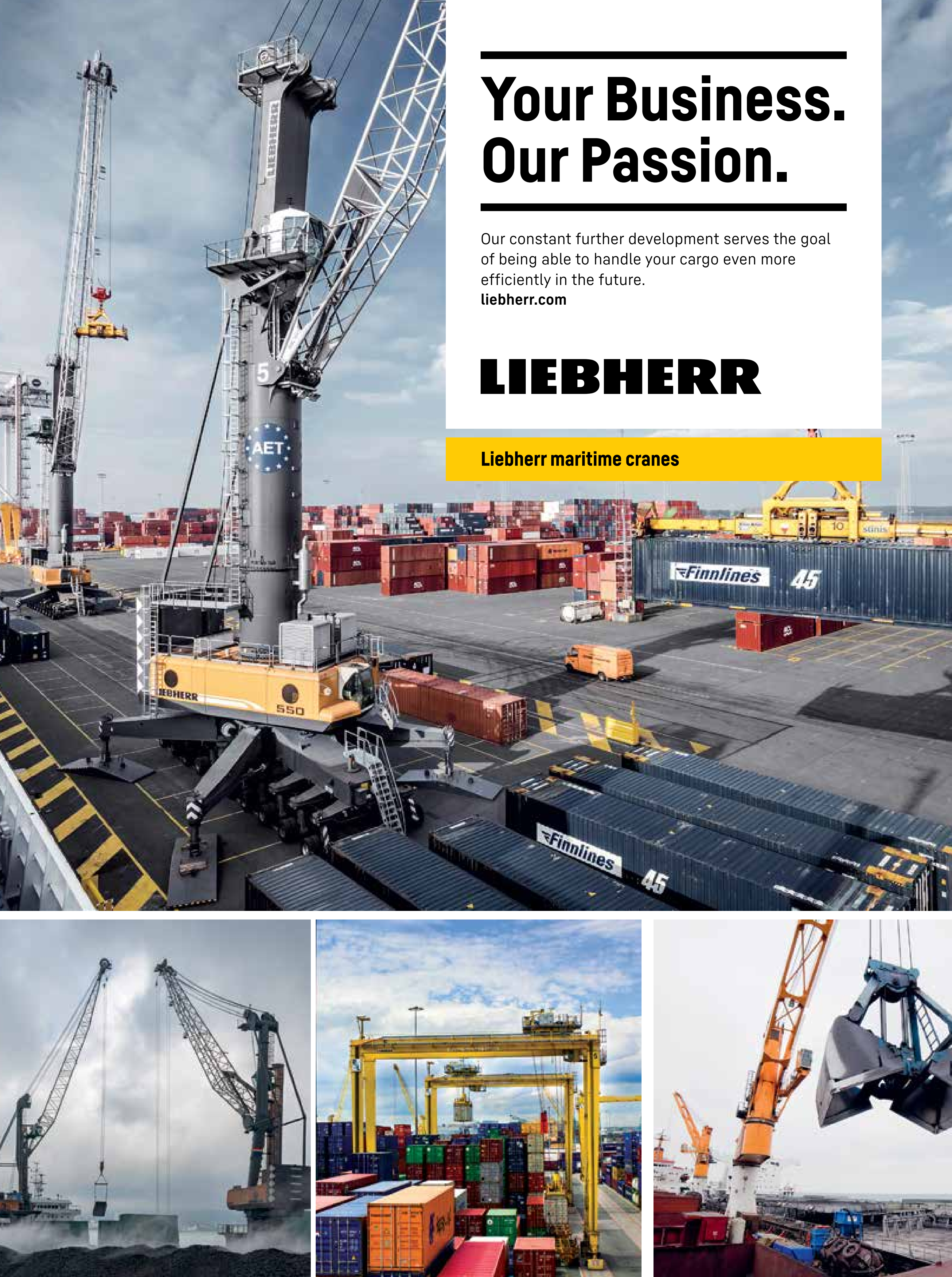
REGD. OFFICE: D.No. 6-2-984, #407, 5th Floor, Pavani Plaza, Khairatabad, Hyderabad – 500 004, Telangana, India.

CIN: U74900TG2007PTC054344

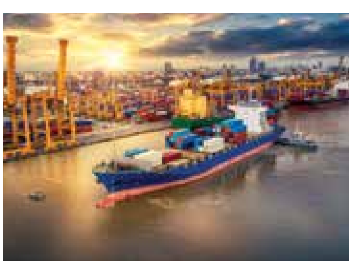
EDITOR: R Ramprasad

Views expressed in the articles are those of the writer(s) and may not be shared by the editor or members of the editorial board. Unsolicited material will not be returned.

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


Your Business.
Our Passion.
Our constant further development serves the goal of being able to handle your cargo even more efficiently in the future.
liebherr.com
LIEBHERR
Liebherr maritime cranes
AET
5
550
Finnlines
45
Finnlines
45

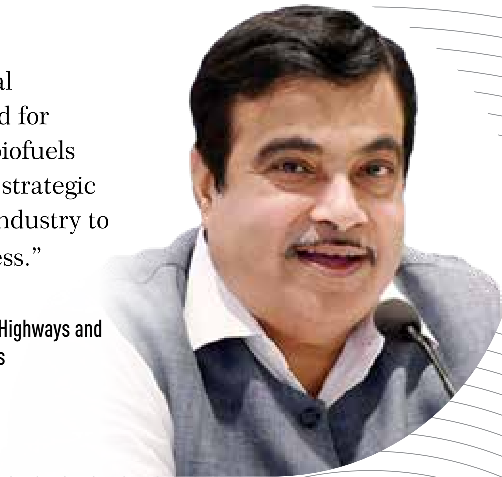
VOLUME 13 | ISSUE 05 | JULY-SEPTEMBER 2021




Customs Clearance
Cargo Handling Operations
Freight Forwarding
Shipping Plot
Warehousing
Container Rail Operations
THE PDP GROUP®
...Moving Beyond Logistics

"Given their huge potential advantages, there is a need for Maharashtra to focus on biofuels and alternate fuels. Their strategic use will enable domestic industry to enhance its competitiveness."

- Nitin Jairam Gadkari
Union Minister for Road Transport & Highways and Micro, Small and Medium Enterprises
Government of India



"Not unexpectedly – and as in freight markets – when there is a shortage the cost goes up and we now see shipping companies offering salaries 10-20% higher than the average market levels or providing a high joining bonus to seafarers."

- Henrik Jensen
Managing Director, Danica Crewing Service

"We have sufficient export orders and so our utilisation levels will remain close to 95% in the July-September period. We are waiting for domestic demand to pick up and see no reason for sluggishness in the coming months."

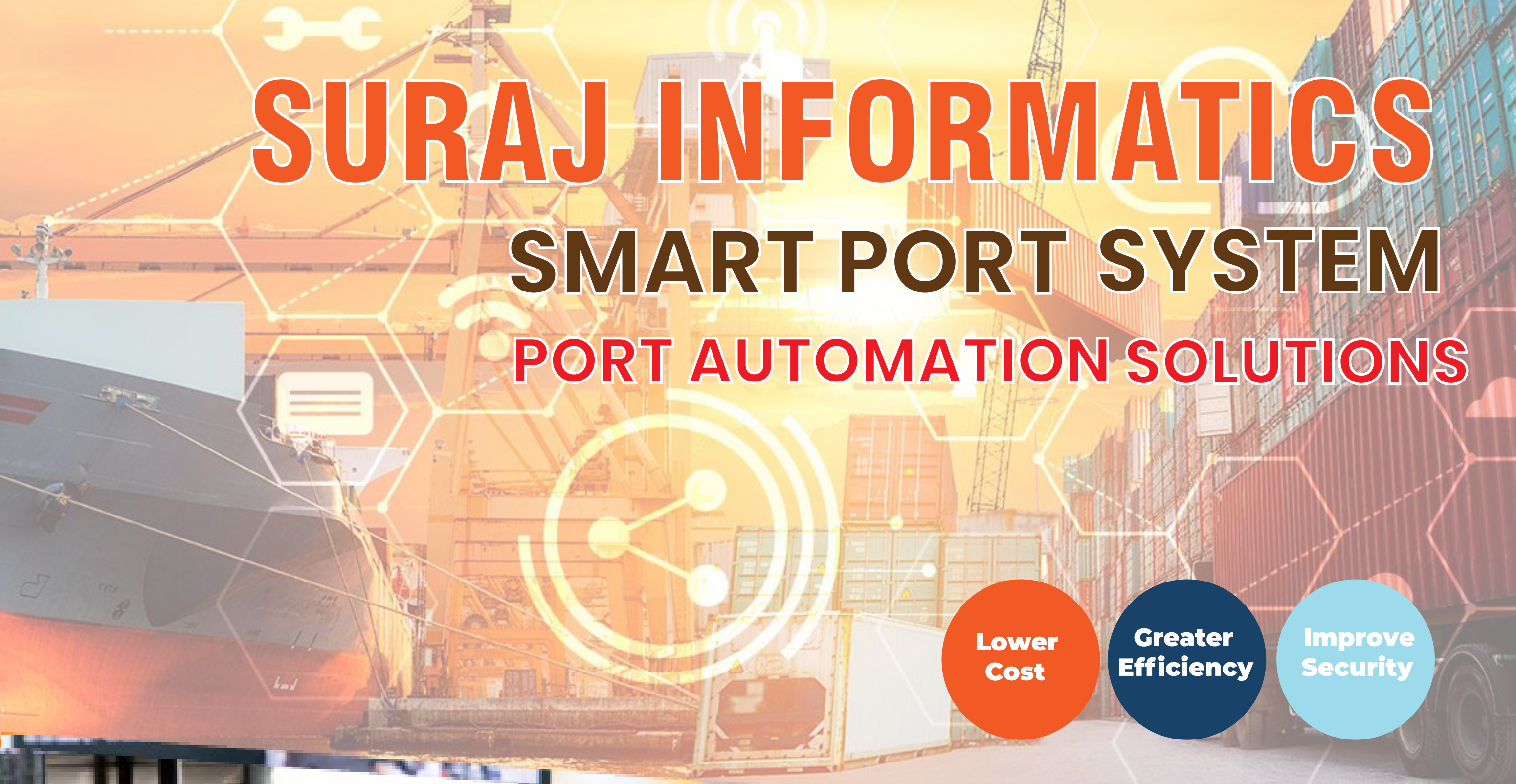
- V R Sharma
Managing Director, Jindal Steel & Power

"The positive externalities of GST such as unified market, removal of cascading and improved competitiveness of goods and services has helped spur economic growth taking us further on the path to prosperity."

- Nirmala Sitharaman
Union Minister of Finance
Government of India

"The Government aims at an export of 400 billion dollars in the current fiscal. This looks a little ambitious but certainly achievable. Industry and government should partner together to reach this milestone."

- Dr A Sakthivel
President, FIEO



- HMI-Proximity Warning and Alert System
- Remote Crane Monitoring Solution, RCMS
- Trailer Chassis Positioning System
- Traffic and Parking Management
- Fuel management System
- Locationing Solution
- IoT & AI Solutions
- Assets and Inventory Management
- Bespoke Solutions
- Mobility Solution
- Video Surveillance & Entrance Management Solution
- IT & Network Infrastructure and Data Centre Design and Implementation
- Smart Port System
- Terminal Automation System
- Gate Operating System
- Truck OCR
- Rail OCR,
- Crane OCR
- Weighbridge Automation
- Yard Automation
- Warehouse Automation

INSPIRING NETWORKS
SURAJ INFORMATICS

Contact Us
91-22-40309800

sales@surajinformatics.com
www.surajinformatics.com

facebook.com/surajinformatics
twitter.com/SurajSh69673290

WILL IT CHANGE THE CULTURE OF MAJOR PORTS?

The new legislation is completely silent about the operational and financial efficiency and the accountability of the board members towards the performance. There are no provisions for the accountability part. Clearly the new legislation needs to focus at this important aspect of the Major Port working

BY MILIND KULKARNI
PH. D SCALAR, INDIAN MARITIME UNIVERSITY

The President of India gave his assent to the Major Port Authorities Bill 2020 on 17th February 2021, and it became the Major Port Authorities Act 2021. It has repealed the Major Port Trust Act, 1963.

Objectives of the new law

For a dynamic industry like ports, a legislation served for more than 5 decades is in itself a surprise. The objective of the new legislation is to give more autonomy to the major ports in India, decentralize the decision making process, make it more professionally managed body. Besides the reduction in number of sections from 134 to merely 76 sections, the new act has reduced the ambiguity and overlapping provisions.

Master plan

The new Act has reduced the number of members of the board from 17-19 to 11-14. These board members are entrusted with the responsibilities such as to utilize the lands, property and funds as they may deem fit for the benefit of the Major port. They are also entrusted with a job to create a master plan for the Major Port, independent of any local or State government.

More autonomy

More autonomy is also given to these members to enter in to contracts necessary for the performance of its functions under the proposed legislation. They can make necessary rule and regulations for the smooth operation, development and planning of the Major Port. Another major deviation is that the board has the authority to fix the tariff for the port and it is no more required to obtain approval from the Central Government for the same.

As per my opinion, the efforts made to bring autonomy to the Major Ports is commendable, in the today's dynamic port culture, still the new regulations are inadequate to improve the working of the Major Port.

Constitution of board member

Though the number of board members have been reduced by 5-6, still if one looks at the constitution of the board, it is dominated by the officers from Central and State governments. These officers come from a background of running a government department. Running a port and running any other government department is not the same. The role of an administrator of a port is not only to control the port but its development. Often these officers lack the urge to develop the Major Port. There focus is more on administration, ensuring recovery of revenue and safe custody of the Major Port assets. The appointment of these officers is normally for a short period of say 2-3 years. These officers do not have shipping or commercial background. They lack the vision.

The government nominated representatives

The other appointed members on the board are usually political appointees. They serve the board till the party appointing them is in power. The trade representation on the board is also myopic in their vision and usually ensures their interests are safeguarded. What the government should have done in the new legislation is to bring in more talent from the shipping and

port industry that are held responsible for the improvement of the Major Ports. Government should have looked at the functioning of the some of the private ports in India.

Competition between Government & Private ports

Usually the ports are required to look after the 'larger public interest'. Unlike the good old days when there were limited ports and the demand for port services was very high, the current scenario is exactly other way round. Instead of 'cargo looking for port' it is Ports who are looking for cargo. There is a fierce competition of private ports. The hinterlands are getting overlapped. Due to rail and road network, often the hinterland is shared by more than one port. The days of monopoly of ports is a thing of past. The ports are required to be more 'customer centric'; The most efficient port only will survive.

Unfortunately, the new legislation is completely silent about the operational and financial efficiency and the accountability of the board members towards the performance. There are no provisions for the accountability part. Clearly the new legislation has failed to look at this important aspect of the Major port working.

About the commercial utilization of the Major Port lands, it is pertinent to state that majority of the port land is illegally occupied by squatters. Evacuation of these squatters is legally a big challenge. It is feared that whatever clear land is available with Major Ports that will land in the hands of people having political Influence.

Syamaprasad Mookerjee Port has taken some innovative initiatives for using the real estate available with the port trust. The port has a lot of space in Haldia and it has been developing around 1,50,000 sqm of area for commercial use. But in the meanwhile, the port management realised that it will be better if they could rope in their trade partners in the development process. So, they have allotted land for 5 years lease and have given some discounts on the rent and have asked the users to develop and use it. Around 30,000 sqm of space has already been taken over by the users. Further, this will also ensure some cargo movement for the port. Thus the deal is a win-win situation for the port and the users.

On similar lines the Kolkata Port, because it deals with pulses and food grain stuff, it had at least 6 to 8 old sheds, out of which, 2 the port authority repaired themselves. And in the remaining 2 they did an experiment by floating an expression of interest, if somebody would take them, repair them and use them for 5 years and pays the rent. Surprisingly Glencore has taken it and they have repaired the sheds completely at their cost. They are paying the port trust rent as they use the sheds.

Thus, I believe that unless the Central Government looks at the Major Ports as commercial organizations and runs them with commercial acumen, any amount of legislative changes would not change the culture of the Major ports. This is the very reason that the private ports had started functioning long after the major ports had become operational, but today the minor ports are overtaking the government ports in terms of throughput, operational efficiency and technology usage.

LOGISTICS IN THE COMBAT AGAINST COVID-19

Logistics service providers have braved the pandemic and maintained the supply chain against all the odds, while exercising necessary precautions to ensure both medical supplies and essentials of life are delivered in-time

The global financial crisis during 2008 / 2009 saw the shipping industry go through a major crisis, driven by over capacity, low freight rates & persistent low returns on investment. This resulted in eight major carriers undergoing mergers & acquisitions and one going bankrupt, in a span of just four years between 2014 & 2017. Since 2018, the industry finally started recovering slowly while still witnessing a lot of volatility. Supply & demand was more balanced with a low new building order book.

The situation had barely stabilised when the pandemic hit the globe during the end of 2019 / beginning of 2020 & created unprecedented circumstances for the trade across the world. The shipping lines, on their part, kept servicing the trade with vessel calls, despite Indian exports being practically non-existent during the lockdown in the first half of 2020. Besides, the lines also independently offered extended free time on import containers and did all they could to keep the supply chains moving.

From the end of June / beginning of July 2020 though, the situation changed all of a sudden. After months of lockdown, the US & Europe went on a buying spree and started importing big time from India, China & the Far East. At the same time, Indian imports dropped due to low consumer demand locally and certain restrictions on Imports from China. This created a major equipment imbalance as export demand for containers far outweighed the import supply. The pandemic thus distorted the demand & supply situation. The Indian trade which was always dominated by imports, saw a sudden surge in exports and a drastic reduction in imports. During the third quarter of 2020 for instance, India's exports in terms of volumes grew by 24 per cent while its imports reduced by 28 per cent compared to the same period in 2019. The excess of exports over imports continued thereafter too. As a result, the shipping lines, which earlier used to ship out empty containers from India, had to start repositioning empty containers into the country and move them inland to demand locations at a huge cost.

This distortion in demand & supply, with its resultant impact on costs & rates, did not happen just in the case of India but in the case of the rest of the world too. Besides, this was unique not just to container shipping but to air freight as well. In fact, unlike in the case of sailings of container shipping lines, the number of international flights plunged due to the virus & air travel restrictions, thereby pushing some of the air freight business like i-phones, leather goods, etc., to sea freight, thus putting additional pressure on container shipping. Congestion at transhipment ports like Colombo & Singapore and in some of the major ports in China, Europe and the key gateway ports on the US West Coast like Los Angeles & Long Beach, further aggravated the situation by increasing the turnaround time of vessels & containers, which eventually impacted the availability of boxes in Asian countries, including India. Hundreds of ships across the globe were waiting for a week or even longer before they could berth. Currently about 300 vessels are waiting to berth at approximately 100 ports all over the world. In view of the increased volumes coupled with Covid protocols, labour & trailer shortages, the terminals across the globe have been struggling to keep the momentum going. North America for instance, continues to face a 40 pct equipment imbalance. In other words, out of every 100 containers entering North America, just 40 move out. Currently, about 55 pct of the container fleet is either on water or stuck at various ports, as against the normal average of approximately 30 pct. All this has resulted in the slower turnaround of boxes. The issue therefore has to do more with the limitations at terminals globally which has resulted in the slow turnaround of ships & containers rather than any real shortage of ships & containers. Despite all this, the shipping lines on their part though, have been continuing to reposition empty containers into India at a huge cost to help meet the export demand.

At the same time, the lines have not only deployed all the vessels at their disposal but have also chartered additional tonnage from the market at exorbitantly high charter hire to make them available to the trade. Besides,

some of the lines have also introduced new services while some of the others have made ad hoc calls to help Indian exports. New orders have also been placed with the shipyards to help further beef up the fleet. Currently, just 0.8 pct of the container shipping fleet is idle and that too due to the ships that have met with accidents or those that have been undergoing repairs & maintenance. In other words, practically all available vessels have been pressed into service. All this has therefore helped in significantly improving the space & equipment situation and enabled the Indian trade to meet its export & import commitments. During the first quarter of the current financial year for instance, India's merchandise exports jumped by 16 pct to USD 82 billion, over the same period in the normal fiscal 2019-20 which preceded the Covid in 2020-21. The previous record was USD 90 billion in the fourth quarter of 2020-21. The country's merchandise imports during April / June 2021 were USD 126 billion, an increase of 108 pct over USD 60 billion in April / June 2020 & a decrease of 3 pct over USD 130 billion in April / June 2019.

In the meanwhile, the shipping lines have also been assisting with the supply of medical aid into India. More than 6,000 Oxygen concentrators, 500 oxygen cylinders, 60 cryogenic oxygen tanks and several medical supplies and ventilators were transported into the country by AP Moller – Maersk at a nominal rate of USD 1 per container. All commercial air freight shipments facilitated by Maersk India were done on a zero-profit basis.

Similarly, HYUNDAI MERCHANT MARINE (HMM) brought in 23 TEUs carrying Oxygen generators & Oxygen Cylinders from China into India at just USD 1 per container.

WAN HAI (India) donated around 30,000 sets of PPE kits as well as 5 litres of 75 qty of Oxygen concentrators to government hospitals and Covid centres across several Indian cities.

OCEAN NETWORK EXPRESS (ONE) made "Free of Freight" transportation of empty ISO tank containers from Taiwan to Mundra for further usage towards supply of Oxygen.

The NYK Group has procured 988 oxygen cylinders and provided them free of charge to Tata Steel Rural Development Society, a CSR arm of Tata Steel. The cylinders, which were flown to India were delivered to the state governments for distribution to various medical institutions.

Eight Oxygen production units were transported free of charge by CMA-CGM Air Cargo from Paris to New Delhi. Containers of liquefied Oxygen were shipped from Qatar to India by CMA-CGM. The Group also supported free shipment of 1,120 units of Oxygen cylinders from Indonesia to India which were received by the Indian Red Cross Society for distribution to local hospitals and communities in need. This was followed a shipment of masks that CMA-CGM delivered to India from Singapore.

KMTC too has taken the initiative for the distribution of Korean masks

CENTURY CFS

First Private party handled CFS in Kolkata @ SONAI & JJP. Strategically located near to Kolkata port to reduce the cost of transportation. 22096 Sq Mts. (SONAI) & 78150 Sq Mts. (JJP) of land to ease of the congestion. To provide hassle free and single window clearance service to Importers/Exporters.

Infrastructure

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

Services

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

Facilities

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

Accreditations :

AEO भारतीय सीमा शुल्क INDIAN CUSTOMS | DNV-GL | DNV-GL | C-TPAT

Century Plyboards (I) Ltd.

Logistics Office :
Address : P-15/1, Taratala Road, Kolkata - 700088, West Bengal.
Phone No. : (91) (33) 30217900
Email : infocfs@centuryply.com

Container Freight Station : Sonai
Address : Block 'B' & 'C', Sonai Yard, Jain Kunj, Hide Road, Khidderpore, Kolkata - 700088, West Bengal.
Phone No. : (91) (33) 71453100
Email : infocfs@centuryply.com

Container Freight Station : JJP
Address : 3, Hide Road, Besides FCI Godown, Near Brace Bridge Rly Station, Khidderpore, Kolkata - 700088, West Bengal.
Phone No. : (91) (33) 71453200
Email : infocfs@centuryply.com

into India. These are just some of the several initiatives taken by the shipping lines to assist in the transportation of commercial cargo & medical supplies for the country during these challenging times.

Ports and terminals

JNPT moves medical supplies

The port joined the fight against COVID-19 pandemic by contributing ₹16.40 Crore from its CSR fund along with one day's salary to the 'Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund' (PM CARES Fund) which was created to provide relief to Coronavirus (COVID-19) pandemic affected people.

During the lockdown period, the port took various measures to limit the impact of the outbreak while also protecting the trade channel from any disruption. The 'Extended Gate Facility' commenced from 13th April 2020 resulting in a fundamental change in the role of seaports in global supply chains. Extended Port gate facility has been made available for DPD containers at Mulund and Boisar. An additional storage capacity has also been created at CWC, Dronagiri node where cargo is being moved through En-block movement. This further enhanced the seamless trade experience for the traders at JNPort. JNP Container Terminal (JNPCT) started a new initiative of sending rakes loaded with empty containers to ICD Dahej for bringing export cargo of Reliance Industries from Hazira in return trip.

The port carried out extensive community disinfectant spraying and sanitation drive in all its nearby villages too to help put a strong fight against COVID 19. JNPT has been regularly deploying all sanitary guidelines issued for the safety of its workforce with regular fogging and spraying of all buses. Also the port has provided Personal Protective Equipment (PPE) to the pilots and has been carrying out regular fogging and disinfecting of all JNPT terminals. The port authority has provided accommodation for the staff of terminals, drivers etc in the Port township, started free Bus shuttle services for the staff of essential services stakeholders for movement in the port area and CFSs, Empty Yards. JN Port is also distributing specially made meals to the truck drivers who have been working tirelessly to keep the operations going at the Centralized Parking Plaza, GTI Holding Yard, NSICT Holding Yard & Parking No.1. Also, keeping in view of the spread of novel Coronavirus, JNPort converted its Multi Skill Training Centre at Bokadvira into a 120 bed COVID CARE Hospital and ambulance service and handed it over to the state authorities temporarily for the protection of the local community. JNPT also started a dedicated COVID Health Centre (DCHC) at JNPT Hospital to cater to JNPT beneficiaries and the local community. JNPT was carrying out extensive community disinfectant spraying and sanitation drive in all its nearby villages and also handed over infra-red temperature guns to the Sarpanchs of these villages as preventive measure.

COVID vaccination centre at JNPT Hospital started functioning on 9th of March 2021. By noon of 12th of March 2021, in less than three days of its operationalization, 275 beneficiaries including healthcare workers, frontline workers, senior citizens and persons with co-morbidities, have already taken the vaccine at the centre. To prioritize vaccination to seafarers, efforts are being made to get the seafarers vaccinated before joining their scheduled duties on board.

Also during the month of May 2021, marshalling efforts in the fight against COVID-19, JNPT successfully executed the handling of 327.632 MT of liquid medical Oxygen and medical accessories. The port has been ensuring the movement of vessels carrying Oxygen remains unhindered and is giving utmost priority to such consignments. On May 10th, the port handled four containers carrying 80 metric tonnes of medical Oxygen in the cryogenic state in the vessel MV GSF GISELLE of AXS service sent by the United Arab Emirates. On May 15th, the port handled 150.23 MT medical O_2 consignment in 'MV Nagoya Tower' brought from Kuwait via Jebel Ali, UAE. Despite the powerful tropical cyclone Tauktae in the Arabian Sea, on May 18th the port handled 28.72 MTs of O_2 consignment loaded from UAE and ensured quick clearance of cargo. The port, on May 21st, handled the vessel 'MV Lebu' loaded with 19.32 MT medical O_2 from UAE. On May 28th, JNPT handled 3 containers brought in by Emirates shipping Agencies India Pvt Ltd from Ningbo, China with medical accessories which consisted of 2448 empty oxygen cylinders with a total weight of 49.36MT. This month, JNP-BMC Terminal handled three medical grade liquid Oxygen filled in cryogenic containers in the vessel MV GULF BARAKAH of IEX service with total quantity 60MT. JNPT has handled total 430.404 MT COVID related medical supplies (359.872 MT Medical grade Oxygen & 70.532MT Medical accessories) till date for distribution to hospitals for COVID treatment.

The shipping lines have continued to reposition empty containers into India at a huge cost to help meet the export demand. They have been at the forefront in moving commercial cargo & medical supplies for the country during these challenging times.

- Sunil Vaswani
Executive Director, Container Shipping Lines Association (India)

NMPT – controlling the impact

The traffic throughput at New Mangalore Port Trust (NMPT) has registered a decline of 6.76% during the current year 2020-21 by handling 36.50 million tonnes as against 39.14 million tonnes handled during the corresponding period of last year. The Port is exposed to the transmission of COVID-19 at 2 points - either by Cruise Vessels (Passengers and crew members) and the Cargo Vessels (crew members). Since March 7th 2020, the cruise vessels calling at the port have been suspended. Although the movement of cargo vessels continues, precautionary measures are diligently taken to prevent the importation of the disease.

The port officials have identified 3 different points of contact where the disease can potentially spread to the inlanders. First, through the pilotage activity, where the pilot boards the inbound vessel at the anchorage. Strict guidelines have been formulated and mandated upon the pilots to minimize the risk of transmission. Second, through the PHO survey, where the medical officer is susceptible to catch the disease during the survey. The PHO is also undertaking precautionary measures in this regard. Third, through the shore-pass availed by the crew members.

The port is providing thermal screening of workers, disinfecting floors and hand railings with sodium hypochloride solution, indoor sanitization with alcohol based sanitizers at work stations is ensured, disinfectant tunnels are installed at the entrance of the Port and hospital, regular fogging is done at Port colony and office premises, Covid-19 Help Desk and Covid-19 wards at Port Hospital is set up, existing training centre is modified as Covid-19 hospital.

Handling of cruise vessels

Around 5000 cruise passengers on 2 vessels were screened in the first week of March 2020, even before release of the SOP to handle COVID-19 outbreak for the international ships at the Major Ports. The port managed to serve the cruise vessels, while successfully de-risking COVID-19 exposure to personnel from various cruise tourism stakeholders as well as local population.

Facilities made available for Covid Patients

The port has set up Covid-19 Help Desk and Covid-19 wards at port hospital, modified existing training centre as Covid-19 quarantine ward, donated 30 Oxygen Dura Cylinders (Jumbo cylinders) to the district administration, handled liquid medical Oxygen cylinders in 5 Naval vessels on priority basis, opened a separate gate for fishermen and their vehicles from June 2021 till completion of monsoon season, massive RAT/RTPCR test camps are being conducted, free vaccination camp is in progress.

Visakhapatnam Port Trust COVID care center

K Rama Mohana Rao, Chairman, Visakhapatnam Port Trust inaugurated a COVID Care Centre at Rajiv Gandhi Indoor Stadium. It initially has 63 beds capacity.

Logistics service providers

Allcargo Logistics moves to meet Oxygen shortage

Allcargo and its group companies ECU Worldwide and Gati stepped up efforts to expedite the distribution of essential medical equipment like Oxygen concentrators across India. **Allcargo Chairman Shashi Kiran Shetty** responded to a distress call from Maharashtra Health Minister Rajesh Tope as the state was grappling with oxygen shortage. To meet the rising demand in the state, Allcargo shipped in 500 Oxygen concentrators by flight from Singapore to Maharashtra on a not-for-profit basis. The company also arranged for two million masks to be flown in from Singapore for the Maharashtra government with the provision for shipping another one million masks arranged for Maharashtra from USA, China and other countries.

Allcargo and its subsidiary ECU Worldwide responded to requests from the Delhi government and had 6,000 Oxygen cylinders flown in eight chartered flights from Shanghai to ease the oxygen supply situation in the NCR region. An emergency response team was set up to arrange the charter aircraft and mobilise customs at origin to transport the Oxygen cylinders on a purely not-for-profit basis.

In early 2020, Allcargo contributed to the PM-CARES Fund to boost India's fight against the covid-19 pandemic. Collaborated with Khushiyaan Foundation in Delhi for distributing food in Bhiwandi, Thane and Navi Mumbai to the underprivileged. In a similar initiative, Allcargo made a monetary contribution to the ISKCON for food distribution to migrant labours from different locations outside Delhi. Avashya Foundation has been active in procuring medical supplies and equipment for treating covid-19 patients. It provided PPE kits to healthcare workers in Sion and Poddar Hospitals, Mumbai.

CONCOR moves medical supplies

CONCOR has been supplying essential commodities across the country keeping the supply chain operational during first and second wave of the pandemic. The Navratna PSU specially created health safety and environment department to enforce safety measures.

CONCOR helped the farmers around the country by sending gunny bags to different states so that post-harvesting procurement was done smoothly. CONCOR also helped in delivering pulses and other food grains for helping people of Bihar. It contributed ₹30Cr to PM care Fund to help nation to fight Covid-19 Pandemic and CONCOR Air ltd contributed ₹49.85 Cr to PM Care Fund.

CONCOR in May-2020 transported approximately 70,800 MT Food grains from Haryana & Punjab to various parts of the country thus playing an important role in maintaining the supply chain of essential commodities across the country. In April-2020 MMLP Visakhapatnam and DCT –Nagulapally (CMCN) handled essential commodities like wheat during the lockdown. During the same period it also moved essential medical supplies (Medical Examination Gloves& other medical equipment's) from Mundra port to ICD Tughlakabad, New Delhi & ICD Kanakpura, Jaipur. To reduce physical contact customers were allowed to file their documents and make online payments. The GMS-Cust (CONCOR) App enabled customers to resolve grievances through instant alert/sms.

To cater to exports and overcome the shortage of containers for exports due to Covid-19 pandemic, CONCOR has reduced the rail freight charges for empty containers movement from various gateway ports to CONCOR ICD's/ CFS/ Private sidings/CRT by 50% w.e.f 01/04/2021 to 31/03/2022.

In April-21 CONCOR moved import containers carrying oxygen cylinders from Pipavav port to ICD Khodiyar. Several Oxygen express trains through green corridor were moved across the country. In May-21, 147 Oxygen express (620 teus) completed their journey in service to the nation. Container terminal at Okhla was declared as Oxygen Rail Hub.

Transport Corporation of India

TCI is the only organization to have a strong and integrated multimodal network of road (12000 trucks), rail (1200+ full trails loaded last year) and sea (6 own coastal shipping vessels). Thus far, 2 lakh tons of daily need items such as poultry, fruits, vegetables, grains, agro products, salt, cotton and timber have been carried in over 5000 containers through 12000+ trucks on the road. Likewise TCI coastal ships carried food grains, pulses, and medicines, vegetables to ports in Cochin, Mangalore, Tuticorin and Port Blair. A location like Andaman's is being majorly serviced by TCI ships. TCI Seaways and TCI Foundation has contributed 150 Oxygen Concentrators of 10 litres capacity to the people of Andaman & Nicobar Islands.

Jasjit Sethi, CEO, TCI Supply Chain Solutions said, "It took 30 years for work from home to become an overnight sensation. Yet the basics and essentials needed the logistics team to work from warehouses and hubs and on the vehicles and for deliveries. And the supply chain stood strong throughout supporting life and livelihoods."

During the second wave of COVID-19, TCI handled around 10,000 tonnes of Liquid Medical Oxygen (LMO) from the source to its destination with total visibility following all safety guidelines. Movement of LMO is done in customized vehicles with an oxygen bullet/capsule on it, equipped to store liquefied gases at very low temperatures – as low as -183 degrees Celsius – hence accommodating more oxygen. These vehicles have been running round-the-clock during this crisis and some of these vehicles have been airlifted too. TCI is also delivering vaccines through a national cold chain network. It has reached out to businesses and enabled the movement of oxygen cylinders and concentrators.

DB Schenker

DB Schenker in India is working with an NGO to set up an oxygen plant in a hospital in Delhi, having a total of 700 beds. The capacity of the plant would be 1200 liters per minute which will assist to increase the ICU beds from 50 to 150, Oxygen beds from present 370 to 620, thereby freeing up Oxygen for additional 250 beds. Recently, DB Schenker in the UK supported India with an urgent free-of-cost shipment of 375 Oxygen concentrator units to the Indian Red Cross in Delhi.

"At DB Schenker in India, the safety of employees is of utmost importance by taking care of their mental and physical well-being in these unprecedented times. Our COVID taskforce with over 60 volunteers are working relentlessly to support the employees and their families with medical assistance including the availability of beds, Oxygen, diagnostics test including RTPCR, Oxygen concentrators for those in need and ambulance. COVID insurance policy for employees has been implemented," informs **Vishal Sharma, CEO – Cluster India and Indian Sub-Continent, DB Schenker**.

Kale Logistics expedites digitization

Kale Logistics through its community platforms and enterprise automation systems extended all support to the industry by way of free PoCs and trials. It also championed the cause of paperless trade through end-to-end digitization. e-services like electronic documentation for freight forwarders and ground handlers, electronic delivery order, e-certificate of origin, e-manifest and other e-services for advanced shipment information are supporting the industry by promoting e-trade.

"Vaccines and Medical supplies like PPE kits, needed to be transported in the shortest time possible. Vaccines need temperature control and monitoring to ensure the efficacy, cargo community systems from Kale ensure the temperatures are tracked and data is shared with the data loggers so that the end user is ensured the vaccine in the right condition. Real-time tracking and well-orchestrated supply chain warranted these essential a smooth journey. Also, sharing advance information by triggering EDI messages," informs **Amar More, CEO, Kale Logistics Solutions**.

Om Logistics' mission Oxygen

Om Logistics has helped Democracy India Foundation deliver 5,000 Oxygen Concentrators to hospitals across India till date and aims to systematically address the on-ground issues related to the supply of oxygen under the Mission Oxygen initiative. Under this initiative, so far 55,000 Oximeters have been donated and ₹55 Crore funds were raised by Democracy Foundation India. They are also working towards setting up oxygen generation plants.

BVC Ventures: Information flow makes decision making faster

Covid-19 made shipper's value hierarchy & expectations from logistics evolved rapidly. From setting cost minimization as a KPI for logistics, the KPI has evolved to stability maximization even at a higher cost. The role of logistics fundamentally remains the same, excellent transfer of goods and information. It's now the responsibility of the logistics industries to eliminate blind spots i.e. minimize the delay in information transfer from a few hours to real-time. Economical IOT devices, API enabled data transfer, basic AI for analytics are all enablers of this real-time information transfer.

While information alone is the basis of decision making for different stakeholders, the logistics professionals have an opportunity to own responsibility to enable these decisions faster. An example: if a bank currently releases funds conditional to receipt of the original Shipping Bill from exporters, logistics firms now have an opportunity to become the 'guarantor' to banks and make banks release funds purely basis a message from the Customs Broker, suggests **Bhavik Chinai, Group CEO, BVC Ventures.**

CONCOR helped the farmers around the country by sending gunny bags to different states so that post-harvesting procurement was done smoothly. CONCOR also helped in delivering pulses and other food grains for helping people of Bihar.

NICDC Logistics Data Services

Information on the movement and location of cargo has always been a crucial tool for exim community, be it about trade commodities or medical supplies. During these unprecedented times, NICDC Logistics Data Services, NLDS team has been relentlessly tracking and tracing the EXIM container movement. Movement of medical supplies has been pouring into India from across the globe, especially during the second wave when the country was grappling with acute Oxygen shortage. Tracking of these medical consignments has ensured they were delivered in-time to the people in need. Going forward, LDB is planning to extend its services to non-containerised and domestic logistics in near future along with providing solutions related to process automation and digitalization.

During a short span of 5 years, the LDB services are providing container visibility services for complete 100% of India's Container Volume and as on date has provided container tracking services for more than 39 million EXIM containers of India through a single window.

The role of logistics and an efficient, transparent supply chain has once again been underscored in these unprecedented times of calamity, be it for moving essentials or medical aid.

SEAFARERS – THE FRONT LINE WARRIORS

In spite of offering yeoman services during the pandemic to ensure the supply chain remains unbroken, seafarers have been severely strained while performing their duties

Since the onset of the pandemic last year the entire global society has been concerned about one thing - the supply chain should function seamlessly. While ashore the workers at the ports, CFS/ICDs and the truck drivers were very much visible performing their duties, but faraway on the high seas the seafarers remained the forgotten heroes, in spite of bearing all the hardships at the sea, slogging beyond their contract tenures and many a times being denied permission to sign-off at certain ports, and even their entitlements. In fact, The International Transport Workers' Federation (ITF) is reported to have helped seafarers recover nearly $45 million in owed wages (pay, bonuses) last year while cases of ship abandonments nearly doubled to a record high.

The cost of repatriation flights and governments' travel and transit restrictions introduced to combat the spread of Covid-19 resulted in the on-going 'crew change crisis,' where seafarers are routinely forced to work over-contract. Some have worked on-board for over 17 months, far exceeding the 11-month limit mandated by international treaties. In 2020, the ITF also reported a record number of abandonment cases to the International Labour Organization, with the number of vessels listed on the international abandonment database hitting a record high of 85 in 2020, up from 40 in 2019 and 34 in 2018.

As reported in various media, over 200,000 seafarers worldwide remain trapped on ships or are waiting for work. Many have been barred from entering ports due to virus restrictions, causing major disruption to international shipping lanes and the wellbeing of sea workers. COVID-19 and subsequent restrictions on international borders have made the process of switching crewmembers challenging. For instance, authorities in Singapore, Hong Kong and Dubai had placed heavier restrictions on ships entering their ports following spikes of COVID-19 in countries like India.

The International Maritime Organisation (IMO), the maritime labour arm of the United Nations, has

raised red flags over the prolonged stress and fatigue of seafarers. Kitack Lim, Secretary General, IMO urged governments to recognise seafarers as key workers and resolve crew change predicaments, which include travel and visa restrictions, flights availability to the port of calls and vaccination priority.

Indian seafarers have watched on as many other nations have prioritised vaccinating sea-going professionals, most notably in China. Indian crewing experts have been urging New Delhi to get the nation's seafarers jabbed quicker or else risk losing their status as one of the world's top providers of crew to the international merchant fleet. Another reason to push for priority vaccination of Indian sailors is that shipping employers opt to hire Filipino and Indonesian crew over Indians. On May 31, India's Maritime Association of Shipowners Shipmanagers and Agents (MASSA) announced a nationwide vaccination drive for Indian seafarers.

Responding to the call, the then Union Minister of State for Ports, Shipping and Waterways (I/C) and Chemicals & Fertilizers Shri Mansukh Mandaviya announced that the seafaring industry should not get hampered due to non-vaccination and emphasized that all efforts should be made to get the seafarers vaccinated before joining their scheduled duties on board.

On the occasion of 'Day of the Seafarer-2021,' the minister of State for Ports, Shipping and Waterways announced that advanced seafarer wellness centres will be provided at all the ports. In the Maritime Vision 2030, the government has planned for raising the number of seafarers from 2,40,000 to above five Lakh in the next 10 years. The share of the women seafarers will also be increased.

The Ministry of Ports, Shipping and Waterways (PS&W) also coordinated actively with the Ministry of Health & Family Welfare to give priority to seafarers in COVID vaccination.

Due to the recent intervention by the Ministry, Major Ports have started Vaccination Centers. Six Major Ports which includes Mumbai Port Trust, Cochin Port Trust, Chennai Port Trust, Visakhapatnam Port Trust, Kolkata Port Trust and Tuticorin Port Trust have started vaccinating seafarers at their port hospital. Moreover, a private hospital in Kerala has also been roped in for vaccinating seafarers.

Seafaring Unions/Associations like MASSA, FOSMA and NUSI have also successfully organized special camps for vaccination. Apart from these measures, Ministry of PS&W has been making efforts to take State Governments on board for including seafarers in their State 'priority' list, and Kerala, Tamil Nadu and Goa has already provided such status.

India, one of the world's largest source of maritime workers, supplies 15 percent or some 240,000 of the world's 1.6 million seafarers. "About 14 percent of Indian seafarers have been vaccinated with at least a first dose. About one percent have been fully vaccinated," according to various reports.

Extending a helping hand, in July 2020, India's Directorate General of Shipping announced to allow foreign seafarers to sign off at Indian ports and then take flights out of the country. The ruling relates to cargo ships, not cruise vessels. "This move will not only help India in meeting its international obligation to facilitate movement of ship crew, but would also create job opportunities for Indian seafarers awaiting to join a vessel," Satinder Pal Singh, Joint Secretary in the Shipping Ministry said. Indian seafarers have been able to sign off at local ports since late April, 2020.

India is the only country to conduct online exams for seafarers

To ensure grooming of Indian seafarers continues unhampered, Former Union Minister of State for Shipping (I/C) Shri Mansukh Mandaviya launched online exit examination for the seafarers last year. Seafarers, who are getting training in different Maritime Training Institutes under Directorate General of Shipping, can now appear in the exam from the comfort of their homes in this unprecedented time of COVID-19 pandemic. The Minister further added that India is the only country in the world, which has started online examination for the seafarers and we are the only nation globally to have developed facial biometric data-based seafarer identity document (SID).

The new facial biometric technology is a marked improvement over the two finger or iris-based biometric data, with modern security features. It will make the identification of the SID holder more reliable and efficient, while protecting their dignity and privacy. India had made a presentation on this technology at International Labour Organization (ILO). The new card will give a fool-proof identification to India's seafarers, which will facilitate their movement, provide ease of getting jobs and help in identifying them from any location in the world. The new card is in confirmation of the Convention No. 185 of the ILO on BSID. India ratified the Convention in October 2015. A record of each SID issued will be maintained in a national database and its related information will be internationally accessible.

The issuance of SID involves the collection of biometric and demographic details of the seafarers, their verification and then issuance of the card to them. Nine data collection centres have been set up in Mumbai, Kolkata, Chennai, Noida, Goa, New Mangalore, Kochi, Vizag and Kandla for issue of BSID. The total number of existing Indian seafarers who will be required to be issued BSIDs is around 3,50,000. All the existing seafarers will be given BSID within the next 2 years. After this, it is estimated that around 15,000 new seafarers will be issued BSIDs annually.

PICKING UP THE GAUNTLET

We have faced two waves of the pandemic, while in the first wave the entire country was caught off-guard, but in the second wave the response was stronger, wise and effective

BY **VIJAY KURUP**

COVID-19 (Covid) had juddered economies of countries around the world to a pace rarely ever encountered before. People were caught off guard, which disrupted lives completely or nearly so. The supply chain, which was already taut, was stretched even more. How did India fare on the logistics front? What measures were taken to surmount the myriad problems that leapt, to impede the economy?

Logistics, the engine of the economy, too almost stalled, but crawled its way back. Social distancing protocols amongst dockworkers meant slower shipment processing times, rampant congestion at the ports, delays in shipment, skyrocketing freight rates, non-availability of empty containers, vessels skipping port calls were now topics in the office cafeteria.

The Chennai Port is facing a 25 percent shortage of containers due to supply and demand gap triggering spiking of rates to unprecedented levels. Rates to the US rose 175% and to Europe by 260 percent. Container shortage was 25 percent less than the normal capacity. There was no letting up in consumer demand. The SMEs have come unstuck. Congestion in the supply chain is expected to last till the end of this year.

In the meantime the Government has initiated a plethora of several measures to mitigate the disruption engendered by Covid.

The GST council has reduced the taxation on Covid relief materials. The levy on oxygen generators, pulse oximeters, ventilators and other items has been lowered to 5% from 12% or 18%. Included in this list are Remdesivir and other drugs recommended by the health ministry. The council also decided to waive the GST for black fungus medicine, PPE kits and masks.

The government is in the process of formulating appropriate measures to boost services exports, which will be part of the upcoming foreign trade policy. It would be a much needed succor

The levy on oxygen generators, pulse oximeters, ventilators and other items has been lowered to 5% from 12% or 18%.

for the exporters who were looking for some boost from the government, for FY20 and FY21 under the Service Exports from India Scheme (SEIS).

In view of the pandemic situation, the Directorate General of Foreign Trade (DGFT) has decided that Regional Authorities of DGFT will not insist on valid RCMC (Registration Cum Membership Certificate), where it has expired on or before 31st March, 2021, till 30th September, 2021. RCMC (Registration Cum Membership Certificate) in DGFT is a membership certificate issued for 5 years by Export Promotion Councils or Commodity Boards of India. This certificate is issued as a proof that a particular exporter is registered with the council.

The Office of the Principal Commissioner of Customs (Imports) permitted filing of amendments and waiver of late fee in a bill of entry, by sending email to the specified officer in charge. The permission was to minimize physical contact in this period.

The logistics fraternity too was not to be left behind. It collectively rose to the occasion in their battle against the pandemic. They closed ranks against a merciless foe to assuage the threatened disruption in the supply chain.

The Dedicated Freight Corridor Corporation of India Limited (DFCCIL) has set up an oxygen generation plant with a capacity of 500 liters per minute (LPM) in the Northern Railway hospital. DFCCIL is also offering telemedicine facilities for workers at its sites.

The Railways Ministry is gearing up to transport Liquid Medical Oxygen (LMO) and oxygen cylinders across the key corridors. To ensure expeditious movement of oxygen across the country, a green corridor was created for movement of oxygen express trains.

Railways are being used for long distance transport of tankers through Roll on – Roll off service. So far, Indian Railways have delivered in excess of 4200 MT of LMO in more than 268 tankers to various states across the country. More than 68 Oxygen Expresses have already completed their journey.

Container Corporation of India Ltd (Concor) had extended the 50 per cent rebate in rail freight tariff for movement of empty dry and reefer containers between gateway ports and the firm's inland container depots, container rail terminals and private sidings till 31 March 2022. The rebate for inland haulage movements would be a substantial relief in face of soaring ocean freight charged by the shipping lines.

Airlifting of empty tankers to plants is being done to reduce the turnaround time.

A Web and App based Oxygen Digital Tracking System (ODTS) has been launched to enable real time tracking of Oxygen movement in the country for real-time tracking of Oxygen movement in the country, from Plants to states.

National Skill Development Corporation (NSDC) and Logistics Sector Skill Council (LSSC) are training 2,500 additional drivers to drive oxygen tankers. Availability of skilled drivers is essential to ensure uninterrupted and safe transportation of oxygen.

In May, JNPT handled 327.632 MT of liquid medical oxygen and medical accessories. The port had ensured uninterrupted movement of vessels carrying oxygen by giving priority to such consignments. A total of 278.272 MT liquid oxygen and 49.36 MT medical accessories have been handled at the port for distribution to hospitals for COVID treatment. Port Chairpersons have been asked to personally supervise logistic operations in coordination with Customs and other authorities for expeditious movement of these shipments.

The Ministry of Ports, Shipping and Waterways has directed all Major Ports of India, including the Kamarajar Port Limited, to waive-off all charges levied by Major Port Trusts (including vessel related charges, storage charges etc.) and accord highest priority in the berthing sequence to the vessels carrying oxygen related consignments. The movement of the vessels from berthing to departure is being monitored. The dispatch of cargo rom the port is also being scanned.

The Suez incident was not Covid related, but Yantian was. The proportion of vessels affected because of the Yantian terminal closure, would far exceed the Suez incident. Can one discount such incidents from happening in future? The answer, perhaps, is 'no'. However what is definite is that the Indian logistics response to the calamity would be stronger, wiser and more effective. Shashi Kiran Shetty, Founder and Chairman of Allcargo Logistics, had reportedly stated, that the pandemic had enhanced their operational efficiencies.

RIDING THE LCL BOOM

The LCL movements across the globe have grown in the pandemic phase as a result of vessel space crunch and e-com boom. We feel we're in one of the most exciting businesses today, shares **Vaishnav Shetty**, Executive Director, ECU Worldwide

What is the significance of ECU Worldwide in the portfolio of Allcargo Logistics?

ECU Worldwide is the wholly owned subsidiary of Allcargo, present in over 160 countries. It contributes to a large portion of Allcargo's revenue and also makes Allcargo India's most geographically diverse company. The company has been a true turn around success story from the time it was acquired in 2005 to now being the world's largest LCL player and one of the world's top 20 NVOs in terms of container volumes.

It has also been the company that pushed the envelope in terms of digital innovation within Allcargo portfolio. Starting with our proprietary ERP that we built with TCS which is now present in more than 80 countries, the company now is investing heavily into automation, data science and our customer applications like our flagship 360 product - keeping in mind the goal of driving utmost reliability in service and gold-standard customer satisfaction.

You have been instrumental in developing proprietary tech-tools at ECU Worldwide. What technologies have you developed and what efficiencies did they bring into the system?

We develop our proprietary digital tools, such as ECU360, by strictly adhering to the core ethos of our group - customer-centricity. Agile compliant software development enables us to innovate new features based on an in-depth understanding of evolving customer demands. Moreover, customers across the globe trust the digital platform's backbone, ECU Worldwide's decades-old logistics experience and infrastructure, for superior visibility and service efficiency. Our focus from these projects is how can we give even the smallest customer the best possible customer service through enhanced visibility, intelligence & efficiency- which in the past may have been reserved for the biggest clients. This helps enable the productivity for the customers and ourselves, and allows us to be a more strategic partner to our clients. In some of our most advanced markets we have a digital adoption rate of well over 60%.

VAISHNAV SHETTY
EXECUTIVE DIRECTOR, ECU WORLDWIDE

By digitally enabling processes using platforms such as ECU360 and enhanced integration capabilities such as APIs, we can offer customers reduced turnaround times and boost customer satisfaction. A digital-first approach helps us analyze data with precision, enabling us to take smarter and more effective decisions for the benefit of our customers. Customers are then empowered to grow their business and optimize operational efficiency by leveraging the innovative features of ECU360. Our customer satisfaction survey scores are over 90%.

As we started with the customer facing projects we also realized the immense potential of enabling operational efficiency - therefore we took on the projects of automation & data science that will help enhance our operational productivity, turnaround times & quality of service. These projects are showing very positive outcomes - as we believe data centricity & seamless communication is very core to the future of our industry.

How will ECU360 help restructure digitization and automation in the Indian logistics space? And how will it be instrumental in the global trade scenario?

Being a technology-inspired globally renowned multi-modal logistics solutions provider, we are focused on embedding advanced digital technologies into the operational framework to facilitate efficient service delivery. Leveraging advanced digital tools, we are aggressively boosting our competencies in offering superior customer satisfaction.

The roll-out of ECU360 is aimed at helping our mid and small-sized freight forwarders in India to leverage the end to end global infrastructure and achieve speed, agility, cost-effectiveness and business growth with instant quotation and real-time pricing. With several beneficial features such as door-to-door rates in over 57 countries, .SB file automation, cross trade & KPI functionalities, etc. Considering the impact of the pandemic, companies across the globe are increasingly switching to digitally enabled service offerings. The Indian logistics industry is also gradually transitioning to a digitalized operational framework. ECU360 also enables the use of APIs across all our key products like quote, booking, tracking, sailing & invoices. The power of APIs is yet to be seen in a big way in logistics but it has transformed industries across the world and we see it as a big opportunity.

As a global LCL cargo consolidation leader, going forward, what are the trends that will drive the demand for LCL/FCL cargo movement?

The LCL movements across the globe have grown in the pandemic phase as a result of vessel space crunch and e-com boom. We feel we're in one of the most exciting businesses today. The LCL volume has increased mainly in the China-to-south-Asia pacific route. LCL movement from Europe to the US continues despite a huge increase in the freight rate. The trend will sustain, as the stakeholders in ocean freight have accepted the new normal scenario.

Why is it important for the logistics industry to adopt digitization and what do you foresee in the near future?

Reducing inefficiencies and instilling much-needed agility in the logistics industry are key methods of increasing value for businesses. To unlock this value, the adoption of systemic digitization is critical, and we've observed the pandemic as being the catalyst in integrating digital technologies into the supply chain, facilitating the seamless movement of cargo with improved visibility. The way ECU360 is helping us offer our customers transparency in tariffs and shipping schedules as well as unparalleled service efficiency, it's evident that digitization will create a strong foundation for achieving superb customer centricity even in these challenging times.

Digitization also adds to the resiliency of a supply chain. Lessons learned by businesses from the pandemic include the need to heavily invest in digitization in order to shield their supply chain operations from any adverse impact in future. In fact, if we look at things from a nation-wide perspective, investment into digitization can help India bolster its position as a global logistics and manufacturing hub.

The current empty container shortage for exports and rising freight rates – how are these things impacting the exporters and how are you dealing with these issues?

One of the fundamental benefits of working with ECU Worldwide is its decades long legacy as a prominent freight forwarder and LCL consolidator. Therefore, we maintain long-term contracts with trusted carriers that, despite container shortages and rising freight rates, ensure space for our clients.

OPENING UP TRADE AND CONNECTIVITY

The logistics cost of north-eastern states has been 5-6% more than other states having access to the ocean, due to poor infrastructure.

Having been under developed for decades due to lack of infrastructure, north-east India has now become the fulcrum of India's act east policy as the government is going full throttle to improve connectivity and reduce the logistics cost for the region. Industries in the region have been seeking freight subsidies from the government as the logistics cost for the landlocked states like Uttaranchal, Himachal or Assam is 5-6% higher as compared to other states in the country.

"Being away from the sea ports we are competing with companies in the coastal states. The high freight cost lowers our overall profit margins in the international market preventing us from going for capacity expansion. It is increasingly becoming difficult for us to penetrate new markets," said Arun Shukla, a functionary of Engineering Export Promotion Council India from Himachal Pradesh.

The exports from the north-eastern States of India during the year 2018-19 was to the tune of ₹1323.39 crores over the previous year which can be further increased with the help of focused export promotion programmes, said Director General of EPCH (Export Promotional Council for Handicrafts), Rakesh Kumar.

The agriculture sector alone is employing 70% of the region's population. However, the total production constitutes just 1.5% of the country's food grain production. The lack of connectivity has directly and indirectly affected agriculture and its allied sector in the Northeast. The tourism sector is one of the most underutilized sectors of the region, and poor connectivity has been one of the main reasons.

The Export Preparedness Index-2020 released recently by NITI Aayog indicates that the north-eastern states are among the least prepared states in India to expand their export footprint. The index ranks the states and Union Territories on a range of parameters that are crucial for evaluation of the strength and weaknesses of their existing export ecosystem. Assam ranks ninth among the eleven 'Landlocked States' with export preparedness score of 22.81 while Rajasthan tops the list in this category with a score of 62.59.

Among the 'Himalayan States' Uttrakhand is the best performing State with an overall score of 48.11 followed by Tripura with 40.79. Manipur is the least performing state with a score of 19.40. Even though the region is showcased to be at the centre of India's Act East Policy the poor indices of export performance of the States in the region show that there is complete disconnect of the policy with ground realities.

Connectivity challenges

The biggest problem the region is facing in developing infrastructure is the absence of proper land records. It makes land acquisition difficult for authority, thus creating unnecessary hurdles in developing infrastructure. The poor land records allow anyone to claim compensation and becomes a source of corruption. This increases the cost many folds. The best example is the Kaladan Multimodal project. Started more than a decade ago in 2008, the project is still far away from completion. Apart from the ongoing Covid-19 pandemic, other factors like hilly terrain, land acquisition, and militancy have contributed to the delay.

Bridging connectivity

The Maitri-Setu over River Feni connects Sabroom district of Tripura to Ramgarh in Bangladesh. It is one of the fastest land routes to connect the landlocked northeast region to Chittagong Port via Sabroom. It makes Agartala one of the cities closest to the International seaport of Chittagong. The bridge is in line with the 'HIRA' (highway, Internet, railway, and airway) developmental model for the North East.

Recently, Bangladesh Inland Water Transport Authority (BIWTA) has permitted the ferrying of goods vessels by waterway between Sonamura in Tripura to Daudkand in Bangladesh. The development of integrated check posts (ICPs) at Agartala, Srimantapur, and Sabroom will further increase the scope for improving livelihood and create opportunities to promote multi-modal connectivity in the region. The Agartala (Tripura) – Akhaura (Bangladesh) rail link, which is on the verge of completion, will also boost the connectivity of Tripura to Bangladesh. The 10km railway link will be the first rail link between Bangladesh and northeast India.

Industries in the region have been seeking freight subsidies from the government as the logistics cost for the landlocked states like Uttaranchal, Himachal or Assam is 5-6% higher as compared to other states in the country.

The smooth connectivity in the region will allow north-eastern states to export orchids, flowers, fruits, spices, herbs, and oil to countries like Bangladesh, Myanmar, and beyond. The north-eastern region, known for its natural herbs, organic spices, and tea, has a vast international market.

Tripura has a huge potential in organic spices, biofuel, eco-tourism, rubber, tea and is known for its food processing and sericulture industries. Tripura is blessed with the best climate for aquaculture and has immense fisheries' potential, yet to be utilized. It will enhance north-eastern states' economic cooperation with southeast nations and ASEAN. Currently, the goods from Agartala travel 1600 km through the Siliguri corridor to reach Kolkata instead of 450 km through Bangladesh.

Kisan Rail

Providing the much needed connectivity, the first Kisan Rail from the North-eastern region, carrying consignments of fruits produced by the farmers of Tripura, was flagged off from Agartala railway station by Chief Minister Biplab Kumar Deb in June. The train carried 8,990 kg of pineapple to Adarshanagar of Delhi and 1,145 kg of pineapple and jackfruits to Guwahati.

"With the inauguration of the Kisan Rail, the transport cost for agricultural products will now come down to a great extent. Earlier, the transportation cost for sending these products by air was ₹20 to 50 per kg. Now, it will come down to ₹2.25 per kg for Delhi and 88 paise for Guwahati," Deb said after flagging off the train.

The minister added that currently only pineapple and jackfruit have been sent in view of the pandemic. "But, paddy, lemon, cashew nut, dragon fruit and Kashmiri Apple Ber are also produced in the state and their popularity is also good outside. So, special focus will be given to the export of such produce next time.

In a major step towards harnessing the export potential of agricultural and processed food products from north-eastern region, a shipment of 1.2 metric tonne (MT) of fresh jackfruit was exported from Tripura to London in May 2021.

Recently, the first consignment of 'red rice' was sent to the USA from Assam. Iron rich 'red rice' is grown in Brahmaputra valley of Assam, without the use of any chemical fertilizer. The rice variety is referred to as 'Bao-dhaan', which is an integral part of Assamese food.

In April 2020, 30.02 metric tonnes of grapes, 12.006 metric tonnes of pomegranates, 6.004 metric tonnes of oranges and 36.023 metric tonnes of ginger were exported by India, via the Sutarkandi land customs station (LCS) in Karimganj district.

The Agricultural and Processed Food Products Export Development Authority (APEDA) has shown interest in taking on a number of market development initiatives in the region. The initiatives will stress on infrastructure development, capacity building, strengthening supply chain as well as improving quality.

APEDA Chairman Dr M Angamuthu said, the practice of organic farming which comes as a tradition is an added benefit to the region. As the demand for organic products is rapidly increasing in the international market, North-eastern region can definitely be considered as an organic hub for exports. Another important feature highlighted by Dr. Angamuthu is the scope of Geographical Indication (GI) products such as Assam lemon, Karbi Anglong ginger, black rice, joha rice and Naga Chilli which is immense in the export market.

Improved in-land logistics and better access to seaports will surely bring down the export cost for the north-eastern states making them more competitive in the global markets.

AI AND BIG DATA SOLUTIONS ARE IN DEMAND

The pandemic has seen a rise in demand for AI and Big Data solutions. E-learning and technologies that aid in safe work environment are gaining popularity, opines **Amit Gupta**, Managing Director, Suraj Informatics

We have been through two waves of the pandemic which have given more thrust to digitalisation and adoption of technology. Have you witnessed any increase in the demand for your products? If so, across which industries/sectors?

Initially in this pandemic most of the major industries have put their buying decisions on hold. We have seen demand for some new solutions like Corona safe work environment- Hydroxyl Radical generating UV air purifying devices to kill COVID-19 viruses from air and surface, thermal screening, contact tracing. E-learning and digital classroom solutions are also gaining demand. There is increase in AI and Big Data related solutions. Businesses are adopting technology to minimise human effort and presence.

More demand is seen across supply chain, healthcare, education and government verticals.

The global trade community is witnessing an acute shortage of containers. Do your solutions help in tracking and repositioning of empty containers? Please elaborate?

Our solutions do help in tracking and repositioning of empty containers
At Local Level: This empty container tracking will be done through RFID/GPS device. RFID/GPS tags will be attached with the empty vessel, on specific paths RFID readers will be installed and data will be sent to specific AI based software designed for that purpose.

At Global Level: We can develop AI related software through gathering the information on specific requirement.

We have to bring container owners, shipping liners, exporter and importers on a single platform.

How do your port automation systems change the operational landscape of the port? Which aspects of the operational efficiencies are increased?

Optimal logistics movement, increased safety and security, reduced operational cost are some of the important aspects of port automation. Through automation we can track, control, reduce congestion, remove labour challenges, improve yard planning and optimise the movement of containers and trucks, which increases the operational efficiencies.

With port automation which of the skillsets have become obsolete and which skillsets are gaining demand? How can the port workers be re-skilled to be more productive after port automation?

After port automation manual work of logistics movement and unskilled physical labour has become obsolete. Because of sophisticated automation system which requires technical skill set to manage workers having technological knowledge and ability to work on technology are in demand.

Classroom and practical training can be given to workers on new automation system. Since our systems are very user friendly, re-skilled workers can easily operate and manage the automated systems and can be more productive.

Are you currently working on any new projects for ports and terminals? (Are there any new projects in the pipeline?)

There are various projects in pipeline in port segment related to:

- IT Infrastructure
- Automation
- RTLS
- Digitisation

The current trend is towards reducing the ecological impact of port operations and making them more eco-friendly. How do your technologies help in this regard?

Through efficient material movement we are reducing operations and turnaround time, which in turn reduces the fuel consumption by trucks, reduces the emission and in turn reduces the pollution. Paper works are minimised, less paper consumption saves trees. We adhere to ROHS complied products for automation solutions. We also provide green energy alternatives and energy efficient systems.

What is the current status of automation at Indian ports (major & private)? On which aspects of technology adaption and automation do they need to improve?

Most of the major ports have adopted partial automation. Automation is still at initial stage. There are a lot of areas in technology where improvement is required, as listed below:

- AI
- OCR
- IoT
- UAV & UWV
- Video Analytics

A DRAG ON THE SHIPPERS

The current supply chain disruption is resulting in high detention and demurrage charges, which is an offshoot of a sudden surge in demand and port congestion. Easing the supply chain disruptions can fix the problem, say experts.

The shipping industry has been in troubled waters ever since the outbreak of Covid-19 pandemic in early 2020. The pandemic has been throwing several challenges to the industry initially with shutdowns and subsequently with sudden demand boom, port congestion, and equipment shortage. As a result of these supply chain disruptions higher demurrage and detention (D&D) fees have been troubling the shippers, freight forwarders, and importers. In fact, the D&D charges have doubled during the pandemic times.

Container xChange, an online firm, in its recently conducted survey disclosed in March 2021 has thrown light on the increasing D&D charges. It has collected more than 20,000 data points from publicly available sources to publish its report on how much the 10 biggest shipping lines charge across the world's top-20 ports. The survey has revealed that recently there is an average increase in D&D charges by 104 per cent over the past year.

Moreover, the lack of transparency when it comes to D&D charges are at the core of the discussion, as the users of the equipment are put at a significant disadvantage of not knowing precise pricing. Of late, there is a lot of discussion and demand again over the need for bringing in transparency in the industry over the way D&D charges are levied.

Corrective measures taken against increasing D&D charges

Recently, the Biden administration in the US has urged the Federal Maritime Commission (FMC) to use its enforcement powers to crack down on excessive detention and demurrage charges under broad executive order targeting anticompetitive business practices. FMC initiated the investigation on these charges even before the advent of the present administration. FMC has given signals that it intends to enforce action over the increasing D&D charges.

Shipping liner companies have received another backlash in recent times in the form of the White House's order that has considered the ocean freight industry as an extremely concentrated, anticompetitive sector. The fact sheet revealed by the White House noted that top ten shipping lines held about 12 per cent of global market share in 2000, but the composition of the group has changed over the years, and so also the level of the concentration. According to the fact sheet, currently, the top ten shipping lines handle about 80 per cent of the world's containerised cargo, leaving domestic manufacturers who need to export goods at these large foreign companies' mercy.

This White House order has come at a time when the freight rates on core Asia-US routes are spiralling to touch the skyline. According to the Drewry's Shanghai-to-LA index, a new record was set at nearly $10,000 for a 40-ft box recently. Some reports also suggest that some shippers are even paying around $15,000 or more to get their cargo on board with a prompt loading at Chinese ports.

On the other hand, the increasing D&D rates are drawing attention in Europe also. The shippers there are now paying more than $12,000 per FEU for containers from Asia. According to a forecast by Drewry a spike to nearly $20,000 in some lanes is expected during the peak season. The European Commission (EC) is also reported to be monitoring the shipping industry and mooting for the intervention to facilitate return to normal operations.

Liners opposing the punitive actions

However, the World Shipping Council (WSC), a representative of the ocean freight industry, has asked to postpone the White House order as it feels that the rate spike is somehow connected to concentrated market share. WSC further said that all the available vessel capacity is deployed and US seaports are saturated with cargo and importers are struggling to unload and turn around containers. All this is because of sustained increase in the US imports and indicates functioning of a competitive ocean freight market, with the new entrants, new services and massive vessel orders to increase supply, said WSC.

According to WSC the current supply chain disruptions are happening because of the historic rush in demand by Americans for goods from overseas, and therefore, the punitive actions based on incorrect economic assumptions won't solve the congestion problems. According to the shipping liners, the liner shipping remains highly competitive, and lack of competition is not the cause of the cargo congestion.

Normalised demand can fix the problem

The increase in D&D rates are an offshoot of a combination of the extreme demand coupled with huge operational disruptions across supply chains globally after the outbreak of Covid-19. With the increase in demand new carriers have entered the market. Currently, the amount of vessel orders in the first half of the year surpasses 2019 and 2020 combined. Though the deployed capacity of the vessels currently is all-time high, the huge and constant increase in US imports has overwhelmed the available capacity and has caused increasing vessels waiting time at anchor to discharge imports, and containers sitting longer at ports and therefore leading to racking up larger detention and demurrage bills.

According to some experts, the current supply chain disruptions resulting in detention and demurrage charges are an offshoot of an historic surge in demand, and port congestion. Therefore, only normalisation in operations would fix the problem by easing the supply chain disruptions, and there is no need for any punitive actions against ocean carriers, say the experts.

Recently, there is an increase in the vaccination drives across the countries worldwide, and the pandemic caseloads are certainly showing a downward trend. This is one positive factor that can bring normalcy in demand, and the problem of spiralling D&D charges too can automatically get resolved over a period of time, when normalcy returns to the pandemic-hit supply chain mechanism in the shipping industry.

How D&D charges have increased in the recent times

- Both demurrage and detention increased in 2021 compared to 2020. Across the world's 20 biggest ports, the average demurrage and detention charge doubled, going up +104% after two weeks. That's equivalent to $666 for each container across ports, shipping lines and demurrage & detention combined.
- On average, demurrage and detention charges reached $1,219 per container across container types after two weeks in 2021. The cheapest is COSCO in Port of Busan, and the most expensive is CMA CGM in both Long Beach and Los Angeles.
- The ten leading Chinese ports experienced the biggest increase of demurrage and detention charges from 2020 to 2021. The costs of demurrage and detention went up by +126%.

Source: Container xChange

EMERGING OUT OF CONGESTION

Feeder service at Chittagong Port has been increased. As majority of the export loaded containers are bound for Colombo, the Colombo-bound feeder vessels are allowed priority berthing

BY VIJAY KURUP

The situation was unprecedented and the disruption widespread. The Chittagong port in Bangladesh was saddled with congestion problems of gargantuan proportion. The long tentacles of Covid -19 had crippled the port operations and supply chain activities. The port was whipsawed by a number of incidents, force majeure or otherwise, that affected port operations and had a domino effect along the stretch of the chain. How did the conditions deteriorate? What steps were being taken to ameliorate the situation?

The pandemic notwithstanding, globally, there was no dip in demand for cargo. According to UNCTAD report, "changes in consumption and shopping patterns triggered by the pandemic, including a surge in electronic commerce, as well as lockdown measures, have in fact led to increased import demand for manufactured consumer goods, a large part of which is moved in shipping containers."

The Chittagong port, a riverine port always constrained for capacity, was always delicately poised in its operations. A glitch, however small, tended to jeopardize the movement of the container boxes. The repercussions would radiate out to the ICDs in the hinterland locations and to the transshipment ports.

The port handles nearly 90 percent of Bangladesh's maritime trade. With an annual cargo (container and bulk) handling growth of more than 10 percent, congestion at the Chittagong port has been a perennial problem; there has been no respite from it.

The traffic through Chittagong Port started declining in January 2020; Chittagong Port registered a drop in traffic of 46% in containers and 27% in bulk cargo. On February 2021, there was deterioration in the congestion situation, due to a sudden spike in imports. The clearance of the cargo was slow due to a number of reasons.

The vessels coming from Mainland China, with whom Bangladesh had a significant trade, were imposed a mandatory quarantine period of 14 days. Vessels, whose last port of call was a Chinese Port, were also required to undergo the mandatory quarantine period, resulting in increase of turn around time of the vessels from 10 to 14 days.

The vessel turnaround time for the Chittagong - Colombo string, almost doubled from 14 to 25 days. The vessels' waiting time at the outer anchorage had reached 16 days, a level not seen in recent times. Other vessels arriving at the port were required to go through lengthy procedures of health declarations, specifically created for the pandemic.

The chartering and bunkering costs, scaled up. With the government imposing the lockdown, the pilotage, towage and berthing services were crippled, severely affecting intra-port movement. Despite the staggered working conditions, the fear factor and the intervening Eid holidays, kept many port workers away.

All these untoward incidents slowed down the port activities, which led right up to the ICDs in the hinterland locations.

Feeder operators had temporarily suspended/reduced vessel operations, from transshipment ports of Singapore, Colombo and Tanjung Pelepas. The shortage of jetties at the Chittagong port only increased the waiting period at the port. With a monthly call of 80 vessels a month, the number of ships calling the Chittagong port was reduced to 60.

The import shipments were stranded at the various transshipment ports. The reduction in import containers and the temporary moratorium of feeder vessels, led to severe crunch of empty containers for stuffing of export cargo.

On a day, when normally 5000 vehicles take delivery of shipments, the number was reduced to less than 1000 vehicles, with truck drivers staying away out of fear of contracting the disease. Likewise the customs and banking activities operated on a limited scale.

Mohd. Ruhul Amin Sikder, Secretary, Bangladesh Inland Container Depots Association (BICDA), in an email response to Maritime Gateway said, “there were currently 19 ICDs in operation. Against a total storage capacity of 77,700 TEUs in all the ICDs, the total stock of containers in the second week of July was 54931 TEUs.” Out of which, he added, “the empty container stock was 28391, export loaded container stock was 16491 and import loaded container stock was 10049 respectively. The normal export loaded container in all ICDs was around 6000 TEUs, which registered a two-fold rise of 15314 TEUs. The time taken for export shipments from carting to stuffing, registered a 3-fold jump from 2/3 days to around 10 days. The truck detention time in the ICDs was 4 to 6 days.”

The congestion had also begun to threaten the staple item of export for Bangladesh - Ready-Made Garments (RMG). Started off in the 1070s, the RMG is today a multi billion-dollar industry, threatening even the Chinese giants. The RMG constitutes almost 84% of the country’s exports. The pandemic had triggered order reductions, cancellations, payment delays, and renegotiation of terms, severely jeopardizing the country's export target.

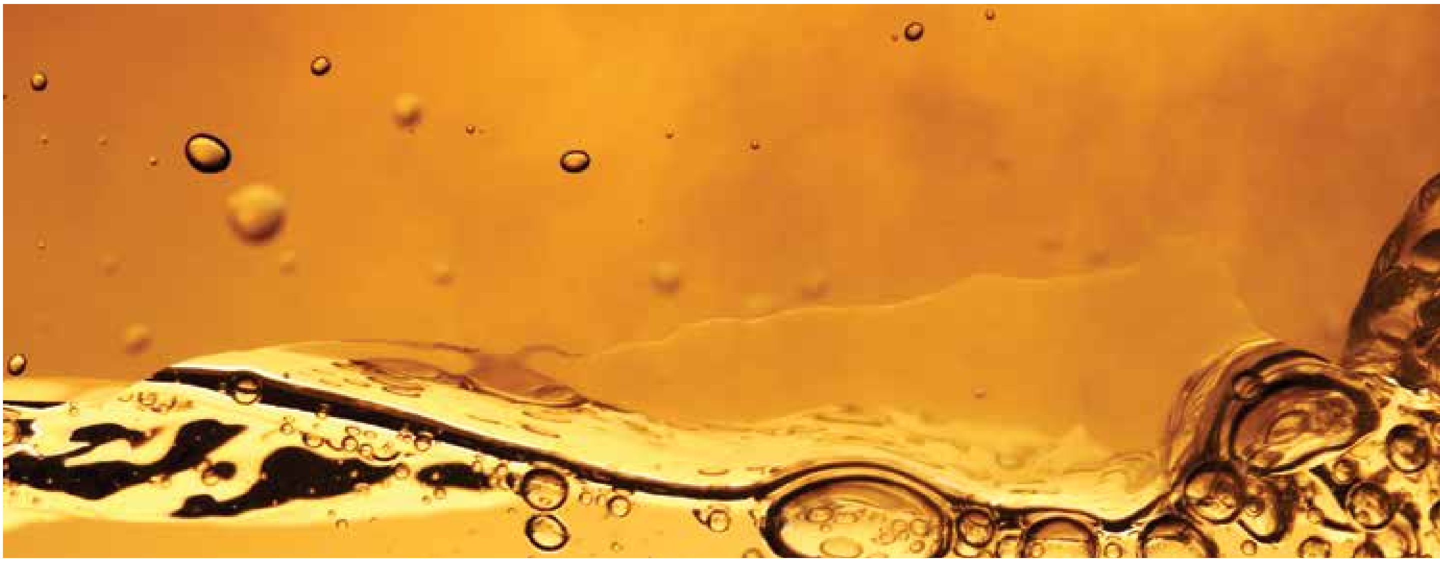
Was the situation improving? The spokesperson, for A.P. Moller – Maersk, speaking to Maritime Gateway, felt that the peak had been reached and they should start to see improvement in the situation.

Sikder believes so. “The number of container feeder vessels taking berths at Chittagong Port has been increased. As majority of the export loaded containers are of Maersk Line...and bound for Colombo, the number of Colombo-bound feeder vessels has been increased allowing them priority berthing.” He further added that overall the feeder vessels with greater export inducement will get priority berthing.

The Maersk spokesperson further stated that new service, from Ennore (Chennai) directly to North Europe, which they would be starting in August, would give the Bangladesh exporters an alternate route to export their goods. Further, additional feeder vessels were being pressed into service to clear the backlog.

RMG export is in recovery mode. Manufacturers are sanguine about recovering lost ground by October this year. According to reports, RMG exports from Bangladesh increased by 11.1 per cent to US$28.561 billion in the first eleven months of fiscal 2020-21 as compared to US$25.708 billion in the corresponding period last year.

The pandemic situation was unprecedented and its consequences in the maritime sector were unforeseeable. The Chittagong port is crawling back to normalcy. Backlog is being cleared. Safety and precautionary measures are now in place. If and when the third wave strikes, the pernicious impact of the pandemic would perhaps, not be so ruinous.



EDIBLE OIL IMPORTS ON SLIPPERY GROUND

The Solvent Extractors' Association of India claims that the unrestricted import of edible oil was not only threatening the survival of the vegetable oil refining industry in eastern and northern India but had proliferated to markets as far as the southern part of India.

BY **VIJAY KURUP**

The import of edible oil from Nepal is on slippery ground. The Solvent Extractors' Association of India (SEA), formed to foster the development and growth of the Solvent Extraction Industry, has asked the government to take immediate steps to curb excess import of zero duty refined soybean oil from Nepal by flouting Rules of Origin and in the process, seriously hurting domestic refiners and farmers. The Nepal government however, has reportedly stated that the export of refined soybean oil to India was in conformance with the Rules of Origin and in accordance with all the regulation of the Free Trade Agreement (FTA).

If so, then why is there a discord?

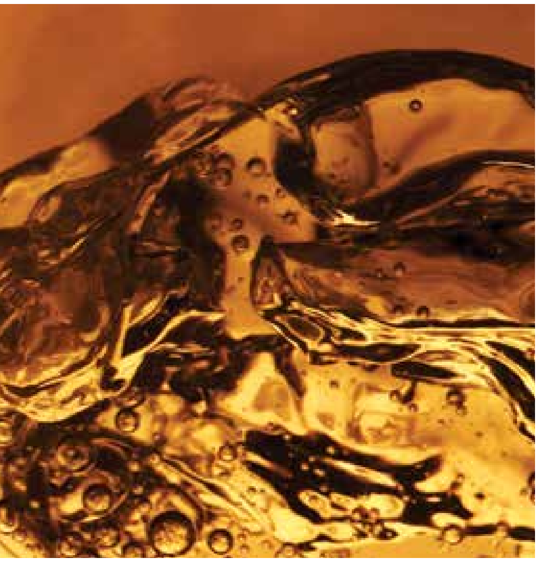
If a Free Trade Agreement (FTA) exists between the two nations, then products can be exported with preferential treatment with regard to customs duty in the importing FTA partner country. The customs Duty can be eliminated altogether.

This concession is also extended to products where an FTA country which has imported a product from a non FTA country can export it to a partner FTA country, provided the product has undergone 20% processing by way of value addition. The final manufactured product can then legitimately be called as originating in the FTA exporting country.

The document Certificate of Origin establishes the country of origin of the commodity. Among other information contained in the certificate are information on the product, its destination and the country of export. The document also specifies that the product being exported by an FTA country to a partner country has undergone 20% processing.

India is a member of South Asian Free Trade Area (SAFTA) wherein a free trade arrangement exists between the signatory countries. The signatories are the SAARC countries viz, Afghanistan, Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan and Sri Lanka. Under SAFTA, edible oil imports from these countries are fully exempt from customs duty.

Dr B V Mehta, Executive Director of Solvent Extractors' Association of India,



Edible oil imports

India spends $10 billion on edible oil import, out of which 70% goes for palm import – mostly from Malaysia and Indonesia. Almost 50 per cent of the products in our supermarkets currently have palm oil in some form or another whether it is biscuits, chips, soaps, shampoos, toothpaste or even bakery items. In fact, the consumption of palm oil in India, which is already the world's biggest importer of palm oil, would have gone up further had it not been for the COVID-19 pandemic disrupting the trend.

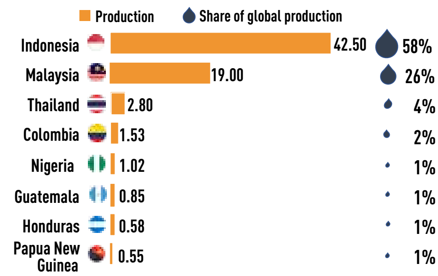
Had it not been for COVID-19, India would have touched almost 10 million metric tonnes in palm oil consumption. India has been the world's largest importer of palm oil for many years now. In the year of 2018-19, it touched almost 9.3 to 9.5 million metric tonnes of consumption. In 2019-20 and 2020-21, which happens to be the COVID-19 year, the consumption fell to nearly 8 million metric tonnes," informs Kamal Prakash Seth, Deputy Director, Market Transformation (Global), Roundtable on Sustainable Palm Oil.

Palm oil consumption by sector

Sector	% consumption
Hotel, restaurants and catering industries	30
Food processing industry	20
Soap, shampoo, detergents	10
Blended palm oil for cooking	40

Which Counties Produce The Most Palm Oil?

Amount of Palm Oil Produced in Selected Countries in 2019 (in million metric tonnes)



Source: United States Department of Agriculture

speaking to Maritime Gateway, clarified that the issue was not about Nepal fulfilling 20% criterion of value addition, but of unregulated import of edible oil into India. Palm oil is everywhere today in the Indian market because it is comparatively cheaper and its imports are quicker. For instance, one can get palm oil from Malaysia and Indonesia in 10 days compared to about 40 days to get soya oil from Argentina. India is dependent on Malaysia and Indonesia for palm oil and data shows that these two countries supply over 90 percent of the annual palm oil import. For instance, in 2019, of over 10 million tons imported by India, over nine million came from Malaysia and Indonesia. Indonesia and Malaysia are the world's biggest producers of palm oil, accounting for a combined 90 percent of global supply.

The current unrestricted import of edible oil at zero duty under SAFTA agreement has not only reached Northern and Eastern India but has now proliferated to markets in Southern India. What had started as a trickle, has apparently assumed alarming proportions. SEA claims that this unrestricted imports was not only threatening the survival of the vegetable oil Refining Industry in Eastern and Northern India but had proliferated to markets as far as the Southern part of India. The unrestricted flow of vegetable oil was not only "distorting the market", but also resulting in huge revenue loss to the Government of India.

SEA was of the opinion that Nepal and Bangladesh were taking advantage of this exemption, and were exporting palm oil and soybean oil in substantial quantities to India. Nepal does not produce soybeans of its own. It reportedly has a very small capacity for crushing imported soybeans. Nepal does not produce any palm oil either.

He said that the palm oil being imported from Nepal is of Indonesian and Malaysian origin and soybean oil is of South American origin, routed through Nepal or Bangladesh by flouting the Rules of Origin for getting the duty exemption for such imports.

He felt that the edible oil imports into India should be regulated through a Public Sector Undertaking (PSU) such as NAFED. PSU would not only be able to regulate the quantity of refined oil coming into India but they would also be able to regulate the quantity to be distributed across India. Further the product can be distributed to the vulnerable sections of the society.

Another option that could be considered is to fix the quota for import of refined oils from Nepal and distribute month-wise / regional-wise to have minimum impact on the domestic refinery industry.

Finance Minister Nirmala Sitharaman, in her Budget speech had stated that the government would review 'Rules of Origin' requirements, particularly for certain sensitive items, "so as to ensure that FTAs are aligned to the conscious direction of our policy". The Government was cognizant of the fact that imports under FTAs were on the rise and undue claims of FTA benefits have posed threat to the domestic industry and such imports required stringent checks.

Secretary Food & Public Distribution said that mission "Atmanirbhar Bharat" required the country to be self-sufficient in edible oils. Dependency of almost 60% on imports was not appropriate to the growth of the edible oil industry in India.

Where there's smoke there's fire. If there is unrestricted flow of edible oil into the country, it needs to be checked. There is an aberration here that needs to be corrected.

DECARBONISING OCEAN TRADE

A number of options from Alcohols to Biomethane and biofuels are in various stages of trials by shipping lines that are desperate to figure out the ultimate low emission fuel

Shipping produces about 2.9% of the world's man-made emissions of carbon dioxide and shipping emissions rose by 10% between 2012 and 2018. Lloyds Register says, ships will have to reduce their output of carbon dioxide by 85% per nautical mile, to take account of increasing numbers of ships, and more activity over coming years. The 2020s will be a vital time for piloting and prototyping new fuels and hybrid propulsion arrangements. Vessels will need to transition from fossil-based fuels to zero carbon energy sources and technologies, while simultaneously increasing efficiency.

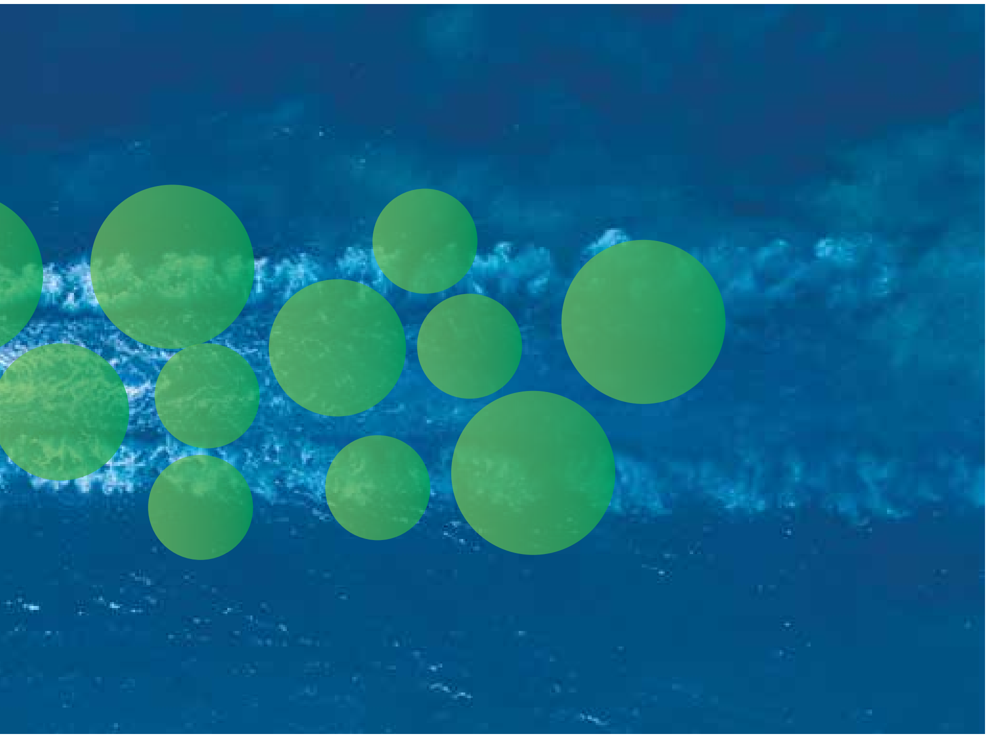
Ocean carriers banks on biofuels

For more than a year now, MSC is using biofuel in its vessels calling in Rotterdam Port. The shipping line is using 30% blends of biofuel and expects 15-20% reduction in absolute CO_2 emissions. It is further exploring the viability of hydrogen and fuels derived from it as a possible fuel source.

A growing number of shipping companies in different parts of the industry are continuing to experiment with the use of biofuels as a near-term means of improving the environmental performance of their operations. Fuels made from reused oil, biofuel also provides the benefit of recycling an otherwise waste product.

Among the companies reporting recent tests of the alternative fuel product were two of Japan's largest shipping companies, Mitsui O.S.K. Lines (MOL) and NYK. Anglo American as charterer of the NYK vessel also demonstrated the involvement of other parts of the supply chain. In the U.K., both crewing vessels serving an offshore wind field and tugs on the Thames also joined the broader effort to test biofuels. The companies are exploring different forms of the sustainable product.

MOL working through its subsidiary Euro Marine Logistics headquartered in Belgium started sea trials in June for one of its car carriers. The 11-year-old vessel City of Oslo (5,432 dwt) loaded approximately 370 tons of biofuel from supplier GoodFuels while at the Dutch port of Flushing. MOL highlighted the benefits that the fuel can be used on



vessels without changing the engine specifications. The test is ongoing for the car carrier.

At the same time in the Far East, NYK working in conjunction with mining company Anglo American, which was the charterer of their vessel, conducted a biodiesel test. The 10-year-old capsize bulker Frontier Jacaranda (182,757 dwt) loaded biodiesel in Singapore before a voyage to the Saldanha Bay in South Africa. In this instance, Toyota Tsusho Petroleum supplied a biodiesel blend consisting of seven percent biofuel and 93 percent standard marine diesel.

According to Anglo American, the mix reduces CO_2 emissions by around five percent. Among the elements they were exploring was the stability of the biofuel in storage and its performance as a fuel. Data gathered was expected to provide new insights into wider efforts to introduce biofuel to the maritime sector. They were also exploring ways of improving the cost-effectiveness and they plan to use higher percentage blends in future trials.

It was the second large-scale trial that NYK has conducted with one of its vessels. In January 2019, the NYK dry bulk carrier Frontier Sky loaded biofuel in Europe. In that trial, the vessel operating for mining company BHP used biofuel made from waste oils such as used cooking oil loaded in Rotterdam in conjunction with GoodFuels. NYK also reported that it used blockchain technology to enhance the traceability of the fuel to establish a clear chain of custody for better quality assurance in the bunker fuel supply chain.

The use of biofuels has also spread to tugboats moving waste barges on the River Thames in London. Cory Group, which transports a million tons of waste in barges on the river annually to its recycling and waste from energy facility, recently completed a test of biofuel made from cooking oil and waste fats. The company is now converting its fleet of tugs to biofuel.

While biofuel does not provide a comprehensive solution to the reduction of GHG emissions, it provides a near-term alternative for shipping companies seeking to make incremental improvements from their operations while other options in carbon capture and alternative fuels continue under development.

Other possibilities: Alcohol, Biomethane and Ammmonia

Last year, the A.P. Møller Foundation established the Mærsk Mc-Kinney Møller Center for Zero Carbon Shipping. In fact, Maersk in collaboration with the Lloyds Register is studying possible zero emission fuels. Based on market projections, the best positioned fuels for research and development into net zero fuels at this point are alcohol, biomethane and ammonia.

Alcohols (ethanol & methanol) are not highly toxic and have various possible production pathways directly from biomass and/or via renewable hydrogen combined with carbon from either biomass or carbon capture. Existing solutions for handling the low flash point and for burning alcohols are well proven. Ethanol and methanol are fully mixable in the vessel's bunker tanks, creating bunkering flexibility. However, the transition of the industry towards alcohol-based solutions is yet to be defined.

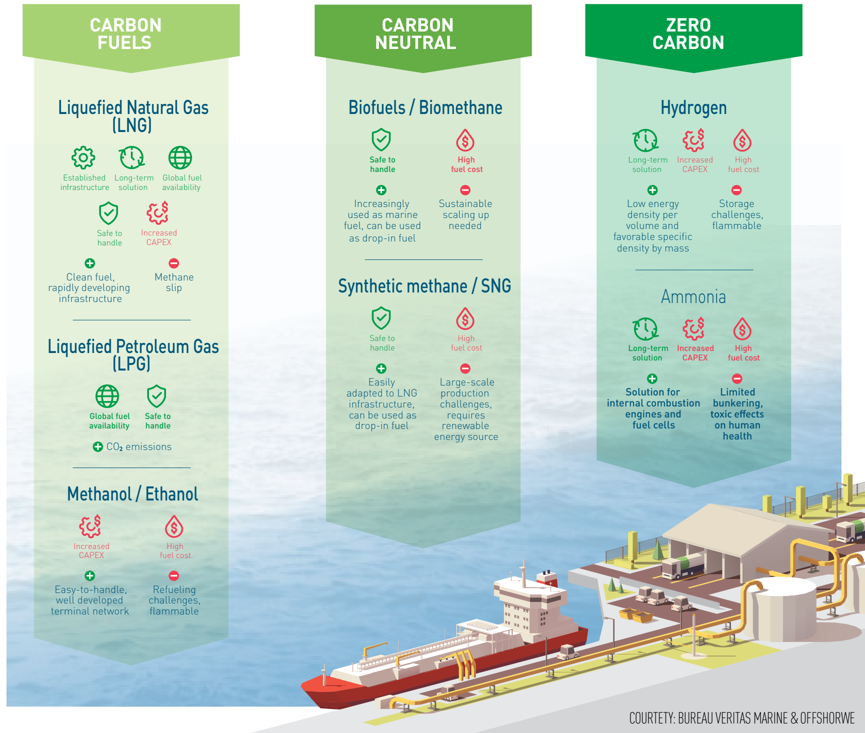
Biomethane on the other hand has a potential smooth transition given existing technology and infrastructure. The challenge however is 'methane slip' – the emission of unburned methane along the entire supply chain.

Ammonia is truly carbon free and can be produced from renewable electricity. The energy conversion rate of this system is higher than that of biomaterial-based systems, but the production pathway cannot tap into potential energy sources as e.g. waste biomass. The main challenge for ammonia is that it is highly toxic and even small accidents can create major risks to the crew and the environment. The transition to future application remains a huge challenge.

The three fuel pathways all have relatively similar costs, but present different challenges and opportunities. Based on these findings with Lloyd's Register, Maersk now has more clarity over the pathways to reach zero emissions and will therefore increase its focus on developing these pathways and affecting real change in the years to come – reducing emissions to net zero.

Abu Dhabi goes for green Ammonia

The Abu Dhabi National Energy Company PJSC (TAQA) and Abu Dhabi Ports are exploring the development, storage, bunkering and export of green ammonia at the Khalifa Industrial Zone.



COURTETY: BUREAU VERITAS MARINE & OFFSHORWE

The new facility would be fuelled by green hydrogen produced from a 2GW solar photovoltaic plant.

The green hydrogen would be turned into liquid ammonia to supply ships converted to using ammonia bunker fuel and for export from Abu Dhabi Ports via specialized gas carriers. The project will also feature a storage facility at Khalifa Port, seeking to become a hub for exporting green ammonia to international markets including Europe and the East Asia.

The solar farm, electrolyzer and the ammonia production plant will all be situated in the Khalifa Industrial Zone and have pipeline connections directly to the Khalifa Port storage facility.

CMA CGM favours biomethane

The CMA CGM Group in its efforts to be carbon-neutral by 2050, is supporting the production of 12,000 tonnes of biomethane which is enough to fuel the equivalent of two 1,400-TEU LNG-powered ships operating on the Northern European Balt3 line between St Petersburg and Rotterdam for a whole year. The shipping line also plans to power 26 of its containerships using LNG by 2022, and seven of these are already in service. CMA CGM was also the first shipping group to successfully use biofuel generated from used cooking oil on its containerships.

Biomethane is a renewable green gas produced in part by the methanation of European-sourced organic and plant waste. This energy source represents a fine example of how the circular economy can work while benefiting the agricultural sector. CMA CGM intends to push ahead with the development of this energy source by investing in biomethane production facilities and studying the viability of liquefaction processes so that biomethane can be rolled out as a shipping fuel.

Guarantee-of-Origin Biomethane, coupled with CMA CGM's dual-fuel gas-power technology, can reduce well-to-wake (entire value chain) greenhouse gas emissions (including CO_2) by at least 67%. On a tank-to-wake basis (at ship level), the reduction in greenhouse gas emissions reaches 88% (including CO_2).

Reducing fuel consumption

Another possibility for reducing emissions is by reducing fuel consumption. Air lubrication for marine vessels is a developing solution that will radically reduce fuel consumption and environmental impact. Alfa Laval, a Rotterdam-based maritime technology company, is working to make this long-sought technology a commercial reality. Alfa Laval is investing in Marine Performance Systems, whose unique method of producing bubbles with fluidics is a breakthrough that will reduce fuel consumption by 8–12% at a vessel's normal service speed.

Based on market projections, the best positioned fuels for research and development into net zero fuels at this point are alcohol, biomethane and ammonia.

By reducing the amount of fuel burned, air lubrication will have a direct effect on greenhouse gas emissions. In addition, it will provide critical fuel cost savings for shipowners, who need to offset the expense of rapidly shrinking their environmental footprint. The patented FluidicAL technology requires no structural modifications or vessel recertification, which makes it ideal for retrofitting as well as for new-builds.

ClassNK develops energy efficiency calculator

The EEXI Simplified Planner is an assessment tool for the Energy Efficiency Existing Ship Index (EEXI), which will apply from 2023. EEXI Simplified Planner provides the approximated calculation of a ship's EEXI by inputting DWT and MCR, and identifies whether the value complies with the regulation. If it does not meet the requirement, the tool suggests the extent of engine power limitations (EPL) for compliance, and supports decision making on how to comply with EEXI regulations. EEXI Simplified Planner, covering bulk carriers, gas carriers, tankers, container ships and RO-RO cargo ships, is available on the EEXI page of ClassNK's website.

SHIELDING AGAINST NATURAL CALAMITIES

The impact of a natural calamity on a port carries more socio-economic consequences apart from causing logistical distress

The impact of a natural calamity on a port carries more socio-economic consequences apart from causing logistical distress. Therefore, a port's reliability thus depends on how well it can cope with disasters and how soon it can restore normalcy in its functioning in the aftermath of a disaster

India, having a long coastline spanning around 7,500 km is often vulnerable to extreme weather events like cyclones. Ports play a pivotal role in the convergence of numerous competing business interests Including shipping lines, port authorities, individual terminal operators to freight forwarders, inland logistics agencies and shippers. The impact of a natural calamity on a port carries more socio-economic consequences apart from causing logistical distress. Therefore, a port's reliability thus depends on how well it can cope with disasters and how soon it can restore normalcy in its functioning in the aftermath of a disaster.

The impact of cyclones Tauktae & Yaas

Recently, cyclone Tauktae hit the western coast of India affecting Kerala, Karnataka, Goa, Maharashtra and Gujarat along with two Union Territories (UTs) Lakshadweep and Daman & Diu. It wreaked havoc on the western coast and major ports have halted operations to withstand its impact. According to RMSI, a technology company, Kerala, Karnataka, Goa, Maharashtra, Gujarat and Daman Diu lost ₹15,000 crore due to the storm.

Jawaharlal Nehru Port Terminal (JNPT), a major port in the west coast of India, had set up a control room and deputed officers to collect all weather data in real time from the Indian Meteorological Department (IMD) to take countermeasures. The port took various measures to minimise any damages to property and life which included suspending passenger ferry services, securing the port equipment, initiating a 24 x7 hours control room.

According to Sanjay Sethi, Chairman, JNPT, "These timely measures helped mitigate the impact of the cyclone on the port property and ships in JNPT waters."

In order to withstand inclement weather arisen out of Tauktae cyclone all Terminals were advised to secure their cargo handling gear and other related equipment and comply with the heavy weather contingency plan. Tie-down anchors secured the cranes at all the terminals.

Immediately a week after Tauktae cyclone Yaas battered the coast of the eastern states of Odisha and West Bengal, causing extensive damage to livelihoods and property. Cyclone Yass is estimated to have resulted in ₹200 billion ($2,800 mn) losses to the West Bengal state, according to a report submitted by that State to the Prime Minister of India.

In a notification released immediately after the announcement of cyclone Yaas, Paradip, a leading port located in the east coast in the eastern state of Odisha, has asked for all loading and unloading equipment, cranes and machines to be secured. All the vessels at the port anchorage were asked to pick up anchor and move to sea, equipment and machineries at under construction areas to be secured.

Disaster preparedness at ports

These natural calamities economically impact several businesses including performance at ports, which are lifeline for foreign trade in the country.

"To mitigate the adverse effects of the cyclones in the future, JNPT has an approved Disaster Management Plan (DMP) in place which lists out various set of measures which include liaising with all local authorities like the District Tehsildar, local police authorities , all tank farms, NDRF , ONGC Uran, etc for pooling of all available resources. Regular mock drills are carried out to check the status of emergency generators, pumps, and setting up of a crisis management control room with the core response team", said Sanjay Sethi.

"There currently no gaps in DMP at JNPT, apart from preparation and better planning ports also disseminate IMD weather reports and port warning messages are dispersed quickly to all stakeholders including local fishing associations", Sanjay Sethi said.

While reacting to the disaster preparedness measures taken at the Paradip port, Chairman Vinit Kumar said, "Four teams of Paradip Port Trust (PPT) with chainsaws and Pay loader kept ready to function round-the-clock during the cyclone Yaas to clear the roads due to possible uprooting of trees."

Even though there are no standard and tangible disaster preparedness mechanisms currently in place at Indian ports. But the way the authorities have been reacting to the natural calamities with concerted effort to avert major damages at ports by taking precautionary measures is commendable.

The role of IMD in disaster management

The India Meteorological Department (IMD), an agency working under the Ministry of Earth Sciences of the Government of India. It is the nodal agency in the country responsible for meteorological observations, weather forecasting and seismology in the country.

JNPT took various measures to minimise any damages to property and life which included suspending passenger ferry services, securing the port equipment, initiating a 24 x7 hours control room.

The role of meteorological information by IMD is of paramount importance when it comes to implementing the Disaster Risk Reduction (DRR) measures. The information is used in many ways for DRR in India. The information is used for hazard monitoring and assessment, early warning and mitigation, technical support in vulnerability analysis, mapping, and risk assessment, technical support in preparedness & planning, technical support in management of natural resources from disasters.

The weather forecasts provided by IMD during recent cyclones Tauktae and Yaas have helped Indian ports to take precautionary measures and thereby avoiding major damages to the port infrastructure.

Disaster preparedness measures taken by the government

The government on its part has implemented several measures for disaster management. With the enactment of Disaster Management Act 2005 and adoption of National Policy on Disaster Management 2009, Government of India has established improved institutional arrangements and Disaster Risk Reduction (DRR) mechanisms to deal with any threatening disaster situation or disaster.

India has set up an apex body for disaster management in the country - the National Disaster Management Authority (NDMA), with the Prime Minister as its head. NDMA has been set up under the Disaster Management Act, 2005, and it's created for enabling the environment for institutional mechanisms at the State and District levels. It is mandated to lay down the policies, plans and guidelines for disaster management. India envisions the development of an ethos of prevention, mitigation, preparedness and response. NDMA runs various programmes for mitigation and responsiveness for specific situations. These include the national cyclone risk management project, school safety project, decision support system and others.

In order to lessen loss due to the severe cyclones, a national disaster management plan (NDMP) was prepared in November 2019 revising and enhancing the existing National Plan of 2016 to considerably improve the approach and adding new dimensions.

These institutional arrangements have been set up consistent with the paradigm shift from the relief-centric approach of the past to a proactive, holistic and integrated approach for DRR by way of strengthening disaster preparedness, mitigation, and emergency response.

In spite of the most competent disaster relief measures adopted in the country, the frequent natural calamities pose diverse threats and leave behind many scars like loss of lives and property. The recent cyclones like Tauktae and Yaas however, keep reminding us of the shortcomings in the way we deal with natural disasters and to make us learn more lessons of how to act with more caution for avoiding risks associated with them.

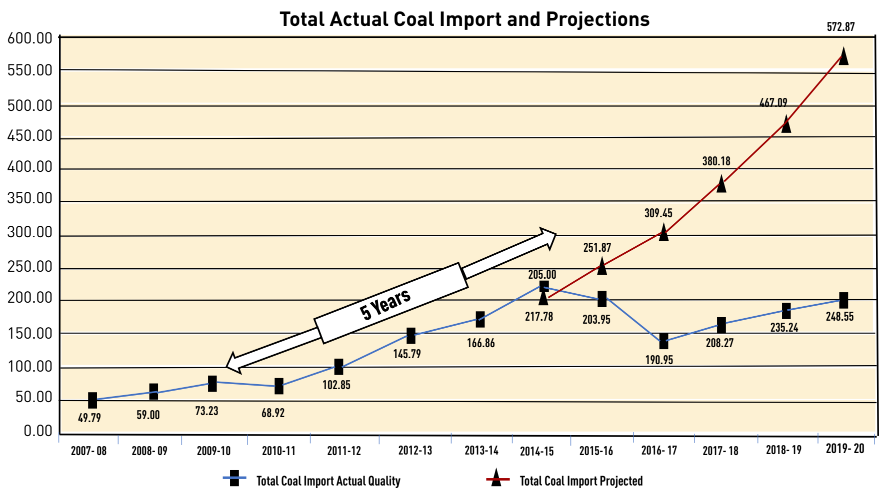
TERMINALS TUSSLE FOR CARGO

IPPTA opines that a multiple cargo handling facility would help private terminals sustain profits and prevent them from sliding into non-performing assets. They claim that it would not only maximize the capacity utilization of port assets, but also increase efficiencies.

BY VIJAY KURUP

The discontent has been brewing and it has been simmering for a while now. Vizag General Cargo Berth Pvt Ltd has been incurring average losses of ₹26 crore per annum. Adani Ports and Special Economic Zone Ltd Coal Terminal served a termination notice to the Port Trust. Insolvency proceedings have been instituted against Tuticorin Coal Terminal Pvt Ltd. The consistent decline in volumes has not augured well with the respective Port Trusts- the Concessioning Authorities.

As India embraces Atma Nirbhar Bharat Abhiyan, there has been a significant drop in coal imports, compelling Indian Private Ports and Terminals



The IPPTA fears that the government's focus on self-reliance in coal production would reduce coal imports to a trickle in the next three to four years. A multiple cargo handling facility would help them sustain profits and prevent the terminals' slide into non-performing assets.

Association (IPPTA) to seek permission from the government to handle multiple commodities in their terminals. However the Federation of Association of Stevedores (FAS) has, vehemently opposed the suggestion mooted by IPPTA, fearing, that the move would cut into their revenue earnings.

The Government has taken several steps to augment coal production capacity in the country, in an effort to promote import substitution. Single Window Clearance System, simplification of guidelines for procedure and approval of mining plan, commencement of auctioning of coalmines for commercial sale of coal etc, are some of the initiatives. Various formats of e-auctions have been organized to enhance sale of coalmines. Coal India Limited (CIL) is giving incentives to coastal thermal power plants to encourage import substitution. The graph above is a depiction of how enhanced production has been able to contain imports to a large extent.

Coal imports from 2015 have registered a significant decline as the government focuses on reducing imports. In 2019-20 the coal import was projected to be 574 million metric tons whereas the actual import was only around 249 million metric tonnes - a steep fall of 130%. The fall has been ascribed to market disruptions from policy changes retarding the import of coal traffic. The 12 major port trusts handled a combined volume of 105.88 million tons (mt) in FY 19, 92.276 mt in FY20 and 78.024 mt in FY21; the decline over the years has been steady and sharp. The increase in coal production has been successful in containing import of coal.

It is projected that the coal demand will grow from 955.26 MT in 2019-20 to 1.27 BT in 2023-24. To meet this growing demand, a coal production plan prepared CIL has a target of producing 1 BT coal by 2023-24.

The investment of ₹44,000 crore by the Coal Companies for coal evacuation infrastructure is likely to be channeled into the development of coal handling plants, and improving transportation chain.

With all these developments, the viability of private coal terminals at the 12 major ports appears bleak.

The private coal terminals at the 12 major ports were governed by the Model concession Agreement (MCA) signed with the government through the public-private-partnership (PPP) route, based on a revenue share model for a time period of 30 years. The 30-year period has brought to the forefront the pitfalls of handling a single commodity over an extended period of time.

The IPPTA fear that the government's focus on self-reliance in coal production would reduce coal imports to a trickle in the next three to four years. A multiple cargo handling facility would help them sustain profits and prevent the terminals' slide into non-performing assets. They claim that it would not only maximize the capacity utilization of port assets, but also increase efficiencies.

On the other hand the stevedores from the non-mechanized berths at the 12 major ports too have approached the government to stall any move that would dilute their share of cargo. FAS, who have substantial investments at stake in manpower and equipment machines, contend that any sharing of the cargo would be at the expense of their revenue earnings. Reportedly, **Ishwar Achanta, President of the Federation of Association of Stevedores**, is of the view that IPPTA's demand to allow single commodity terminals to become multi-commodity terminals was not legally tenable.

Federation of Association of Stevedores, who have substantial investments at stake in manpower and equipment machines, contend that any sharing of the cargo would be at the expense of their revenue earnings.

Stevedores are granted licenses from the port authorities after payment of an annual fee. Unlike the PPP operators, they are not required to share revenue with the port trusts. The stevedores are engaged directly by the trade for the handling operations of the cargo, in the port premises.

A stalemate appears to have ensued. Should the status quo be allowed to remain or was it time to remodel?

Milind Kulkarni (Retd.), Ph.D Scalar, Indian Maritime University, said that JNPT started in 1989 as a container as well as bulk port. However just after commencement there was a huge drop in bulk cargo and eventually they entirely switched over to only container operations. This was mainly due to the reduction in dry bulk imports and competition from ports in Gujarat. Since it was government owned port, they could switch over to containers and liquid bulk. This kind of choice is not with the private operators. They must be given a chance to explore handling of other commodities.

The Major Port Authorities Act received the assent of the President on February 17, 2021, replacing the Major Port Trusts Act, 1963. It would provide for regulation, operation and planning of Major Ports in India. It would invest the administration, with control and management. The Act will provide autonomy to the 12 major ports and boost their decision-making powers.

Milind Kulkarni (Retd.), Ph.D Scalar, Indian Maritime University, said that JNPT started in 1989 as a container as well as bulk port. However just after commencement there was a huge drop in bulk cargo and eventually they entirely switched over to only container operations. This was mainly due to the reduction in dry bulk imports and competition from ports in Gujarat. Since it was government owned port, they could switch over to containers and liquid bulk. This kind of choice is not with the private operators. They must be given a chance to explore handling of other commodities.

An official from the industry, speaking to Maritime Gateway, has stated that the Government was trying to find a way where both parties stand to benefit. If the terminals were to turn sick, it would not bode well for the Government, to have foreign investors becoming diffident about investing in Indian maritime industry. The government was willing to go along with the stevedores for a while, but eventually they would have to find their own feet, he clarified. The assistance from the Government would be there, but for a limited time. They would need to find their own revenue stream. It was time to remodel, he said.

Nothing bides forever. To quote a motto of a major shipping company, 'Change is permanent'. The bandwidth for cargo volume is sufficiently broad enough to accommodate both entities. New methods of subsisting need to be devised for both entities to exist – draw up a perfect symbiotic relationship for both parties to exist. The way forward is to change and adapt.

PREPARING THE GROUND FOR DOMESTIC CONTAINERS

India need not produce containers for just domestic purpose rather it should produce them for Middle East and Asian markets. India should start promoting containerisation. If India can divert about 15 per cent of its road transport which is currently about 64 per cent share to railways there would be a huge demand for domestic containers in the country.

About 55 per cent of the container fleet is currently sitting in various ports or on water, as against a normal average of approximately 30 per cent, leading to less availability of containers globally and troubling exporters, including those in India, according to the Container Shipping Lines Association (India) (CSLA).

"From the beginning of July 2020, after months of lockdown, the US and Europe went on a buying spree and started importing big time from India, China and the Far East. At the same time, Indian imports dropped due to low consumer demand locally and certain restrictions placed by the government on imports from China. This created a major equipment imbalance as export demand for containers far outweighed the import supply," informed Sunil Vaswani, Executive Director CSLA.

While the equipment imbalance may get sorted out in due course, but being dependent on a single source for manufacturing containers may not be prudent, especially when the demand for containers is projected to grow in India with the rise in exports.

Should India foray into container manufacturing? How will the industry manage sourcing of raw material and production while keeping the cost competitive? What is the size of investment? Is it sustainable and how should the government support? These are some of the intriguing questions over which a group of industry leaders brainstormed in a recent webinar organised by Maritime Gateway.

Mooting the discussion on the agenda, **Ravi Ramprasad**, Editor-in-Chief, Maritime Gateway magazine, said that the Ministry of Ports Shipping and Waterways, Govt. of India has recently announced that India would become Atmanirbhar (Self-reliant) in container manufacturing place, a lot of excitement and discussion has started taking place after this announcement. In fact, some of the companies have already announced their plans to start container manufacturing. CONCOR already has started taking orders for Container manufacturing. In this background the panellists discussed and what this initiative means for India in terms of investment, capacities, raw materials, and international competition, etc.

In the opening remarks **Vikas Chaube**, IRTS Officer on Special Duty Logistics Division, Ministry of Commerce & Industry, Government of India said that the core issue that we are dealing with is container shortage, which is definitely not a good thing to have, but there is a silver lining for this problem too, as this is an indicator for the increasing exports in the country. It is in fact the opportunity for the government to reach a target of $400 billion in terms of exports in the country this year. In the month of May itself the country's exports have increased by 67.39 per cent during the adverse times. In the month of March also the exports of the country were better than that of the previous year and even better than 2019 also. He further said that the availability of containers can be addressed in several ways. As containers move in global circuits, we need to look at this as circulation problem and not just as one time availability problem. Container manufacturing therefore won't solve the immediate problem of container availability as the containers that we

manufacture and put into circulation won't come back for our use instantly again. But India as a big country in the world with growing exports needs to have a container manufacturing facility. As the Minister of Commerce and Industries recently felt that it is essential to have container manufacturing in the country as the country is aspiring to move on to export-oriented growth. The call by CIM for container manufacturing has been well received by some of the agencies. Besides this some shipping companies have also approached the govt saying that in the last one year they have experienced very dependent situation on some companies and one particular country for the availability of containers. In fact it is their experience that they need not put all their eggs in one basket, they felt that there needs to be a fair play in the container manufacturing space. Moreover, it is not Indian shipping companies but foreign companies who have felt that there is arbitrariness in terms of allocation of these container companies. So that is one of the factors that led to thinking about container manufacturing in India as they approached us and said that they would purchase containers manufactured in the country.

He further said that before stepping into manufacturing containers in India a lot of factors need to be understood. The current shortage of containers availability is because of the congestion that happened over the ports due to the pandemic and it won't be a permanent problem that will last for long time. Moreover, the container shortage is a circulation problem. So any container manufacturing business assessment must take into account all these factors into consideration.

The ministry of commerce's logistics department along with Container Shipping Lines Association (CSLA), Indian Railways, and CONCOR has taken several steps to reduce shortage of containers arisen due to container circulation problems during the pandemic, by facilitating repositioning of the empty containers through many initiatives.

As far as improving the efficiency in container logistics movement is concerned, the National Industrial Corridor Development Corporation (NICDC) Logistics Data Bank, which is a portal developed to track and trace the movement of containers in the country, the portal is currently in an advanced shape and with the help of this it is possible to monitor the dwell time of containers at ports, at CSFL, hinterland, and ICDs, etc. The objective of the portal is to help in reducing the turnaround time and thereby making the containers available to the exporters and to meet their projected demand.

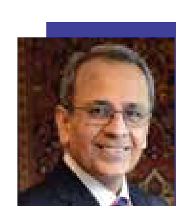
CONCOR has already placed developmental orders for 2,000 containers to BHEL and Braithwaite for domestic use in the country. Moreover they will be made with ISO standard, and therefore the domestic containers will also serve international purpose also.

The global demand for containers will be 2 million TEUs for this year and next year also due to pandemic. But the demand would come down to 1.5 million TEUs after two years. Largely this demand is now met by China and in some small part by South Korea.

Major cost involved in the container manufacturing is raw materials, and about 55 per cent of raw material used in its manufacturing is Corten Steel, but this is not manufactured by the steel industry in our country. The steel industry companies when contacted say that the technology to manufacture Corten Steel grade for container manufacturing is not an issue, but the only thing they need for this is a minimum quantity order (of about 300 million tonnes).

The key problem for container manufacturing however is competitive pricing in the international market. The competitive price for a 20 ft 2.5 tonne ISO container is around $2,800 in bulk order and $2,100 in small orders. In order to manufacture containers for that price in India Corten Steel should be made available for a price of around ₹45-50 a kg, instead of the typical expected price of ₹75 a kg. Some kind of price cut has to be shared by the container manufacturers and steel industry for the optimum price of the containers.

There is definitely a lot of opportunity to take container manufacturing forward in the country, as the govt. and the shipping lines too are eager to develop multiple container manufacturing facilities.



Sunil Vaswani, Executive Director

Global demand for containers will be **2 million teus for 2021 & 2022** due to the pandemic

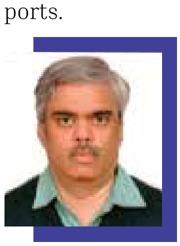
After two years the demand is expected to come down to **1.5 million teus**
55% of raw material used in manufacturing containers is Corten steel, which is not produced in India.

Indian steel companies can manufacture **Corten steel**, provided they have a minimum quantity order of **about 300 million tonnes**.

The competitive price for a **20 ft 2.5 tonne ISO container is around $2,800** in bulk order and **$2,100** in small orders.

In order to manufacture containers for that price in India, Corten Steel should be made available for a price of around **₹45-50** a kg, instead of the typical expected price of ₹**75** a kg.

Container Shipping Lines Association (India), said that the merchandise exports have shot up from India in the latest April-May 2021 it was $62.84 billion which was an increase of 112.29 per cent over previous year. All this could not have happened without the support of shipping lines which have made containers available to the exports. For every 100 containers that go into the US ports only 40 are coming back due to heavy congestion at ports, but shipping lines have made containers available for exports in spite of the containers getting stuck at transshipment ports.



Santosh Sinha, IRSME, Executive Director (P&S), Container Corporation of India, said that the shortage in container availability will be overcome in a short period from six months to one year. CONCOR has received a very good response for the 50 per cent discount it has given for empty containers for the inland transport from port to hinterland. After seeing the great response CONCOR has extended the dates for the initiative.

He further said that CONCOR has been purchasing containers from China for the last five years. But in spite of reducing the eligibility criteria for containers very few India companies have been able to meet the eligibility criteria and they have not qualified. So this time we have an EoI where we requested probable manufacturers to give their suggestions on eligibility both technical and financial viability criteria. CONCOR has issued a tender last week for the development of 6,000 containers, and foreign companies have been excluded from the process. This is in addition to the tender that CONCOR has given to BHEL and Braithwaite for the development of 1,000 containers each.

The estimated price for the manufacturing of 6,000 containers is about ₹196 crore, and this boils down a price of ₹2.77 Lakhs per container. The price of steel is fixed at ₹70 per kg. The steel manufacturing companies like SAIL, Tata Steel, and JSW have shown positive signs to develop high resistant Corten steel for container manufacturing.

Participating in the discussion **Rudra Shriram**, Joint President, DCM Shriram Industries, said that Steel is the crux of raw material for container manufacturing. The steel prices recently have increased by 20 per cent, moreover Indian companies till date don't manufacture Corten grade steel. They manufacture a similar grade called IRSF-4197. Even if there are companies which produce Corten grade steel they take a minimum of six months to deliver. Even in Corten grade steel also there are different thicknesses available. The prices of the Corten steel is not fixed one they keep changing. Corten steel as a raw material is used in 75 per cent in the manufacturing of a container. So as a manufacturer basic availability of raw material is problem in India that we are facing. If India has to do well like China in container manufacturing then the issue raw materials needs to be addressed properly.

Bijoy Paulose, Chairman & Managing Director, VS & B Containers Group, said that self-reliance is different from global manufacturing. We can become self-reliant in container manufacturing by using whatever boxes that we make in India itself for the domestic use in the country. The container prices announced by CONCOR are internationally competitive. Prices for 20 ft container in China are $3,900 to $4,000, so $3,800 per container by CONCOR without GST is definitely competitive. This year in the first four Months China has already produced 1.8 million containers, in that way it would produce about 4 or 4.5 million containers in a year. India can very soon definitely produce raw materials like concocting and Corten steel for container manufacturing and the opportunities for container manufacturing in the country are plenty.

Capt V K Rajakrishnan, Chief Executive Officer, Tristar Container Services (Asia) Pvt Ltd said that this problem has arisen because of non-availability containers rather than shortage of containers. We have around 43 million containers in the world and if we consider that a container is a 15 year old asset, it stands to reason that every year about 7 per cent of the containers which is about 3.5 million containers disappear. Therefore, we need manufacturing of that scale to fit into that cycle. India needs not produce containers for just domestic purpose rather it should produce them for Middle East and Asian markets. India should start promoting containerisation. If India can divert about 15 per cent of its road transport which is currently has about 64 per cent share to railways there would be a huge demand for domestic containers in the country.

NLDS
NICDC LOGISTICS DATA SERVICES LTD
Logistics Redefined

Now keep an eye on your container

WITH LOGISTICS DATA BANK (LDB) SERVICES

HASSLE FREE TRACKING OF YOUR CONTAINER

www.ldb.co.in

You can track the movement of your container through a single window: www.ldb.co.in

Mobile App

You can also track your container through the LDB Android & iOS app

Toll Free

24X7

1800 572 8314

For any query, contact 24x7 Help Desk

Share your feedback

A-1002, Tower A, Plot No. 7, Advant Navis Business Park, Sector -142, Greater Noida Express Way, Noida - 201305

contactus@dldsl.in

www.nldsl.in