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BIG TICKET INFRA PROJECTS IMPROVE EFFICIENCY AT JNPT

STARTUPS MAKE DISRUPTION THE NEW NORMAL

The kind of funding activity in the logistics sector, and the results that are being established, does not have a parallel in other startup ecosystems. So, what is attracting startups to this industry? Vast scope for innovation, infrastructural and operational gaps, ability to address specific problems or a long-term vision to succeed. Hear from the startups that are making a mark in this sector.


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SHOULD CONSUMERS PAY THE PRICE FOR SUPPLY CHAIN DISRUPTION?

> It is estimated as much as 44% of China's industrial activity has been affected due to power shortage.

Retailers like to say that Black Friday is so named because the holiday buying frenzy that comes the day after "Thanksgiving" is when they move into the black—or begin to turn a profit on the year. But in the upside-down world of the COVID-19 pandemic, it may be the day when many of them sink into red ink. We are just two months away from Christmas and companies are already bracing for stock shortages and bonkers prices. The reason is anybody's guess – Supply chain disruption.

Almost every other week, there is a major trade disruption at one of the world's largest ports – be it in China or the United States. There seems to be no end in sight for the US Ports reeling under congestion, as nearly 70 container ships were waiting to offload their cargo at the ports of Long Beach and Los Angeles in the first week of October. The waiting period at the Port of Los Angeles hit an all-time high of nine days, which is about 2.5 days longer than average waiting times experienced in August.

China, the global factory is in the grip of a power crunch as coal supply shortages combined with strong power demand from manufacturers and households has pushed coal prices to record highs and triggered widespread curbs on usage. The government has been rationing electricity to businesses whose activities are based on power.

The power crisis has forced manufacturing firms to curb production. Factory owners say the next few weeks are critical as workers rush to meet Christmas export orders, which have already been troubled by sky high costs of shipping goods around the world. It is estimated as much as 44% of China's industrial activity has been affected.

According to the risk modelling company, Russell Group, the current Chinese power shortages could see $120 billion of trade flows delayed as Some of China's key ports, including Ningbo, Guangzhou, Yantian and Shekou, are located within the affected provinces, while Shanghai and Ningbo also process many of the container exports from the Jiangsu province.

Everything from home appliances, steel products, plastics, chemicals and textiles is set to get costly. Just to give you a clue: the door-to-door transport cost for a consignment of luxury artificial Christmas trees from China to Dublin came to around €3000 in 2020, but this year it has rocketed to €14000. But the good news is many economy experts predict that as Christmas comes and goes, inflation is expected to do the same.

Ramprasad

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
ASL 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

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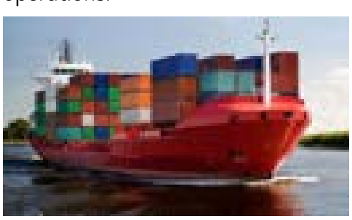

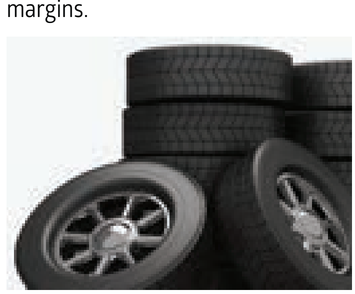

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DIGITISING EXPORT DOCUMENTATION

PikMyBox and ICICI Bank have combined their digital strengths to launch a digital, paperless facility for regularization of postal bills for export

E commerce exports is a segment consisting of high-volume and low-value shipments. Each shipment requires on average 5 pieces of documentation - including shipping bill, export invoice and various proofs of export etc. For any business that on average is doing 1000-1500 shipments per month, this translates into 5,000 pieces of paperwork that were required to be physically submitted to the bank. For larger exporters, the burden of paperwork would be even greater.

Aggregating and managing all this physical work has always been a challenge for exporters. And in this post-pandemic era, it has been even more challenging - aggregating all the paperwork in a work-from-home environment, physically submitting to a bank branch and making repeat visits. This is the issue that PikMyBox and ICICI Bank is aiming to alleviate with this new eBRC (bank realization certificate) process.

The exporting process

PikMyBox provides process automation by allowing exporters to easily generate all of their export documents and creates a digital docket for each shipment consisting of all these relevant documents required. The PikMyBox application is set up in a way that allows for easy collaboration between teams and with other stakeholders in the ecosystems - such as logistics partners, CHAs and now even banks.

All an exporter has to do is to upload their basic shipment details and all of the export documents consisting of shipping bills, invoices, shipping labels etc. can be digitally generated with a single click. These can be printed and submitted manually, or alternatively shared online with connected partners. Then exporters can select a shipping partner to send their shipments or alternatively they can also utilize PikMyBox logistics services for first mile, customs clearances and parcel booking.

Key features of this paperless eBRC facility

1. The exporter has control to select the shipments that he wants to submit to the bank for the issuance of the bank realization certificate
2. Submit all documents digitally through the PIkMyBox app such as export invoices, parcel booking and tracking receipts, shipping bills and other documents
3. Submit shipments and their documents in bulk
4. Affordable flat rate

Once the export shipment is shipped out, the proof of export documents are also added to the digital docket. With this, the digital docket is now complete for submission to the bank for the issuance of a bank realization certificate.

ICICI Bank gets the benefit of getting fully vetted digital documents from PikMyBox, reducing their own time, allowing them to give speedy and affordable services.

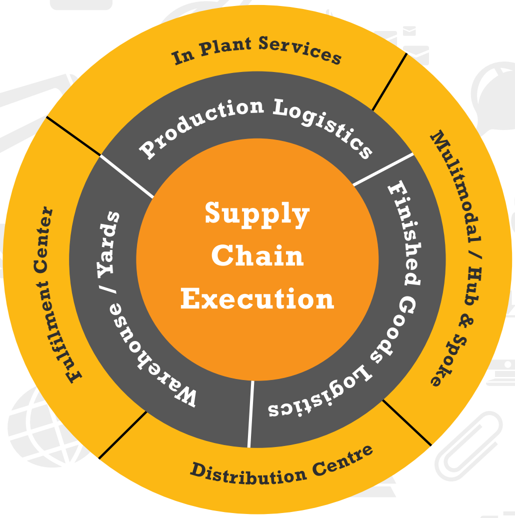
PikMyBox is India's leading logistics platform for cross-border ecommerce. They have powered export shipments for over 3,000 businesses to a global reach of over 165 countries. Their unique value proposition is providing their users with digital documentation services along with first mile logistics to make exporting as simple as any domestic dispatch.

ICICI Bank leads in online trade services and have digitized almost 90% types of trade transactions online. They are certainly industry leaders in this export-import segment through their comprehensive suite of online products and services that allows their customers to manage their end-to-end banking processes throughout the lifecycle of their exports.

PikMyBox and ICICI Bank have combined their digital strengths to launch a digital, paperless facility for regularization of postal bills for export. They will further collaborate to expand their bouquet of streamlined services to customers for a variety of different exports.

TCI Supply Chain Solutions

Integrated Logistics from conceptualization to execution.



TCI SCS is a Customer Facing organization delivering on the SLA's (Service Level Agreement) by measurable KPI's (Key Performance Indicators).

The KAM Team operates like a Control, Tower and manages information flow among suppliers, customers and intermediaries.

This process enables continuous control on exceptions and abnormalities.

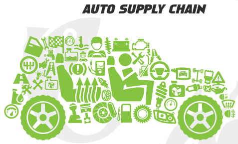
Continuous improvement leading higher level of efficiencies at lower cost through:

- Kaizen and Quality Circle initiatives
- Elimination of MUDA in the chain

Typically the team operates as an extension of the client and echo's end user needs as an intrinsic part of the client's supply chain.

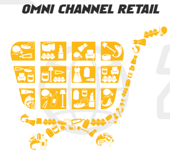
Key Industry Verticals:

EXCELLERATE YOUR AUTO SUPPLY CHAIN



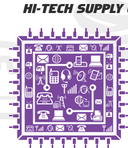
Auto

SIMPLIFI YOUR OMNI CHANNEL RETAIL



Omni-Channel Retail

INNOVATE YOUR HI-TECH SUPPLY CHAIN



Hi-tech Telecom

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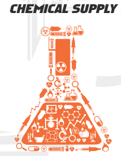
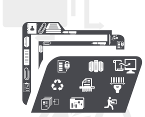


Chemical

IMMUNIZE YOUR PHARMA SUPPLY CHAIN

Life Sciences & Health Care

PERPETUATE YOUR BUSINESS



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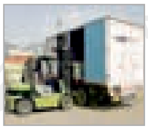
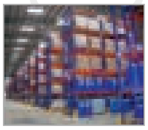
Supply Chain Consultancy

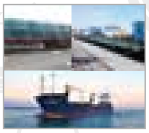


Production Logistics

Finished Goods Logistics



Warehouse Management (DC/FC)



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INLAND WATERWAYS YET TO TAKE OFF

IWAI has done a lot of work in identifying the National Waterways which can become viable for cargo operations. But a lot more needs to be done in order to ensure the commercially viable cargo operations.

BY **MILIND KULKARNI,** PH.D SCALAR, INDIAN MARITIME UNIVERSITY

The Parliament passed the Inland Vessels Bill, 2021 on 2nd August 2021, which aims to replace over 100 years old Inland Vessels Act, 1917 (1 of 1917) and usher a new era in the inland water transport sector. Whereas the new enactment is certainly a step in the right direction, the mute question is - Is it enough to see the takeoff of inland water ways in India?

Purpose

The purpose of the new act is to bring some kind of uniformity in the field of Inland waterways by reducing the intervention of the state governments and bringing the whole operations under central government. It also addresses certain important issues relating to the technicalities concerning the types of vessels, safety, standards of classification and categorization of mechanically propelled vessels. It stipulates higher standards to ensure safety of navigation, protection of life and cargo, prevention of environmental pollution, providing for healthier trade practices, constitution of the welfare fund, transparency and accountability of administrative mechanism, training and development of efficient and skilled workforce. It improvises provision relating to casualties and investigation. It provides for a Central Data Base /E-Portal for registration/crew database thereby imbibing the spirit of Digital India Campaign.

Advantages of Waterways

It is well established that the water transport is by far the cheapest option for movement of cargo or passengers compared to rail, road or air transport. According to the study conducted by RITE, in respect to the Integrated National Waterways Transportation Grid, one liter of fuel will move 24 tons through one kilometer on road, 95 on rail and 215 kilometers on inland water transport. Considering the road conditions and the pollution that is added by the road transport, Inland water transport seems to be a better option especially for bulk, hazardous and over dimensional cargoes. It is a crucial link connecting north eastern states with main land.

Compared to road network, developing inland waterways is much easier. The major hurdle of land acquisition is not there in water transport. The investment requirements are much less.

Challenges faced

Navigational Challenges: Most of the times the rivers in northern India are either flooded or dried up. The least available draft in the Indian rivers is 2.2 meters, if we deduct 10%, the barges can be loaded up to 2 mtrs. This reduces the cargo loading capacity of the barges. Safely barges can be loaded up to 1.5 mt draft. There are no suitable barges for such operations. Night navigation is a challenge. With slow mode the average speed of these barges is 8-10 km per hour as compared to road trucks of 25-30 km per hour. If you factor into the actual operation time of these barges, the effective speed reduces to 4 to 5 km per hour. Thus it is not suitable for time sensitive cargoes. At several places there are pontoon bridges on the way. Every time there is a movement, these pontoon bridges are to be opened up for barge movements. Permission to open these bridges is given by the District Magistrates. Local people are not happy as it restricts their

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movement. The District Magistrates give priority to the locals and do not see the urgency to open the Pontoon Bridges. This brings down the average speed further down. If purely actual movement time is considered, the water transport may be cheaper compared to road transport, however if you factor into all these delays, the actual cost of transport by water transport is much higher. The customers are not happy as the transit times are higher. The delays may result in missing the connection at the port. These issues make water transport suitable only for non-time sensitive cargo such as bulk cargo, over dimensional cargoes but not suitable for FMCG (Fast moving consumer goods.)

Lack of suitable barges

Another issue with the inland water transport is currently there are no suitable barges available for such movement. The 2000 BHP barges are not economical. Due to lack of commercial support, no one is willing to build suitable barges. Out of total 111 major routes, only 5-6 routes are functional. So no one is willing to make investments in new barges.

Low volumes

At present, majority of the tonnage that appears to be handled by Inland Waterways is basically the volumes that go into Haldia Port. It is the lighterage operation. Due to the definition of any cargo handled within 5 nautical miles is called inland water movement, the lighterage operation at Haldia port is considered as inland water movement. This cargo was any way part of sea transport and just for lighterage it is becoming part of inland movement. In fact, in reality, when cargo is moving from one inland location (situated on the bank of a river) to another location (also situated on another location on the bank of a river) which otherwise was moved by road or by rail should be considered as Inland water movement. This will reduce the load on roadways and railways. Currently approximately 60% of the cargo is moved by highways. If waterways can take major share of this, then we can say Inland waterways is a successful alternative. Undoubtedly that will reduce the carbon footprint.

Out of the total 106 National Waterways(NW), Inland Waterways Authority(IWA) has declared that only 18 NW are feasible for cargo movement (source: IWA website), IWA has categorised 63 NW are not at all suitable for cargo or cruise operations. The reasons stated there are:

- Most of the feasible NWs for navigation are those having tidal influence connected to Sea and or else have been traditional waterways where navigation was in vogue.
- Some of the NWs having navigation potential but are not feasible due to lack of cargo / passenger traffic.
- Study also reveals the number of obstructions to navigation due to low horizontal / vertical clearances under the rail / road bridges, cross structures without navigation locks and high / Low Tension power lines passing through the declared NWs.
- The alteration / modification/reconstruction of these obstructions to create navigation clearances are the imposed cost on to the projects, making the proposal financially nonviable.
- Most of declared NWs are also not having adequate water depth / discharge for navigation largely due to existing water uses / storages / diversions from the rivers.
- Navigational channel developed does not sustain longer due to excessive siltation in rivers where low discharges are experienced every summer.
- Modal shift of cargo to waterways require multiple handling due to issue of first mile / last mile connectivity, as most of the cargo originating units like major industries / plants, logistic hubs, industrial areas, Special Economic Zones etc. are away from NWs. This adds to cost of transportation.

The average speed of barges is 8-10 km per hour as compared to road trucks with 25-30 km per hour. If you factor into the actual operation time of these barges, the effective speed reduces to 4 to 5 km per hour. Thus it is not suitable for time sensitive cargoes.

High Operating costs and One-way traffic

Due to high transit time, the cost to move one mt per km is very high. There is no return traffic and hence the 'empty haul' adds up to the costs. Longer transit time results in 'long working capital cycles' which leads to higher financial costs.

Land side infrastructure at the jetties

The infrastructure at the land side is inadequate. Connectivity to main high ways and rail roads is also a challenge.

Future of Inland Waterways in India

Inland Waterways Authority of India (IWAI) has done a lot of work in identifying the NW which can become viable for cargo operation. Attempt has been made to align the various stake holders such as Central Govt, State Govt, Union Territories' and the private players. However, one can say that it is still in a very primary stage. A lot needs to be done in order to ensure the commercially viable cargo operations on Inland Waterways. Financial support in the form of incentives, financing at a cheaper rate for building the barges, single window system for smooth operation, tax holidays, grievance redressal of the operators on a regular basis are some of the suggestions to improve the inland waterways in India.

As per India Investment Grid website, Government of India is seeking private investments in Inland Waterways to the tune of USD 4.62 bn in 22 projects. Major investment of USD 1.36 bn is in the state of Kerala in Inland waterways and cruise development Project. A major foreign investment in the sector will change the way we transport cargo and passengers through the inland waterways.

Unless Central Govt takes step to make the sector financially viable and attractive, no private investment is going to come in the sector.

STARTUPS MAKE DISRUPTION THE NEW NORMAL

The kind of funding activity in the logistics sector, and the results that are being established, does not have a parallel in other startup ecosystems. So, what is attracting startups to this industry? Vast scope for innovation, infrastructural and operational gaps, ability to address specific problems or a long-term vision to succeed. Hear from the startups that are making a mark in this sector.

In many ways, 2021 has been a record-breaking year for the Indian startup ecosystem. It has already seen 22 startups becoming unicorns within the first eight months. Not only that, the ecosystem is setting new benchmarks in terms of mergers and acquisitions too. Logistics and supply chain technology venture capital investment trend is booming.

As reported on September 16, 2021, more than 4000 Startups have benefitted in the last year through various programs of the Central Govt. ₹960 crore of funding has been enabled to Startups through various schemes, ₹828 crores funds were sanctioned for infrastructure development. These figures cover startups across all sectors including logistics. With the objective to build a strong eco-system for nurturing innovation and Startups in the country the Government launched a Startup India Action Plan that offers the following support:

Legal support: self-certification and compliance of 9 environment and labour laws through startup India web portal/ mobile app.

Fund of funds: SIDBI fund of funds for investment into startups with an initial corpus of ₹2500 crores and a total corpus of ₹10,000 crores over a period of four years.

Industry/Academia: 31 innovation centres, 13 startup centres, 18 technology business incubators, 7 research parks and 500 Atal Tinkering labs. 35 new incubators in existing institutions and 35 new private sector incubators with funding support from the government have been established.

IPR: Fast track startup patent applications, panel of facilitators to assist in filing IP applications, government to bear facilitation cost and 80% rebate is being offered in filing of patents.

Credit guarantee: Credit guarantee mechanism through National Credit Guarantee Trust Company (NCGTC)/

SIDBI is being envisaged with a budgetary corpus of ₹500 crore per year for the next four years.

Tax exemptions: IT exemptions for 3 years, capital gains tax exemption to people investing such gains in government recognised fund of funds. Tax exemption on investments above fair market value.

Large scope for innovation in logistics technology

Logistics and Supply chain sector in India is the second fastest growing sector after e-commerce contributing to more than 14% of GDP. The worth of it presently is approx. $170 billion which is expected to grow to reach a worth of $250 billion in the next 5 years at a CAGR of 10.5%, informs **Dr. Ambrish Kumar, Founder, Zipaworld**.

"Right now investment scenario is very good even large organizations are equally participating in enabling start-ups, companies like Mearsk, DB Schenker, Delhivery and many more have already invested in innovative startups. I think it's time for this black Box industry to rise & that's what is interesting for investors," reveals **Biplob Barik**.

Logistics technology has just started emerging and the scope for innovation is vast since there are numerous verticals (opportunities) within the supply chain and logistics. Logistics being a relationship driven business, getting the product market fit to gain the initial traction will lead the way to determine the success of a sustainable & scalable business model. Meanwhile,

Logistics is extremely complex and any start-up that can bring simple solutions for such complex problems will create huge value.

- Biplob Barik
CEO & Co-Founder, Boxnbiz

we see there is a need and opportunity to increase the seed stage investment deals hence we are focusing on early/seed stage startups to accelerate more Log tech innovations," explains **Mohammed Zakkiria, Co-Founder & Partner, ZAR Partners**.

He further adds, "ZAR Partners is an early-stage micro-VC for disruptive logistics startups. There is a vast open space to dwell on in Log Tech since this is just emerging. We are keen to be an active player in this space given the exposure and experience in the corporate & Log tech startups. We look forward to adding tremendous value to early-stage ideas & founders who are solving different problems. We will leverage our network and investment to accelerate bright ideas."

"The kind of funding activity in the logistics sector, and the results that are being established, does not have a parallel in other startup ecosystems," justifies **Parinay Itkan- Founder and COO, Shyplite**. Shyplite is India's first and only 360-degree 4th party LPaaS [Logistics Platform as a Service], an end-to-end single shipping gateway empowering Shippers with a tightly wired network of the most robust, secure, and cost-effective shipping features to enable businesses of all sizes to seamlessly expand their reach to every corner of the world possible, overcoming all the barriers of shipping. It is established on the 4 powerful Customer-Centric forces of Performance, Processes, Innovations and Technology to give business' logistics a seamless and successful flight.

Shyplite initially was a bootstrapped startup and recently raised $1 Mn in revenue-based growth capital from N+1 capital. The funds will be used for expanding into new segments like fulfilment centres and hyper-local deliveries. They have established nine fulfilment centres across India in cities including Delhi, Mumbai, and Bengaluru. The centres are spread across a combined area of 2 lakh sq. ft with the capacity to store 1.5 cr- 2 crore units. Further they are in the process of bringing last-mile logistics players like Dunzo, Wefast and Shadowfax

and others onto their platform to help businesses with last-mile and same-day delivery service. Shyplite's international carrier Shypmax is powered by India's first and only cross border LPaaS having asset-light carrier capabilities and an asset-light supply chain solution.

"The logistics ecosystem is expanding expeditiously, and the pandemic has played a huge role in accelerating the development of the industry," says **Swarup Bose, Founder and CEO, Celsius**. Covid-19 exposed the infrastructural and operational gaps in the logistics industry and so a lot more people are delving into the logistics sector. Entrepreneurs also have more financial support from the government and investors alike, pushing them to stick to their pursuit. The Indian government has been providing subsidies and schemes to encourage more individuals to explore the potential of this sector, while angel investors and VCs have been investing in this field more generously than before," Swarup added.

Sikander A M, Founder and CEO, Sitics Logistic Solutions shares a similar view. COVID-19 has spawned many startups in the sector. But for a startup to be successful, they need to have deep knowledge. The different models that exist in logistics sector must be clearly thought out to understand the problems and to address them. Sustainability is key to success like any other sector. So if a start up with good domain knowledge is able to address specific problems, the success rate is higher. The logistics sector is highly fragmented and as it consolidates down the line the potential for large players reaping the benefits would be enormous. So the future is bright and hence attracting investors to the sector.

Sitics is a technology enabled supply chain solutions provider that combines technology and fulfilment to offer clients seamless, efficient and cost effective solutions. Sitics caters to clients in e-commerce, FMCG, automobile, heavy engineering, speciality chemicals and others. It has about 80 large and micro warehouses across India handling more than 3 million deliveries across India per month.

Technology revolution is attracting startups into this sector

With all other industries undergoing a technology revolution, it was bound to come about in the logistics sphere. The pandemic put further spotlight on the criticality of logistics and supply chain. This is the reason why we're seeing a plethora of startups coming up in the domain," shares **Dhruvil Sanghvi, CEO, LogiNext**.

LogiNext co-founders Dhruvil Sanghvi and Manisha Raisinghani worked with IBM and Deloitte, helping Fortune 500 companies to automate and optimize logistics operations. Looking at the gaps in the systems from their experience, the idea for LogiNext was born. LogiNext's flagship product is a transportation automation platform used by enterprises in CEP (courier, express and parcel), eCommerce & Retail, Transportation, QSR chains, and Healthcare. LogiNext Mile is a plug & play SaaS platform which has features like route optimization, route planning, delivery associate management, advanced data analytics with actionable insights, and a great end customer experience.

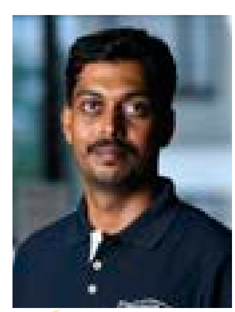
LogiNext has raised $49.5 million in all across three rounds from Steadview Capital, Tiger Global and Alibaba Group of companies. The last series B fund raise of $39 million came in February 2020 and it is being used to scale business operations across geographies.

E-commerce boom increases demand for last-mile delivery

The E-commerce industry has continuously grown even during the pandemic, triggering sustained demand for logistics services from last-mile delivery to freight forwarding services. Further, technological disruptions are creating a new normal of high-quality services in the traditionally driven industry, leading to vast opportunities for tech-enabled Startups, points **Sanjay Bhatia, Co-Founder, Freightwalla**. The company's technology stack covers three broad areas: (1) an Expedia-

Even if the initial success rate is low for start-ups in the logistics sector, they can succeed by building a robust solution which keeps cold chain products viable for an extended period of time.

- Swarup Bose
Founder and CEO, Celsius



We look forward to adding tremendous value to early-stage ideas & founders who are solving different problems. We will leverage our network and investment to accelerate bright ideas.

- Mohammed Zakkiria
Co-Founder & Partner,
ZAR Business Partners LLP

Understanding the space and finding grip in your area would take a few years. So it is critical to take a 10-20 year horizon before starting to build your company. I'd say the rate of success for a tech startup in the logistics sector is 1 in 20 (i.e. 5%).

- Dhruvil Sanghvi
CEO, LogiNext

The industry is vast and complex that can only be captured with successful overarching partnerships across geographies and associate domains.

- Sanjay Bhatia
CEO & Co-Founder, Freightwalla

like platform for costing & planning of shipments, (2) digital workflow & document management to reduce the incidence of errors & delays and (3) complete freight tracking that provides transparency to all stakeholders in the process.

Freightwalla - a digital freight forwarder - offers end-to-end logistics solutions through an online platform that provides quote break-ups and shipping scheduling data from multiple freight forwarders, carrier performance reports, price history, and live tracking services. Additionally, the platform provides several value-added services through its fleet of partners: cargo insurance, container survey, and pre-trip inspection solutions.

"We have seen many start-ups that have mushroomed addressing the first and last mile inland connectivity and a few becoming unicorns as well. This shows that the road transportation and inland connectivity aspects of Indian logistics sector so badly required a tech-based solution. There are still not too many start-ups and players who have starkly brought digital solutions for the air freight and ocean freight aspects," observes **Dr. Ambrish Kumar, Founder, Zipaworld**.

Zipaworld's uniqueness lies in the fact that all logistics services be it air freight, ocean freight, inland freight, courier services, etc can be availed from a single window. Zipaworld was launched to automate processes for air freight transactions. The platform is very helpful for checking competitive pricing options, book shipments, get automated freight documents, pay the freight online, track their shipments.

While the country is witnessing budding startups across sectors from E-commerce, education to MSMEs, What drives success of startups in the logistics sector?

The success mantra for startups

"Logistics is almost a 6 decade old industry and one of the oldest industries to adopt technology. It has just started accepting digitization and we have lot more to explore in the coming times, however in my personal believe logistics is extremely complex and any start-up that can bring simple solutions for such complex problems will create huge value. Probably this is the best time for startups to introduce innovative solutions in this sector," suggests **Biplob Barik, Co-founder, Boxnbiz**.

Boxnbiz was started in 2016 by biplob barik & Ricky goyal with a vision to digitize cross-border logistics for SMB shippers through a tech enabled platform that simplifies discovery to delivery process for an SMB exporter. Today Boxnbiz caters in variety of categories like automotive, spare part logistics, Electric vehicle & battery logistics and temperature controlled logistics for Indian SMB segment. With recent entry into temperature controlled logistics they have launched India's first & only temperature controlled logistics app for perishable exporters that will cater to small scale farmers and business to access premium rates and confirmed delivery orders from top shipping lines.

Experience and in-depth knowledge of industry problems helps

"Logistics startups need to have an experienced team behind them that provides them with in-depth knowledge and solutions about the problems of the logistics industry. It is difficult

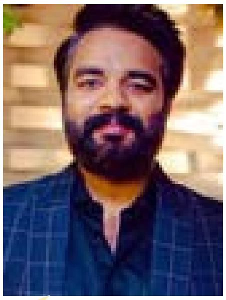
for logistics startups to sustain in the industry if they lack experience and fail to execute their ideas effectively. For instance, Celcius' team was created with industry professionals that joined us right from the beginning. We believe that this is the driving force behind our success and it can help most upcoming startups as well. Even if the initial success rate is low for start-ups in the logistics sector, they can succeed by building a robust solution which keeps cold chain products viable for an extended period of time," reveals Swarup Bose.

Delving details on how Celcius was established he says, "Over the last two decades of my experience in the industry, one key issue that remained persistent was the fragmentation within the industry. India does not has enough reefer fleet to cover all the cities and remote areas of the country and the lack of collaboration within existing assets only makes things more cumbersome. So, in 2020, when the need for an interconnected and centralized cold chain network was heightened, we decided to bridge the gap in the industry and started Celcius. Celcius is a cold chain aggregator platform; we get transporters, manufacturers and shipping companies on-board and once we have all their details fed into our SaaS-powered platform, they are free to collaborate with each other. Transporters of any capacity can reach out to and assist giant cold chain product manufacturers. We utilize the latest IoT devices, Block chain technology and integrated warehouse monitoring systems to keep track of a product's journey. Also, we assist each warehouse owner and transporter that comes on-board to upgrade to GDP-compliant storage units and vehicles. To further encourage smaller transporters to venture into the industry, we have also launched a scheme called "Vahan Vikas Yojana" that provides them with monetary benefits and support."

Celcius is the only cold chain marketplace platform in India that provides a centralised network-based solution to the fragmented cold chain industry. Celcius' platform also maps the life cycle of perishable products with live monitoring, thereby increasing the shelf life of the products and reducing the waste generated.

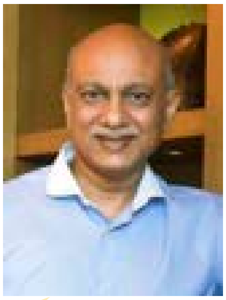
A long-term vision is important to succeed

"A long term view is very important to succeed in the logistics sector. The area is so vast and deep that just understanding the space and finding grip in your area would take a few years. So it is critical to take a 10-20 year horizon before starting to build your company. I'd say the rate of success for a tech startup in the logistics sector is 1 in 20 (i.e. 5%). It also depends on what your definition of success is. For us, success depends on clients and revenues. When you have a customer willing to pay for your service, you have a successful product. It is easier if you're starting up a 3PL or a logistics service provider and chances of success are higher but there



The kind of funding activity in the logistics sector, and the results that are being established, does not have a parallel in other startup ecosystems.

- Parinay Itkan
Founder & COO, Shyplite



Sustainability is key to success like any other sector. So if a start up with good domain knowledge is able to address specific problems, the success rate is higher.

- Sikander A.M
Group CEO & MD
Sitics Logistic Solutions Pvt Ltd

There are still not too many start-ups and players who have starkly brought digital solutions for the air freight and ocean freight aspects.

- Dr Ambrish Kumar
Founder, Zipaworld

The SME segment is undeserved by service providers such as shipping lines, banks and insurance companies therefore opens up opportunities for disruption of the existing scenario.

- Satyaue Paul
CEO, Nebiar Technologies & Solutions Pvt Ltd

is no exponential gain there as the risk is lesser," informs **Dhruvil Sanghvi, CEO, LogiNext**.

Investors look for startups that have potential to sustain

"Recently, the logistics sector has been receiving a lot of generous seed funding or early stage investments. The new-age investors are looking at solutions to revolutionise the dry logistics and the cold chain segment. VCs and Angel investors are on the lookout for innovative and up-to-date solutions and the companies that check the box and show potential of sustaining in the industry for a long time, are receiving the financial assistance that they need," informs Swarup Bose.

Blend of technology & logistics expertise: A great logistics startup must have a good combination of technology and logistics expertise. Being one of the more conservative and volatile service industries, it demands comprehensive experience in logistic complexities and excellence in the latest tech tools such as User-friendly software design, Data analytics, ML, and BlockChain to revolutionize the day-to-day operations with heightened accuracy, efficiency, and transparency.

Overarching Partnerships: The industry is vast and complex that can only be captured with successful overarching partnerships across geographies and associate domains. Freightwalla has established a wide network of partners across the globe.

Quality of Service: Obsession for quality in service would be another critical factor in success. The need of the industry is increasingly about improving efficiency and reliability, beating all the odds of traditional ways of doing business such as delayed response, non-predictive pricing, and non-transparent delivery.

Having minimal layers between customers and product/tech teams

"One absolute growth hack which complements scaling of technology is having minimal layers (preferably 1 or 0) between customer and product & tech teams. We have resolved technical issues and queries in record timelines. Some complex issues do take more time but reducing the interaction layers really helps our engineers to feel that responsibility towards the customer and their business. Another would be to work on MVP model even after launch, for every new feature or module we first always release the MVP and build on it based on the user-product feedback loop," says **Parinay Itkan**.

E-forwarding and crowd sourced transportation will be the new normal

According to a McKinsey report, 120 of the most prominent logistics startups are seven years old on average and represent an estimated 93 percent (approximately USD 26 billion) of total startup funding in logistics to date. Early and late-stage ventures are primarily expressing interest in the sector, with last-mile delivery, road freight marketplaces, and air & ocean freight startup models on the hotlist. Among recent trends, we are also observing startup growth driven by larger funding rounds instead of more funding rounds of smaller investments.

E-forwarding and crowd sourced transportation & logistics services would become the new normal towards the end of the current decade. Investors have a keen eye on this huge market potential. According to a venture funding report by Mckinsey, logistics funding startups have witnessed 17x growth beyond the average overall funding growth of 2x in the last 5 years.

The industry will consolidate going forward

"According to Pitchbook's most recent Supply Chain Technology report, venture investment in supply chain tech startups totalled $7.7 billion across 186 deals in Q1 2021, up 90.6% QoQ and 355.1% YoY compared to 2020. This is a global trend and is growing at a similar rate in India too. A lot of young tech startups are seeing investor interest but I see the trend plateauing soon as the industry is hitting a maturity stage and we'll see more consolidation going forward," details Dhruvil Sanghvi.

BIG TICKET INFRA PROJECTS IMPROVE EFFICIENCY AT JNPT

Major initiatives such as the first port-based SEZ, coastal shipping, the centralised parking plaza and inter-terminal rail handling, bring a promise of time and cost efficiency to the port users

How is the business this year compared to last year. Now, we see that the markets are slightly opening up and the impact is lesser than last year. So in terms of business, how is JNPT?

Due to the pandemic there have been supply chain disruptions and there was a demand contraction mainly in the first half of the last financial year and compared to the first wave where there was a huge contraction, this year, if at all, has been very marginally affected by the Covid. In fact, if we look at the figures and compare only up to July then the increase is as high as 60%. Basically, what it means is that there was a huge contraction in the first quarter and in fact up to September, October last year.

After October, in fact, the turnaround was quite healthy and at the end of the year, the overall decrease was about -7%. So, today when we talk, we not only have done more than the year before that. Basically, it means that if we compare it to a regular year, we are about 4 per cent to 5 per cent more of this. Despite the disruptions last year, we have been able to overcome it now and currently the figures tell us that it is almost as a normal year.

When it is business as usual, does it mean that you have the same shipping calls as last year, because we have seen during the pandemic some of the shipping lines have skipped JNPT due to shortage of exports, and now is the normalcy restored in terms of calls?

Exactly, that's what I said, in fact October onwards there was a semblance of normalcy and if you say, yes, some skips happen all the time. In that sense, when you say, in a normal year also, there could be some skips happening due to various reasons but with the pandemic as a background, overall economic uncertainty let's say which was causing some of these things. When we talk about exports today and overall imports for JNPT, I think we are very much normal.

Let us talk about the SEZ. This is the first port-based SEZ and it is visualized to be a game changer in port-led development. So, what is the current status and what do you visualize once this SEZ becomes operational?

This is the first port-based SEZ of this scale and scope. We have completed the infrastructure of about 565 crores in fact which basically includes a good plug and play infrastructure - roads, water, STP and electricity. We invite all the stakeholders to come and visit the SEZ.

Over the last two years, the big

SANJAY SETHI
IAS, CHAIRMAN, JNPT

investment that came in was for FTWZ that is the Free Trade Warehousing Zone by Hindustan Infralog Private Limited, which is basically the DP World people. So, 44 acres of land they are developing where roughly an area of 1,80,000 square metres is being developed for FTWZ. We have been taking out plots in trenches as per the demand and as per the market conditions. More than 21 plots have been allotted. The original ideation focused a little more on manufacturing. However, later on we have, as per the SEZ Act included all manufacturing and all services which are permitted.

Also, we have tenure of a nature which will help long-term investments. Now, we are also trying to encourage end-to-end kinds of solutions. There were people who need various kinds of certifications or value-added services that might include packaging, grading, sorting, irradiation in some cases especially because a lot of agri business happens from Maharashtra hinterland. So, these kinds of units are coming up in the SEZ.

It's definitely a game changer to the extent that for the first time, it provides a linkage to the bigger container port in the country which is just next to the port and the kind of time that people would factor in for getting in their exports would be curtailed in a very big way so that time and cost savings, both are huge and the land and the kind of infrastructure we are providing is very cost competitive.

The first port-based SEZ offers plug and play infrastructure - roads, water, STP and electricity. In addition to manufacturing, a lot of value-added services are coming up at the SEZ.

When you say manufacturing and services at the SEZ, in terms of manufacturing, are there specific industries that are being targeted or are there any restriction on some of the sectors, like non-polluting?

Naturally, all this is totally subject to the compliance of the Maharashtra Pollution Control Board or any other agency which has restrictions. From our side, as I said very clearly, SEZ Act provides for all kinds of industries but, these are subject to clearances which include consent to establish and consent to operate from the Maharashtra Pollution Control Board.

So, how is the response so far?

I would say that despite the Covid, when we took out 16 plots right now, we, barring one or two plots here and there, otherwise we got a good response. As I said, we are more open to now customizing the size, the tenure, etc. as per the demand of the potential stakeholders.

Let me move onto another topic that you have recently inaugurated the coastal berth. So, how is it being used?

As far as JNPT is concerned, till now, coastal shipping has been a negligible portion of the various modes that we use. Whatever evacuation happens from the port, it is mostly road and rail, and rail contributing to let's say, 15 – 16%. In recent times, that's increased a little to 17- 18% but the coast has not contributed to that.

At JNPT we have a shallow water berth where we have been dealing with cement over the years but getting deep into coastal shipping we realized that there is a lot of scope for a commodity like steel for example which we have not been doing and typically, the example given is that from Mumbai to JNPT, if we were to be doing some coastal movement, we could be saving a lot of congestion on Mumbai and Thane roads. There is a lot of Mumbai-bound traffic for example which takes the roads and goes up to Bhiwandi and then comes back again which basically means that a lot of this kind of traffic could be done by coastal.

Basically, ONGC started using it but

completely guided by the market force. So, which basically means that now on, whether we operate a terminal or whether other private guys who operate a terminal here at major ports, will be at equal ease or comfort to fix their tariffs as per the market conditions.

What are your plans to make JNPT more competitive and efficient?

So, the first big ticket that we are doing is that our terminal which for the last year has not remained so competitive mainly because of our high fixed costs over the years. So, we have just got the approval from the Government of India to put it on a PPP partnership. So, as we talk about the overall port, we are discussing this JNPCT, which is our terminal which we were operating till now, to improve the operational efficiencies as well as leverage on the bigger players' networks.

Basically, what it means is that let's say the kind of terminal operators who operate in JNPT run anything like 50 to 60 terminals all over the world and the kind of leverage they have with the shipping lines and all other stakeholders, a lone terminal which is run by a government entity definitely does not have that advantage. Apart from this, if we say, whether because of modern equipment, other efficiencies, our operational efficiencies in terms of moves of our cranes per hour etc., have definitely not matched terminals. So, that is the big part that we are coming up with mainly to improve our efficiencies.

One big initiative that we took was starting a centralized parking plaza that offers DPE, the exporters can come directly to this parking plaza without going to the CFS.

Another initiative is the Inter-terminal Rail Handling Operations Agreement, the ITRHO agreement which takes care of how they share the kind of money they need to pay for each other's traffic that comes mixed - had been a big bone of contention about two to three years back.

In DPD all those compliances related to customs being done at CFS are done at the port and just in 3 years or so the DPD percentage increased from less than 10% to more than 60 per cent to 65 per cent.

we also are awaiting formal inauguration by the honourable minister but it has not stopped us from starting a pilot thing there and as I said, oil meaning liquid, cement and steel will be the main commodities that we will be dealing with. We also have a very detailed plan of combining coastal and shallow water berths and putting it on a PPP. Basically, that an operator which could combine the efficiencies of both these available infrastructure, optimize them and create the necessary infrastructure like cement silos, etc. which can give us the most effective returns on this.

There are two dry ports planned at Jalna and Wardha. What is the status of those projects and how does it help the trade?

Jalna is about the hinterland of Marathwada region which is near Aurangabad. So, Aurangabad, Jalna, Beed, Parbhani, Latur, etc., these are the districts which are very big on agribusiness and the concept of a dry port is basically that you are getting all the facilities and compliances of the port, at your doorstep with rail infra, Customs clearance.

The first attempt was to have a kind of partnership where the private partner could get in more investment, but we realised that there aren't too many people currently ready to invest. So, what we have said is we have diluted that model where we are putting in that investment and the operator should come and start operating that. In Jalna, all the infrastructure is ready, it has a very good hinterland of the whole Marathwada, then there is BMIC Shendra node, etc. which is very close from there. All these various clusters where Jalna, Aurangabad are known for some of these commodities as I discussed, not just agribusiness but some are steel related, auto components, basically Aurangabad is very big on auto engineering.

Wardha it's in fact going to get a little better than what was conceived because we have tied up there with the NHAI's programme of MMLP with road/rail connectivity and also leveraging on the much talked about Nagpur Mumbai Samruddhi Mahamarg which gets in the linkages.

Tariff regulation has been a bone of contention for a long. Now that the rate hike has been approved, how do you think it will roll out in JNPT?

Two things right now, I mean just getting something approved by TAMP doesn't mean we implement it. So, right now in any case, till next year we have kept it on hold. So, there is no tariff increase. Second is that with the new act coming in, the role of TAMP will be over and in fact the tariffs will be for the current concessions or all the terminals which are under the current dispensations. They will have to come to the board of the port for tariff fixation. So ultimately the point there is that it will be

DBS BANK INDIA AND ODEX INDIA COME TOGETHER TO ADDRESS THE TRANSACTION NEEDS OF THE OCEAN SHIPPING INDUSTRY

DBS Bank India has partnered with ODeX India, one of India's leading digital platform for the exchange of shipping documents and facilitation of payments, to offer an industry-first platform based postpaid lending program- ODeX Pay Later Solutions powered by DBS.

Sudarshan Chari
Head- Business Banking, DBS Bank India

Why has DBS Bank India decided to partner with ODeX? What is the opportunity the bank envisages in this segment?

DBS has been at the forefront of supporting local businesses and broadening credit access to this segment. Freight forwarders usually receive payments from their customers, comprising importers and exporters, after completing service. However, they must pay shipping lines, port terminals, container freight stations and other stakeholders upfront to clear the cargo on time, which impacts their working capital. We recognised this gap and designed a financing solution that is digital, contextual, seamless and removes friction from the overall payment process. The solution allows freight forwarders to make direct payments to ship liners.

The partnership with ODeX provides the bank with an opportunity to leverage its strong digital capabilities and offer innovative financing solutions to SMEs in the shipping industry to help unlock cash flow. ODeX Pay Later Solutions is expected to empower over 8500 freight forwarders.

Is there an eligibility criterion for businesses looking to avail the credit solution from DBS?

ODeX Pay Later Solutions is available to customers that have been associated with ODeX for a minimum of 1 year and are located near a DBS Bank India SME asset branch in Mumbai, Surat, Vadodara, Ahmedabad, Chennai, Kolkata or Delhi-NCR.

Businesses with a turnover of INR 3 Cr to INR 200 Cr that have completed over five years in the same industry can avail of an unsecured loan of up to INR 50 lacs from DBS Bank. Further, they can opt for a secured credit limit of up to INR 5 Cr.

What is the process involved in availing the credit line?

Customers can log in via ODeX and make payments to ship liners by getting access to finance within the platform. A Pay Later purchase invoice discounting option will be available at the checkout point on the platform, unlocking extra funds for releasing goods on time. We leverage data from our analytics-based lending platform to digitally onboard ODeX customers.

The end-to-end process for onboarding is digital, and the approval time for the credit line is ~3 days. Once approved, the customer can dip into their credit line as per their requirement. The platform integration offers added convenience, and the customer does not have to provide invoices for financing separately.

Liji Nowal
Managing Director, ODeX India

What are the additional benefits available to ODeX customers under this partnership?

ODeX customers that are onboarded on DBS can avail themselves of all the DBS SME Banking solutions with the DBS Edge-preferred current account. They will also get access to key solutions, including DBS Digital Business Loans- the segment-flagship online credit solutions platform by DBS offering collateral-backed credit up to INR 20 Cr for the entire spectrum of micro, small and medium-sized enterprises, paperless A2 online trade transactions, an online forex booking platform, easy remittance with DBS Priority Pay, Swift GPI tracking, and much more. The customers will be able to enjoy the bank's customised offerings, complemented by the online banking platform - DBS IDEAL, for regular banking transactions and trade requirements.

How does this partnership with DBS enhance ODeX's current proposition?

This partnership with DBS is a clear and concentrated focus on serving a market that is currently underserved. The technology support from DBS will help us multiply our reach in the logistics industry, allowing us to present a complete solution suite to the customers, thereby enhancing our offerings. Moreover, DBS can identify new customers that we can tap, allowing us to increase the reach of the other solutions we offer.

FTAs CAN HELP BOOST EXPORTS

Our competitors in Southeast Asia leverage their least developed nation status to avail 10-20% tax discounts in export markets. India should ink FTAs to counter them

DR A SAKTHIVEL
PRESIDENT, FIEO

For the past one-and-half year, we have been through two waves of the pandemic and every sector has seen its share of impact. So, from the export point of view, we would like to know from you, what has been the impact on Indian exports. In July we have seen sudden increase Indian exports, almost 48% over the previous year. What is driving the growth in exports?

The pandemic has definitely hit us badly, especially during the first wave – from February end up to December 2020, the Indian, European and USA markets were all closed, so getting orders and manufacturing or exporting was difficult. From November 2020 onwards, the orders started picking up. When the second wave started the orders were coming-in because Europe and USA markets had opened, but again in March this problem came so we were badly hit. Some states in India were also closed for April and May. If they would not have been closed in April and May we would have reached more than what we are talking about, nearly 30% of the target we have achieved during this period. I am very confident that we will reach this $400 billion target which our honourable Prime Minister spoke about.

Let's focus a bit more on this $400 billion target and Prime Minister has also announced plans to drop retrospective taxation. So, what should be the strategy to proceed towards this target and how it can be achieved?

The target is achievable, but retrospective tax withdrawal will not help much to the exporters; big corporate companies sometimes default in tax payment, so it may be beneficial for them, but not for the small exporters. Some of our dues from the government such as refund of taxes, RoSCTL are still pending. We have requested the honourable Prime Minister for their quick release. After the second wave, the IES scheme has really helped us but the banks are not considering sanction of loans after February 2020. So we requested the government to intervene and instruct banks to consider the loan taken after 2020 also the banks should extend the limit we have by 20% to 25% because when orders come, the raw materials also become a little costly. To cover up the raw material and also our pre-production, so we should need some financial help for which we have requested the honourable Prime Minister.

The containers' shortage is really hitting us so badly that all of a sudden the freight charges have increased from $2000 to $6000, even though we booked orders 6 months in advance. The buyers are also not able to compensate us for the rise in freight charges. So, our request to the honourable Prime Minister is let the Shipping Corporation of India immediately import 100,000 containers so that the container shortage will be resolved. Also, we requested the government that Shipping Corporation of India or any other agency should lease big vessels because leasing a big vessel, will help us to ease up the situation and also with Make in India aspect, they should encourage more people to come in for manufacturing of containers.

Sectors like gems and jewellery, woven garments and leather products significantly contribute to our exports but they seem to be losing share in the global market. So, could you comment on what's the scenario?

After second wave of the pandemic, we started getting orders but the raw material is also an issue now because for example, for garments, the cotton yarn prices have gone up. So we requested the government to stop raw material exports, not only for cotton but also for steel and other products. For example, when I export cotton or yarn, for yarn I will get maybe 325 rupees per kilo but at the same time when I export one kilo of garments, I will get about 1000, 2000 rupees. Not only that, then you get the value addition plus employment from yarn to finishing of garments we can create many job opportunity. So, we should not encourage raw material exports because again what happens countries like Bangladesh become our competitors. They import cotton yarn from us, produce apparel and they have become a competition to us. So, to avoid this competition, we should not encourage raw material exports.

Let us focus on the challenges our export community is facing these days. Some of the challenges we come across are like liquidity issues, cost of credit, IGST return facility. How do you suggest these should be addressed?

Refund of our dues should be immediately released by the government. But recently I heard that respected Commerce Secretary said RSTL will be released soon. So, once that comes in, that will help us increase our strength in working capital and also the old dues are there like SEIS, MEIS and other things which also government should consider for releasing.

Tell us about the trade infrastructure exports scheme. What are the projects being implemented under this scheme?

We call it as TIES, the fund allocated for this scheme is very minimal - ₹75 crores and also it should be given more to the states, nearly 20 to 25 states are taking these fund. This includes setting up ICDs and CFS and testing and certification facilities, land custom stations, etc. We have asked the government that budget allocation for TIES schemes should be increased so that better logistics infrastructure can be developed, thereby reducing our highest transaction cost.

Some of our ports are not able to handle mother vessels except a few ports. So, we have to use feeder vessel to send to Singapore or Colombo for exports especially from Southern India. If the buyers expect quick delivery of goods, then government should think of increasing the infrastructure facilities at the ports.

For trade infrastructure, we have land custom stations, ICDs, testing facilities and certification facilities, then for border trade we have bazaar haats on international borders. So, how is the infrastructure at these points?

As I told you, see this fund allocation of ₹75 crores is not at all sufficient. So, at least in the upcoming FTP, Foreign Trade Policy, they should increase the allocation of ₹75 crores to ₹300 to 400 crores so that state government can play a vital role to create these facilities within the state so that exporters can be benefited.

Let's talk a bit about our neighbours and the trade in our neighbouring countries especially when the government is focusing on Act East Policy so how is our trade with Southeast Asian neighbors, Bangladesh, Sri Lanka?

Actually our neighbouring states are our competitors. When our export was $10 billion, Bangladesh export was only $5 billion. Now, the Bangladesh export is $40 billion and still we are stuck in $15-16 billion, I am talking about apparels especially because Bangladesh's only export is apparels, whereas they do about $40 billion, we are still stuck with the $15 to 16 billion for the last 4 years. The main thing that they enjoy is LDN (Least Developed Nations), so the importers don't pay duty of 10% to 12%. So that gap always gives us a big competition and exporters like Vietnam and Cambodia also are coming in a big way. Vietnam about, 4 to 5 years ago was only $5 billion but now they are doing $27 billion in exports. So Cambodia is also coming up in a big way. That's why I said government should immediately think about striking FTAs with the UK, Europe and USA. Earlier we were one of the biggest exporters to these countries, our contribution to Australia and Canada was so good, but for Bangladesh, Canada also became a duty free country so there also our export is down.

So, can the Free Trade Agreements help us here?

Yes, an FTA can be easily signed with the UK, same way I said CEPA with Canada and Australia within a certain sector and certain product can be signed. So, once Australia, UK and Canada come in, it will definitely help in a big way to increase our exports. Of course, European Union has also started having a dialogue with our government. So that also if they finish it fast, whatever hurdles are there they can be sorted out.

What are your immediate plans for the next one or two years for promoting exports?

We are going to create a virtual platform that will be 24x7, 365 days especially for the MSME exporters and also in FIEO we have started identifying what are the HS Codes being exported by our competing countries and also what are the HS Codes imported by the big countries like USA and Europe. We are also analysing which HS Codes are exported by other countries and we will compare it to the HS Codes we are exporting. In this manner we will chose certain HS Codes and promote them by supporting their manufacturers to increase exports. We are going to create a virtual platform that will be useful for MSME exporters. It will help them explore new markets in addition to the regular countries where we are exporting. Our ambassadors in foreign countries can help us to identify the potential markets which can be explored through the virtual platform.

For example handicrafts, our competitors like China or Indonesia are doing handicraft exports. We will identify those products and tell our handicraft exporters or handicraft manufacturers please come into exports, this is a good item and there is a good opportunity for this item. Same way, each product we will identify.

When I took over as the Chairman of APC, I noticed we do export 80% cotton garments and only 20% MMF garments but same exercise I did for the HS Code internationally, we found all other countries were doing 20% cotton garments and 80% MMF garments so we requested the government, please encourage us to promote MMF garment and also we told government that India has got enough yarn and fiber, for polyester exports, but we are lacking in fabric so the government has accepted our requested and PLI scheme is set to come in. There they are going to encourage more fabric manufacturers and also Man Made Fiber garments manufacturers to come into this PLI scheme.

GRANITE EXPORTS HIT BY RISING FREIGHT RATES

Rising freight rates, increase in fuel prices and shortage of shipping containers have together put the granite exporters in a dilemma about the landing cost of their exports

The granite traders in Prakasam district have been facing difficulties owing to logistic logjams caused in recent times due to the coronavirus pandemic. Factories located at the building material special economic zone at Gullapalli are unable to ship processed material to various countries due to the current logistic distress at various supply chain points. "The shipping lines have increased ocean freight rates sky-high, even though they are not allotting bookings to the USA from South India. We have been facing a shortage of empty containers for the past one year, and now due to high ocean freight rates buyers are moving their cargo slowly and we are in a kind of dilemma about product landing cost," said M Shivaram, Chief Operation Officer (COO), Jyothi Granite Exports, a leading local granite exporter from the SEZ in Prakasam district.

Shivram whose company exports Granite slab, which has a huge demand in foreign markets, like USA, Canada, Italy, Algeria, Libya and Turkey, now facing logistic bottlenecks induced by the Covid pandemic. He said that his company is not able to achieve the anticipated turnover due to these logistic bottlenecks.

"We procure raw materials 100 per cent from domestic and 50 per cent consumables from foreign countries and for both activities we use road transport. But for the finished product's export we use Adani Krishnapatnam port in Andhra Pradesh which is located near to us after Chennai in Tamil Nadu. But in recent times all major shipping lines are shutting down their operations at Krishnapatnam for unknown reasons. And we have no other option but to use Chennai port for our export needs, but compared to Adani Krishnapatnam port the transportation and customs facility charges are very high at Chennai port, and that incurs additional charges for us", said Shivaram.

The shipping lines are quoting much higher rates, sometimes five six times higher, from the regular price of $1,500 to $2,000 to transport a container to foreign destinations.

The Ocean carriers are making it imperative for shippers to buy add-on products like customs clearance and insurance to improve shipment prospects for their products. Moreover, the granite mining units are also facing shortage of labour as most of the migrant workers from Odisha, Rajasthan, Bihar, Uttar Pradesh and West Bengal have left to their native places during the second wave of the Covid pandemic.

The granite unit owners who are already reeling under logistic related problems are finding the 50 per cent increase in royalty by the State government as an additional burden. The escalation of diesel rates have also been posing difficulties for them to tap the export market for granite varieties in full. The cost of processing the raw materials like the artificial stone material has also gone up phenomenally high. The cost of artificial stone material which was about ₹8,500 per tonne earlier is now available for ₹12,500 per tonne.

Shivaram urged the State and Central governments to take initiative on shipping infrastructure immediately to stop the current spiralling ocean freight rates, otherwise the Granite traders who export most of their products cannot sell more quantities to foreign markets and can't generate revenues.

DIGITAL CAPABILITIES IMPROVE CUSTOMER EXPERIENCE

"Our self-sign-up portal 'E-zippie', revamps digital customer experience with quicker on-boarding and instant shipping solutions for MSME e-commerce brands/sellers," reveals **K Satyanarayana, Co-Founder & Director, Ecom Express**

How Ecom Express was established and what are the products/services you offer?

We incorporated Ecom Express, a dedicated e-commerce focused logistics solutions provider, in 2012 when I along with my three friends and colleagues – T. A. Krishnan, Manju Dhawan and Late. Sanjeev Saxena, who had similar professional opportunities and exposures in the Indian logistics and distribution industry, left our corporate jobs to take a shot at building our own company.

On numerous occasions, we discussed at length the growing need for an independent logistics operator who can handle the e-commerce industry's unique needs, mainly due to the burgeoning e-commerce in India. From our experience, we recognized that the industry, which was mainly served by traditional courier companies, needed a specialized service, which led the four of us to set-up Ecom Express.

This is the first private logistics company in India to have a full-state coverage strategy offered in 20 states. We have a presence in all 29 states, in more than 2500 cities spread across 27,000+ PIN codes in India. We offer end-to-end solutions, including shipment pick-up, delivery and returns, to e-commerce players. Some of our focused offerings include proprietary line-haul network, last-mile distribution using automated and intelligent

information systems, network capabilities enabling Cash-on-Delivery, pre-paid and reverse pick-up offerings.

Artificial Intelligence, Machine Learning and Big Data analytics are some of the technologies widely being used in the logistics sector. How are you leveraging on these technologies?

As the industry embraces the latest technology, we believe the next mile for us is enhanced automation, Artificial Intelligence (AI) and Machine Learning.

We are also improving customer experience by investing in new digital capabilities. With the recent launch of our self-sign-up portal 'E-zippie', we are revamping digital customer experience with quicker on-boarding and instant shipping solutions for medium, small, and micro e-commerce brands/sellers. We use cutting-edge tech and automation solutions to enable our core business offerings such as first-mile pickup, processing, network optimization and last mile delivery. We have also strengthened our operations management by investing in analytics and have significantly enhanced the efficiency of various functions, such as finance, human resources, operations, and network planning.

Recent months have seen a large number of startups entering the logistics sector. What is attracting them?

India is one of the fast-growing economies and logistics offers great potential for growth in every sector. The players, especially in the e-commerce logistics domain, continue to be driven by the growing e-commerce industry requirements compelling them to look for disruptive logistics solutions through a combination of delivery reliability, speed, and experience to add value and distinct themselves. This is not a "winner takes it all" market and there is enough space for players to co-exist, grow and be successful.

What does it take to be successful in the e-commerce logistics sector? What is the rate of success? Out of the startups that enter the e-commerce logistics space, how many actually survive?

Like many other businesses, logistics is complex and risky. No matter how much one knows about the industry or business, the knowledge always is not enough and requires constant learning. Therefore, it is strongly advised to the entrepreneurs to enter the market with expertise in logistics and supply chain management. It is important for one to be aware of the common challenges and risks associated with the business, only then will she/he be better prepared to curb the pitfalls. It is also advisable that before starting one's own company, working in logistics industry gives aspiring entrepreneurs the opportunity to gain credibility as well as form good networks with clients, suppliers, distributors, and everyone involved in the supply chain. These networks come handy later when one begins with his logistics start-up.

EXPENSIVE FUEL MAKES ECOMMERCE COSTLY

For every five per cent hike in fuel prices there is at least one per cent hike in delivery costs.

Petrol price has crossed ₹100 per litre in multiple states, while diesel is gradually inching closer to the three-figure mark. At the moment, India has the highest fuel rates among neighbouring nations. The hike in fuel prices directly impacts several sectors including transport, food delivery and e-commerce. The record high fuel prices in the recent times have made ecommerce sellers and logistics players to think on their margins while cutting other expenses to accommodate higher logistics spend. Here in this context, both logistic and D2C ecommerce sellers are even considering raising their product prices to ultimately pass on the burden to the consumer to sustain higher fuel charges.

Increasing fuel prices hit the margins of ecommerce companies

"The transportation cost is heavily dependent on the fuel price and rise in fuel prices has a direct impact on both the logistics as well as the e-commerce sector. Today, increasing fuel and associated transportation costs is the biggest challenge for e-commerce logistics. Transportation accounts for a significant share, around 30 per cent of total expenses, but as fuel prices rise, it can reach up to 50 per cent. Component of the overall distribution cost and an increase in the price of fuel negatively affects the business," said **T A Krishnan, Co-founder and CEO, Ecom Express**.

The delivery costs for logistics players have increased considerably, as for every five per cent hike in fuel prices and there is at least one per cent hike in delivery costs. The fuel prices started increasing towards the end of 2020, and as of now, it is up by over 25 per cent.

Amazon, a leading ecommerce company, has recently announced annual fee revisions for sellers across product categories and other necessities including a five per cent hike in logistics costs applicable from September 1. The logistics aggregators like Pickrr and Shiprocket are either absorbing the costs in their total margins or renegotiating with the courier partners.

Even after sharing the cost burden with courier partners the logistics costs of the ecommerce companies are still up by three to four per cent. However, the ecommerce companies are not ready to review the prices before Diwali, as they fear that any change in prices may dent their sales.

According to the some ecommerce companies the higher fuel costs have resulted in increasing around ₹3-5 per 500 gms of package shipped over air movement, and the costs have also gone up for roadways and other mode of transport. The ecommerce companies have been absorbing some part of the total costs as they fear dent in sales if they pass the burden to the customers.

"Due to the significant increase in fuel, logistics companies, like us, try to absorb the costs as much as possible. By bringing efficiency in the end-to-end supply chain using AI-powered allocation system, data intelligence, dynamic route planners etc., and brands can offset the impact to some extent. However, each increase in the price of fuel increases network costs, which has become unsustainable for logistics companies to maintain their operational efficiency and, ultimately, if these prices do not come down, impact of this will finally be felt by customers as logistics solutions providers will bundle this cost in product/service pricing itself. We hope the authorities will take effective measures that could help curb fuel price inflation, said T A Krishnan.

According to **Aneel Gambhir, CFO, Blue Dart**, "Fear of offline shopping combined with propensity to buy from the comfort of the home; helped the ecommerce sector stand strong and recover faster even during the pandemic. An increased volatility in oil prices has a domino effect on almost all factors of our business. The increased oil and fuel prices have led to a rise in transport costs. We, therefore, follow a fixed Fuel Surcharge Calculation method in Domestic and Regional services that is computed based on the Brent index. The Average index would be rounded off to the nearest dollar to determine the applicable Fuel Surcharge, thereby taking care of any fuel costs that may occur."

In the wake of high fuel prices some D2C companies prefer to use their own delivery methods instead of choosing logistics services of the marketplaces. Despite the increase in fuel prices D2C companies find the last mile delivery costs manageable, as the distance to cover for it is generally between 8 and 10 km, but they find that the middle mile costs have gone up hugely, because their factories are located far away and the distance to cover to transport them is more than 1,500kms.

Upcoming festive season a concern for ecommerce companies

As Diwali is approaching ecommerce companies are much concerned to get the trucks to deliver shipments, as there will be shortage in both middle-mile and last-mile delivery. This too may result in further jump in costs.

"At every juncture, we have ensured that our customers receive value not only for their money but for their loyalty to us. Discounted pricing during the pandemic to lessen the cost burden on MSME and Retail customers; festive season sales such as Rakhi Express, Diwali Express and Merry Express; discounted pricing for students moving abroad to pursue their further education etc. are all initiatives launched keeping the customers' needs in mind" said Aneel Gambhir.

He further said, "We adjust our prices annually with the General Price Increase (GPI). The adjustment takes into consideration account inflation, currency dynamics and other rising regulatory and mandatory costs, such as expenses related to compliance for the workforce with enhanced security regulations across the locations it services. We want to ensure that our customer is never at the short end of the stick and receives the premium service quality that is synonymous with our brand name."

The logistic partners of the ecommerce companies who are already hit by lack demand for their trucks due to Covid-19 pandemic and shortage of labour find the increasing diesel prices as devastating. According to the trucking companies in ecommerce business, almost 45 per cent of the cost for trucks is due to fuel, and with fuel prices having gone up 65 times since the onset of Covid-19 pandemic, the freight prices are unsustainable today and unless there's an immediate correction, the trucking industry could face troubles. According to them this may subsequently impact rise in product prices and consumer demand too. As almost 67 per cent of all freight in India is transported using roads, therefore the businesses directly involved in transportation are the most impacted by soaring diesel prices.

Experts feel that the government should reduce oil prices. If petrol and diesel pieces remain at their current levels or increase in future, this may directly impact the ecommerce business severely as it largely depends on transportation. If the fuel prices remain high for too long then it may have a ripple effect and may make other things expensive.

SRI LANKA BECKONS PHARMACEUTICAL COMPANIES

The Hambantota Pharmaceutical Zone will strengthen Indian footprints in the island nation. Indian companies have been making inroads into the Sri Lankan markets in the areas of food processing, pharmaceuticals, textiles, telecommunications etc.

The Sri Lankan government would be establishing a state of the art Pharmaceutical Manufacturing Zone in the southern coast of Hambantota. It will come up in two phases. The Sri Lankan government would be inviting global pharmaceutical companies to set up units in this zone. In a meeting between Dinesh Gunawardena, Sri Lanka's Minister of Foreign Affairs, and Dr. S Jaishankar, this year, Sri Lanka had invited Indian pharmaceutical companies for investment at the Hambantota Pharmaceutical Zone. What does it entail for the Indian pharmaceutical industry?

Sri Lanka has identified five new thrust industries in its strategy to create a conducive investment climate. Pharmaceutical products are one of them. Currently about 85% of the countries' pharmaceutical needs are imported. The local manufacturing plants produce the balance 15%.

Indian companies have been making inroads into the Sri Lankan markets in the areas of food processing, pharmaceuticals, textiles, telecommunications etc. The Hambantota Pharmaceutical Zone will strengthen Indian footprints in the island nation. India is among the top five trading partners of Sri Lanka and has been successfully embarking on bilateral trading initiatives since implementation of the India-Sri Lanka Free Trade Agreement in March 2000.

Four hundred acres of land has been earmarked for the establishment of the pharmaceutical zone in Arabokka, Hambantota. Expressions of Interest had been called in August 2021. In the first phase of the project, it has been proposed to establish 20 pharmaceutical manufacturing companies in 200 acres of land. The Sri Lanka Board of Investment (BOI) would be supplying all infrastructure facilities.

Cabinet approval was also granted to establish another 20 pharmaceutical manufacturing companies in another

200 acres of land under the second phase of the project.

Some of the facilities expected to come up in the zone are:

- Logistics and warehouse facilities.
- Logistic facility for cargo supply (export/import), value addition etc.
- Final product assembling, parts assembling, customizing or related value addition facilities.
- Storage, packing and labeling. Temperature controlled facilities for consolidation of products and redistribution
- Storage and packing, repacking of perishable items. Quality assurance and bar coding.

Ms Upekkha Samaratunga, Minister (Commercial), High Commission of Sri Lanka, India, in an email response to Maritime Gateway said, "The Government's ambition is to develop a Pharmaceutical vertical with a path to achieve US$1billion of exports by 2025. This makes Pharmaceutical manufacturing a key focus sector in Sri Lanka's economic development agenda."

She added, "Sri Lanka's demand for pharmaceutical products was over US$650 Million in 2019 and is expected to grow 8-10% CAGR. The Government of Sri Lanka has a near term target to increase the local contribution to pharmaceutical product demand from 15% to 40% by 2025. This makes Pharmaceutical manufacturing a key focus sector in Sri Lanka's economic development agenda."

"The Pharma zone is open to all investors," said Samaratunga. The following incentives would be offered.

- 5–10 year tax holiday
- 0% duty and taxes
- Expat employment allowed for specialized skills
- Expat income tax exempted
- No restrictions on foreign ownership and forex repatriation.

These special dispensations are being provided by the Pharma subcommittee for each individual project predicated on merit, such as the investment threshold, market orientation, value addition, employment generation and transfer of technology.

Samaratunga specified the range of production activities that they were looking for:

- Formulation of antibiotics
- Manufacture of antibiotics
- Formulation of Other products (chemical/plant extracts)
- Manufacture of other products (chemical/plant extracts)
- Manufacture of three types of main Radiopharmaceuticals commonly used in cancer treatment (I-131, TC-99, F-18). To be produced under the guidance of Sri Lanka Atomic Energy Board and Sri Lanka Atomic Energy Authority
- Manufacture of Cosmetic products
- Manufacture of Ayurvedic drugs

In an assurance to the potential investors, Samaratunga said, "The above-mentioned products have been pre-approved and fast track approval process has been obtained to facilitate investments into the Pharma Zone. This includes pre-cleared environment approvals for the said products, along with fast tracked approvals from the National Medicines Regulatory Authority."

Each phase of the project will be declared as a "Strategic Development Project" (SDP) under the Strategic Development Projects Act No. 14 of 2008. The Act among other things was promulgated to promote strategic development projects by providing tax-free period. The strategic pharmaceutical investments established within the proposed zone will be eligible for these benefits under the SDP act.

The purpose of having a dedicated Pharmaceutical Manufacturing Zone's goal is not only to meet 40% of the domestic demand for pharmaceutical products in Sri Lanka, but also to eliminate imports by generating US$ 1Billion worth of exports, by 2025.

What makes Sri Lanka an attractive destination for investors? There are several attributes - both politically as well as infrastructural. Sri Lanka has been ranked the most peaceful country in South Asia. Sri Lanka's competitive business environment enables investors to set up their business swiftly, with minimum delays, in a connected environment. The country was ranked 2nd in South Asia in the 2019 Global Competitiveness Index and 1st in South Asia for Human Capital – Skills. It has the lowest monthly Labor Cost (Manufacturing), next only to Bangladesh.

The Generalized Scheme of Preference Plus, (EU's GSP removes import duties from products coming into the EU market from certain developing countries), provides Sri Lanka an easy access to the European Market of over 500 million customers. The European Union is Sri Lanka's second largest trading partner after the United States.

Pharmaceutical Manufacturing Zone is well located in terms of logistics infrastructure support. It is about 3 Kms to the Hambantota International Port (also known as the Magampura Mahinda Rajapaksa Port). The development of the first phase of the port has already been completed and the second phase was in progress. The Chinese-built strategic southern port is expected to become fully functional as a multi-purpose port by next year. Located ten nautical miles from the global shipping route linking the Far East with the West, Hambantota International Port, is a diversified deep-water, multi-purpose port - South Asia's only deep seawater port.

Since the island is strategically located at the crossroads of major shipping routes to South Asia, the Far East and the continents of Europe and America, it makes the island a convenient port of call, both for shipping lines as well as airfreight services. There are dedicated facilities at the Mattala Rajapaksa International Airport to facilitate sea-air logistics. It is located 18 km from Hambantota.

There are other attributes that make Sri Lanka a competitive destination for investment. Sri Lanka is looking to India to invest in the pharmaceutical zone. "India has been consistently within the top three FDI sources for Sri Lanka, and a priority regional relationship. Given the Indian Pharma sector's inherent strengths and capacity, it is only natural that Sri Lanka would seek investment from established Indian players looking to expand overseas," said Samaratunga. It is a symbiotic relationship that would stand in good stead for both the nations. The prospects look good.

RICE EXPORTS TO BANGLADESH ON THE RISE

The growing demand for rice is expected to be a big boost for exporters of the commodity in India. Even though Bangladesh is the third-biggest rice producer in the world with 35 million tonnes a year, it depends on imports from other countries to deal with shortages caused by natural disasters like floods and drought.

Recently, Bangladesh has become India's fourth biggest export destination in the current calendar year. As India's exports to the neighbouring country have increased 46 per cent on an annual basis at $3.16 billion during January-March 2021. Bangladesh has secured fourth position as top export destination for India, after the US ($15.41 billion), China ($5.92 billion) and UAE ($5.34 billion). Bangladesh has achieved the status as one of the top export destinations for India largely due to New Delhi's diplomatic efforts, logistical ease and a robust demand for Indian farm produce in that country.

The surge in farm exports to Bangladesh for FY21 is driven by record-high sales of rice i.e. 13.9 million tonnes of non-basmati and 4.6 million tonnes of basmati. Whereas in FY 2019-20 Bangladesh has imported nearly 9 lakh tonnes of non-basmati rice at an estimated cost of about $30.65 million. The growing demand for rice is expected to be a big boost for exporters of the commodity in India. Even though Bangladesh is the third-biggest rice producer in the world with 35 million tonnes a year, it depends on imports from other countries to deal with shortages caused by natural disasters like floods and drought.

Bangladesh invites global tenders for rice imports

Bangladesh has invited seven global tenders for the import of 3.10 lakh tonnes of rice in January 2021 including two 50,000 tonnes and one 10,000 tonnes orders. Apart from these tenders, Bangladesh is set to import another 2.5 lakh tonnes of rice from India, which includes 1.5 lakh tonnes through government-to-government deals and others through exporters.

Indian firms, including a subsidiary of the Singapore-based company, have won five tenders, quoting rates between $405 and $418 a tonne on cost, insurance and freight (CIF) basis. While the lower bids are for non-basmati parboiled rice, the higher quotes are for white rice. The state-owned National Agricultural Cooperative Marketing Federation of India Ltd. (NAFED) has decided to supply one lakh tonnes of the non-basmati parboiled rice to Dhaka, as part of this bilateral deal.

It is noteworthy that a large chunk of rice exports from India to Bangladesh are contributed from West Bengal and the majority of the exports take place during the September to February period. The boost in rice exports has also helped other major rice producing states like Telangana and Andhra Pradesh.

As the momentum continues, other rice exporters from India too have risen up to the occasion to grab the opportunity, and there is a steady growth in terms of exports from India to Bangladesh over the recent years. As Bangladesh has recently allowed private traders to import one metric tonne of rice, apart from reducing the

Indian Rice Exports to Bangladesh

Rice	2018-19		2019-20		2020-21		2021-22(Apr)	
	Qty. (MT)	Value (₹) Cr	Qty. (MT)	Value (₹) Cr	Qty. (MT)	Value (₹) Cr	Qty. (MT)	Value (₹) Cr
Basmati	2,284	21	2,398	20	3,435	26	541	4
Non-Basmati	4,80,567	1,504	13,083	86	9,11,868	2,553	4,28,668	1,163

rice import duty. These measures could help augment Indian shipments to Bangladesh.

"There are no specific problems. Bangladesh reduced import duty last year from 62 per cent to 25 per cent which enabled large volumes being shipped. This is also reflected in growing volumes. In April 2021 movement was almost 50 per cent of what was shipped during the whole of 20-21" said Tarlochan Singh Ahluwalia, president, All India Rice Exporters Association (AIREA).

Of late, non-Basmati rice exports to Bangladesh are on the rise. The reason cited for its growth is that non-Basmati rice is exported in break-bulk vessels, while the Basmati is carried using containers only. There is a huge shortage for containers recently; this in turn has affected rice shipments as non-availability of containers lead to high ocean freight rates.

Factors helping India emerge as major exporter to Bangladesh

According to Bangladesh food department officials, the import of rice to Bangladesh may exceed 20 lakh tonnes, and India, one of the largest rice exporters in the world, may emerge as the clear beneficiary.

The reasons for India clearly emerging as the obvious choice for rice exports to Bangladesh include competitive prices compared two Thailand and Vietnam, the second and third largest exporters, and freight charges are cheaper as India is a neighbouring country to Bangladesh. Rice from Thailand and Vietnam is exported at over $400 for a tonne, whereas rice produced in India has remained at a reasonable level with a record production of the grain. Moreover, Myanmar, another leading exporter of rice in the world in recent times has been grappling with internal unrest following a coup, which made it out of the market.

Mode of transport for the exports from India to Bangladesh

When it comes to shipment of the exports from India to Bangladesh, rice exporters don't find too many issues, as there are several modes of transport available to Bangladesh including railway, road, and waterways.

"Majority shipment is by railway rakes only. But with growing volumes since rake availability has become a little issue, minor quantities have been shipped through ocean and land route as well" said Tarlochan Singh Ahluwalia.

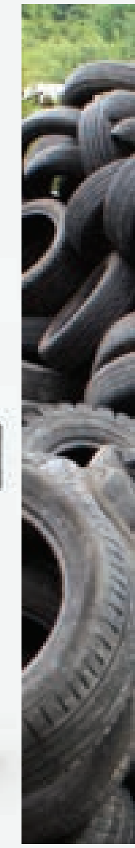
"As you are aware we have the contract to transport the commodity to Bangladesh. Currently, we are doing two shipments of 12,000 tonnes each per month via our handysize vessels Tvisha and Tuhina", said Ranjit Singh, CEO, Essar Shipping.

When asked about the cost difference between land and sea routes, Ranjit Singh said that "A differential cost of freight via land & sea normally for large quantities is in the range of 50 per cent along with reduction in movement of large volume of trucks (10 tonnes average load) & Co2 emissions".

"Our operations have been smooth and we are grateful to the governments of India and Bangladesh and the port authorities for their constant support for flawless execution of this contract", Ranjit Singh added.

The Indian exports have recently shown an upward trajectory in recent times. According to the latest data released by the Ministry of Commerce and Industry, govt. of India, the merchandise exports during April-June 2021 augmented to $95.36 billion, registering an upsurge of 85.36 per cent over the same period in April-June 2020. The agricultural and allied products export from India grew by 17.34 per cent to $41.25 billion in 2020-21. The same growth momentum is expected to be reflected in the current fiscal year also with impetus from the upsurge in the rice exports.

BANGLADESH TYRE INDUSTRY AT INFLEXION POINT



Despite the efforts made by successive governments of Bangladesh, the industrial performance of the tyre industry had been consistently poor, hampered by high production cost, rising wages and shrinking profit margins.

BY **VIJAY KURUP**

The tyre industry in Bangladesh is dependent on imports to service its domestic requirements. The country lacks indigenous production to cater to its domestic demands. Currently, it imports tyres from India, Japan, China, and Indonesia and from Europe. What ails the tyre industry in Bangladesh? Why has the country lagged behind in tyre production? What remedial measures need to be taken to remove this commodity from their import list?

Despite the efforts made by successive governments of Bangladesh, the industrial performance of the tyre industry had been consistently poor, hampered by numerous constraints. A report - 'Bangladesh Tyre Market for Possible Market Entry' - lists several reasons for slow growth of the tyre industry.

The high cost of production has been attributed to multiple factors, such as, increasing cost of capital goods, high cost of raw materials, rising cost in wages and salaries etc. have increased cost prices to levels resulting in squeezing of profit margins.

One of the biggest challenges that the industry is facing is the lack of skilled manpower. A number of shortcomings were observed. There was limited coordination between agencies, with multiple institutions focusing on the same skills set. The essential skills were being neglected.

There was lack of communications between institutions and the labor Market. Training did not necessarily lead to acquisition of a job. The system suffered from lack of regulation and quality.

Having a skilled workforce was recognized as a sine qua non for the success of any enterprise. In an acknowledgment of the need to have a skilled workforce, The National Skills Development Council (NSDC) was created, headed by the Prime Minister. The council would be responsible for setting the national skills development agenda. It would take up the challenge of skill development that was desperately required by the various industries.

The use of obsolete technology, due to financial constraints, has been a retardant in the growth of tyre industry, resulting in low production rates and low capacity utilization of the industrial units.

Shortage of raw materials, machinery and spare parts from domestic sources has been an endemic issue. An attempt was made early in the 1960s to examine whether rubber plants could be grown in the hilly regions of Chittagong district. However the experimental venture remained inconclusive. Thus an attempt at commercial cultivation of rubber, as an import substitute, remained an unresolved issue. Further the rapid

depletion of arable land because of growing population pressure, forced farmers to reclaim the marginal land for more lucrative crop production. There are currently 130 million people in a total land area of about 148,000 sq km. Under these conditions, it was highly unlikely that the volume of rubber production could be increased. Instead the focus was on increasing the yield per unit area.

In 2019, Bangladesh Rubber Board (BRB) was set up as an autonomous body of the government, to formulate and implement development plans for the natural rubber sector. The BRB also aims to extend scientific, technical craftsmanship and financial support to the private entrepreneurs to develop sustainable rubber cultivation. There are 18 state-owned rubber plantations in Bangladesh.

With the formation of BRB, a number of steps need to be taken to enhance production of rubber latex, by using High Yield Variety/improved clones, establishing modern plans, modernizing factories, creating a database, reducing wastage through proper latex harvesting technology, ensuring high quality product and improving quality of rubber. Hitherto neglected activities, such as promotion, marketing and extension of rubber cultivation, were undertaken with a view to meet the domestic needs and save foreign currency.

BRB is a member of two international organizations - Association of Natural Rubber Producing Countries (ANRPC) and International Rubber Research and Development Board. Their brief now is to "find out, collect and cultivate the most suitable rubber breed for our country, formulating and implementing international standard rubber policy and actively participating in the competitive rubber markets are some key objectives of these memberships." BRB aims to increase the production of natural latex and attain a self-sufficient level, as an import substitute measure.

BRB has taken initiative to import high yielding varieties of rubber clones from India and Sri Lanka, in order to increase the latex productivity.

Limited access to large capital investments has stymied new ventures in tyre production. Two companies Rahimafrooz Bangladesh Ltd and the Nitol Group had to exit the tyre business due to these reasons. The dependence on the import of expensive raw materials resulted in checking their foray into the tyre industry.

Inverted duty structure for raw materials, also needs to be addressed, if the Bangladesh tyre industries are to remain competitive. High tax on the raw materials enhances the price of the final product. If foreign finished goods come at a lower price, the domestic industry stands to lose. The disadvantage of the inverted duty structure increases with the increased use of imported raw materials. An inverted duty structure discourages domestic value addition.

Many rubber based industrial plants have been established in the country. These plants process natural rubber into usable rubber products. The rubber products consumed locally for

the manufacture of tyres and tubes of automobiles, bicycles and rickshaws. The total production of natural rubber in Bangladesh increased from 18,400 tonnes in 2015 to 23,000 tonnes in 2019. The target of the government is to increase the production to 200,000 tonnes by 2050.

However the country is on the move. Several factors indicate that the tyre, among other things, would emerge as a prime commodity in need. Bangladesh is beginning to develop as a major trade hub in South Asia. One Belt One Road (OBOR) or China's Belt and Road Initiative (BRI) project will stimulate all round infrastructural development of heavy industries.

With several deep-sea ports in the offing, Bangladesh, would serve as a gateway cum transshipment port for several countries in the region. The presence of heavy industries would propel the demand for commercial vehicles and by extension catalyze the proliferation of ancillary auto industries. There would be proportionate rise in demand for tires for medium and heavy commercial vehicles. These infrastructural developments augurs well for the tyre industry. With travel restrictions being progressively eased, Bangladesh could well be heading for a buoyant period.

In the national budget for FY 2020-21, the focus of the Bangladesh Government, for the second consecutive year, was on the transport sector, which again had received the maximum allocation for the highest number of projects.

The last budget had granted the tyre and automobile manufacturing industry, tax break to promote indigenous manufacturing. Tax holiday has been granted on fulfillment of certain conditions.

At present most of the demand for tyres is being met by non-branded cheap Chinese tires, which are often of low quality. Despite rising automobile sales, the replacement segment continues to hold sway with regard to tyre sales. MRF, Dunlop and Goodyear continue to sell their products through distributors. For India, Bangladesh is among the top five destinations accounting for one-third of total tyre exports.

Several foreign investors have picked up the cue and are eyeing Bangladesh as the next important destination for setting up tyre manufacturing plants. CEAT India, in a 70:30 joint venture with CEAT Akkhan Ltd, have set up a state of the art tyre manufacturing facility in Bangladesh. It would be a Greenfield facility for the manufacture of automotive bias tyres (In bias ply tyres the nylon belts run at 30 to 45-degree angle with the tread line). It is the largest investment, to date, in the manufacturing sector, by any Indian company in Bangladesh, with an investment value of BDT 424 Cr.

According to a source in CII, CEAT is the only company in India who has invested in Bangladesh. They feel that it is an opportune time to invest there.

GDP growth targets of the 7th Five Year Plan (7FYP), 2016 -2020, had called for a vibrant and effective transport network. Securing improvement in the transport system was, therefore, a major strategic objective of the 7FYP.

Apex Husain Tyre and Gazi Tyre currently meet 5% of the demand for tyres of big buses and trucks in the country with imports making up the rest. Two new groups, the Jamuna and the Meghna Group are all set to enter the market, not only to meet the domestic requirements, but exports as well. Their entry is expected to save the country around BDT 30 billion a year, which would otherwise be spent on imports. A few other companies are expected to go in for tyre production.

Jamuna Tyres and Rubber Industries Ltd, a concern of Jamuna Group, has invested over BDT 20 billion to produce tyres for big bus, truck, passenger car and motorcycle.

Meghna Rubber Industries Ltd, a wing of Bangladesh's largest bicycle tyre and tube manufacturer Meghna Group, is setting up a new BDT 5 billion plant to produce tyres for big buses and trucks.

Bangladesh is on the verge of becoming a self-sufficient market in tyre manufacturing by next year. In 2020, the market for tires in Asia was estimated at a volume of 1.3 billion with a value of USD97.4 billion, which due to the pandemic, has now been revised to a growth rate of 3.6% in volume and 3.8% in value by 2025.

Sri Lanka today is one of the largest manufacturers of tyres. It began as a tyre-retreading center. Subsequently with the introduction of free trade policies and investment promotion zones, the tyre industry has grown to be one of the best in the world. The country's tyre industry is dominated by private sector investments and joint ventures between local organizations and world leaders in the tire industry. Stiff competition, combined with cutting edge technology has given it a unique place in tyre manufacturing. Bangladesh can follow the same route.

This is the era of Industry 4.0. To meet the competition head on, Bangladesh needs to embrace automation, technology innovation and smart artificial intelligence. As a late entrant to the market, the country would need to fight its own battle to survive in the tyre industry.

As the country begins to crawl back to normalcy, with the pandemic waning, the demand for tyres is expected to increase at a rate of 9% per annum. The efforts are there in the right direction. The problems have been identified. What is required is a concerted action to be on par with the competing nations. Better late than never.

A TECHNOLOGY PLATFORM FOR SME FORWARDERS AND CUSTOMS BROKERS

"Our current focus involves FCL ocean exports, however our ambition is to extend our footprints to LCL/ imports / air in the medium to long-term both in domestic and international market," shares **Satyaue Paul, CEO, Nebiar Technologies**

How was Nebiar technologies established? Tell us in detail about your services and PAN India presence?

The idea of transpost emerged from the fact that we have a huge segment of business which is controlled by Customs brokers and MSME forwarders. If I had to put some numbers this amounts to almost 8 million teus of annual exports from India and 20% of this volume is controlled by customs brokers.

We wanted to address some of the industry pain areas as a part of our digital journey with Transpost. Small Forwarders & Custom Brokers are unable to scale up their business's due to lack of adequate resources, manual processes, lack of revolving credit, & high cost of technology. SME forwarders and Customs brokers struggle to get the right attention from the shipping lines as they are highly fragmented.

Transpost addresses these key issues through their products which includes technology driven rate procurement & booking management service, Cargo Insurance and trade & Freight finance for its members. Being a technology platform, we have no boundaries or limitations, currently our services can be availed by our members at PAN India level. Our current focus involves FCL ocean exports, however our ambition is to extend our footprints to LCL/ imports / Air in the medium to long term both in domestic & International market.

What is unique about Nebiar technologies?

Our customer may not want to invest in buying high-cost technology but are extremely open to renting the technology on usage level. Transpost platform essentially functions as a managed service and not a pure self-service technology option as small 3PLs tend to lack the ability to fully utilize logistics enablement systems.

The differentiating part of us is our perfect blend of technology & human touch. Our On-boarding team works closely with our member offices to onboard them on our platform and ensure our customers are able to take advantage of each & every features on our platform. Some of these onboardings goes on for weeks to ensure smooth adoption.

What does it take for startups to be successful in logistics sector? what is the success rate of startups in logistics sector?

Logistics industry is evolving and the structural lines dividing sectors within the market are increasingly fading. The trend is likely to put continuous pressure on overall profit margins and will create the need for Startups to differentiate themselves seamlessly. In the logistics industry, service providers, asset or non-asset based, will have to diversify their activities in direct response to customer needs.

The ability for start-ups to have an adaptive model would increase their percentage of success. The logistic industry is evolving at a rapid speed hence any business model should have the flexibility to change shape & form will have higher viability in the long run

How is the scenario of seed funding/investments availability in the logistics sector? what is attracting investors to invest in this sector?

Logistics sector has been somewhere at the bottom of the digital revolution pyramid if we compare to banking or some of the other sectors. The past few years has seen significant shift due to some government policies, pandemic impact and also a genuine need for transformation. This change has started creating more interest for investors in this segment more than ever before, however there is still a huge catching up to do B2B start-ups especially in logistics is a massive market. The space is large enough to accommodate 10–20-billion-dollar companies that can execute well, and generate strong revenues and bottom-line. This makes the space automatically interesting to investors.

ELECTRIC VEHICLE IN THE TOP GEAR

The government is pushing to promote EV production, but dependence on China for component imports is a hindrance

In order to curb the spiralling oil costs, increasing dependence on crude oil imports, and grasping vehicular pollution, the govt. of India has urged vehicle manufacturers to ramp up production of Electric Vehicles (EVs). The zero-emission EVs manufacturing costs in the country are likely to be reduced with the substantial decline in prices of lithium-ion batteries, a key component. The recent policy shift adopted by the Union Government in the annual Budget 2021-22 to switch to alternative technologies like hydrogen fuel cell-driven EVs, and announcing scrappage scheme to help boost manufacturing of EVs to meet domestic demand spike and subsequently can also to push exports from the country.

"An electric vehicle in line with any other sustainable solution has a very low operating expenditure. Considering a typical commercial use case with a daily usage of 100+ km, the operating costs can be reduced by over 70 per cent with an electric vehicle as compared to the diesel counterparts. Furthermore, an electric vehicle is much simpler in design and has fewer components resulting in lower maintenance requirements and correspondingly lower operational costs. In fact, the extremely low operational costs allow the adoption of leasing models to offset the higher upfront amount while also being the most cost competitive solution in the market," said **Dr Akshay Singhal, Founder & CEO, Log 9 Material.**

EVs market in India

Indian EVs manufacturing is currently at a nascent stage with barely one per cent of the total vehicle sales. Much of the EVs in the domestic market are low-speed electric scooters (less than 25km/hr) that do not require registration and licenses and most of them run on lead batteries to keep the prices low. Besides this low life of batteries and battery failures have become key restrictive factors for their sale. Even though some manufacturers have taken great initiatives to install charging stations, it has witnessed a very limited success.

"There are four types of players in the electric vehicle value chain in a broad sense. The fleet operators and companies which purchase and employ electric vehicles are at the first level. At the next level, there are the OEMs, sourcing and assembling the parts of the electric vehicle. At the third level are the battery level assemblers, manufacturers, and the final level consists of battery cell manufacturers. While the first and especially the second level are flush with players, the third and fourth levels are untapped with a complete dependence on imports," said Dr Akshay Singhal.

But the segment has the potential to grow exponentially depending on the incentives offered by the government. Of late, some of the state governments have taken initiatives to become manufacturing hubs for EVs in the country.

On the domestic market front the Union government under its flagship programme 'Make in India', is considering implementing a temporary import duty cut for EVs to pave the way for major EV automakers like Tesla to set their foot in Indian EV market and create much needed charging infrastructure and other key components in the country. Currently, India is imposing about 60 per cent of import duty on cars that are priced below $40,000 and 100 per cent for those above that price.

Further, for promotion of electric vehicles in the country, GST on such vehicles has been reduced from 12 per cent to 5 per cent; GST on chargers/charging stations for electric vehicles has been reduced from 18 per cent to 5 per cent.

The central govt has also advised state governments to waive road tax on EVs to help minimise initial production cost of these vehicles. As per the Union government estimates, electric vehicles will form 30 per cent of all private cars, 70 per cent of commercial vehicles, 40 per cent of buses and 80 per cent of two- and three-wheeler sales by 2030.

Referring to the creation of demand for the EVs in India Dr Akshy Sehgal said, "From a demand perspective, the primary requirement is of an extensive charging infrastructure. On the other hand, auxiliary infrastructure for the supply chain of electric vehicle components, their maintenance and servicing including training of personnel, new-age insurance products for both EVs as well as batteries, and organised EV financing in the cargo sector need to be developed for full-fledged adoption of EVs in the target segment."

In July 2021, Maharashtra government under its Electric Vehicle Policy 2021-2025, took initiatives to

facilitate adoption of electric vehicles through price drop incentives and subsidies for both consumers and manufacturers. The new revised Faster Adoption and Manufacturing of Hybrid and Electric Vehicles (FAME II) incentive of Maharashtra has an outlay of ₹9.3 billion ($124.97 million) and intends to make the state India's top producer of battery EVs in terms of annual production capacity. The state govt's EVs policy includes objectives such as attaining 25 per cent electrification of public transport and last mile delivery vehicles by 2025, converting 15 per cent of the total 18,000 MSRTC existing bus fleet to electric vehicles, and establishing targeted charging infrastructure.

Epsilon Advanced Materials Pvt has proposed to set up the first manufacturing unit for lithium-ion battery parts in the country in the state of Karnataka. The company plans to invest 60 billion rupees ($807 million) to produce 100,000 tonnes of synthetic graphite anode by 2030, or about 10 per cent of estimated global demand. Currently China has been producing more than 80 per cent of the world's supply of these anodes, which are the negative electrode in lithium-ion batteries and account for a quarter of a cell's components.

Problems associated with charging infrastructure and components

The development of electric vehicles production and market in India depends on the expansion of charging infrastructure and other auto components by automakers. But currently the country imports ten times more auto components from China than it exports. China is the leading manufacturer of EVs and battery technology in the world with up to 60 per cent of the market share. The gap in imports and exports is posing a threat to the local auto component manufacturing ecosystem.

The non-existent hardware manufacturing base in India has been compelling the Original Equipment Manufacturers (OEMs) to depend more on Chinese imports. According to the experts in the EV manufacturing segment, India is largely dependent on the DC motors from China. Moreover, there is no established EVs part making ecosystem in India, which is forcing the EV auto makers to import electrical components, and steering gears.

"The scope for the manufacturing of batteries along with the ancillary components is huge considering the massive market potential of our country and the severe under penetration of these industries locally. Right from processing of battery-grade raw materials such as graphite, development of ancillary components like fuse, relays, connectors, steel casing among others have potential. The government's PLI scheme is a step in the right direction, and can be followed up by building a localized industrial ecosystem for battery/cell level manufacturing," said Dr. Akshay Sehgal.

Citing the use of electric vehicles by the e-commerce Dr. Akshay Sehgal said "Electric vehicles (2/3-wheelers) for e-commerce and last-mile delivery present the best use case from an economic, cost per km standpoint as well as create the maximum impact on emission reduction from an environmental perspective. The use of electric vehicles in cargo can be promoted by building a supporting charging infrastructure network. Additionally, awareness needs to be created among fleet operators on the concepts of 'Total Cost of Ownership', and cost per km metrics." He further said that "Most importantly for driving adoption in this sector, one needs to solve for three key challenges which batteries possess in this segment, Charging Time, Power Output and Life of Battery. With our Rapid Charging Battery Packs Log9 is offering more than 9 times faster charging speed, up to 9x times higher power output and more than 9x life on the battery packs as compared to conventional EV battery packs."

If the EVs market in India has to thrive both domestically and internationally through exports, indigenous technology development is imperative when it comes to manufacturing capability for powertrain components such as motors, and power electronics.

TURBULENCE AT SEA

Regarding the merchant navy as a career, the psychographics have undergone a change, with more and more cadets coming from the hinterland with perhaps a low perspective of the demands of a career in the merchant navy

BY **VIJAY KURUP**

The demand for seafarers in 2021 has outpaced supply. At present there is a shortfall of 26,240 Standards of Training, Certification and Watch keeping (STCW) certified officers. Why is there a dearth of certified officers? Is it because the sheen of a career at sea is wearing off? Or are the emoluments not attractive anymore?

The Baltic and International Maritime Council (BIMCO) and the International Chamber of Shipping, predicts there will be a need for an additional 89,510 officers by 2026 to operate the world merchant fleet on the back of growing demand for STCW certified officers.

STCW certification was created to promote safety of life and property at sea and to protect the marine environment. It establishes internationally accepted standards of training and certification of seafarers, ensuring that crew are qualified and fit for duties at sea.

An estimated 1.89 million seafarers currently serve the world merchant fleet, operating over 74,000 vessels around the globe.

The Russian Federation, Indonesia, China and India are the largest suppliers of seafarers. India is the fifth largest. The five main suppliers of STCW seafarers are Filipino, Indian, Chinese, Ukrainian and Russian.

What about India? Is there a shortage of seafarers here? **Dr (Mrs) Malini V Shankar**, IAS (Retd), Vice Chancellor, Indian Maritime University, in an exclusive interview to Maritime Gateway said that in her opinion there was “no shortage of seafarers in India, either in the deck or officers category.” She further added, “On the other hand, the cadets who graduate (both on the Engineering or Nautical branch) struggle to find a training spot on board ships - a mandatory requirement for them to obtain competency certificates and work on board ships.”

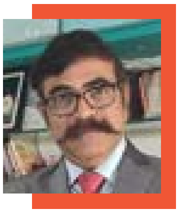
“From a purely urban choice as a career in the Merchant Navy, there has been a paradigm shift to the hinterland locations," Dr Shankar said in justification. “Regarding the merchant navy as a career, the psychographics have undergone a change, with more and more cadets coming from the hinterland with perhaps a low perspective of the demands of a career in the merchant navy,” she explained.

With regard to remuneration, Dr. Shankar said, “Emoluments too have not been a source of dissatisfaction. As far as emoluments go, seafaring is still an attractive proposition; however, the seafarers prefer to work on board foreign flagged ships as the emoluments are free from income tax (which is not the case if they work on board Indian flag vessels).”

Offing Maritime Education & Career Guidance institute conducted a survey and found that there were a large number of maritime professionals in

India. Despite the investment of time and money, a large number of them were left unemployed.

Capt Gajanan Karanjikar, Independent Port consultant with Major MNCs and President AIMPA, said to Maritime Gateway,"The Maritime cadets are not short on demand supply ratio but yes to create India as Major Maritime manpower supply nation, the number of cadets that we create are less, which would affect the future cadre in the world."



On the cachet of a career at sea, Capt Karanjikar said, "The institutes are not having full classrooms, is the fact. Indeed, the glamour associated with the profession is wearing off due to issues of cheating during employment as well as there are many other careers which are offering better work life balance." He elaborated further, "Todays' gen Y and Gen Z kids are looking for a better work life balance and due to their personality traits of bringing up in millennial society, the merchant navy or such a hard working is no more their choice."

Nils Haupt, Senior Director Corporate Communications, Hapag LLoyd AG, in an email response to Maritime Gateway, too averred on the insufficiency of seafarers. He said, "We don't see this problem. We have an own education program for our seafarers and every year we hire around 35 apprentices for on board jobs within Hapag-Lloyd. After three years they finish the apprenticeship and most of them are taken over by us – and continue their career onboard. We are a very attractive employer for seafarers and offer very good chances for a career in container shipping."

The Maersk Media Relations Manager for West & Central Asia also expressed these views. He expressed the opinion that they "actually do not see a drop in the number of officers taking up the profession or even a shortage in the immediate times." Further adding a caveat, he said, "this could be true for some trades/other sectors, than containerized shipping and therefore, we will have to see it a bit in detail."

But yet worldwide, there is a prediction of a growing shortage of seafarers. It appears that at the recruitment level the interest to look for a career at sea remains unabated. It appears that each country produces enough cadets to service its own maritime requirement. But the numbers fall dramatically when it comes to countries where they depend on foreign cadets to service their own Merchant Navy.

The Marine Transport Workers' Trade Union of Ukraine is the largest national industrial union who have trained more than 80,000 workers of the maritime industry, in an e-mail response to Maritime Gateway said, " Analysts believe that one of the reasons for the officer's shortage is the decrease in the attractiveness of the seafarers' profession. Despite this, the job is gaining popularity among Ukrainians. It is one of the few professions to honestly receive a really high salary."

A Master Mariner who did not wish to be identified said, "There could be a combination of reasons for the seafarers opting to leave." He identified four plausible reasons.

- With the introduction of the Internet in ships, sea life had become more insular. The camaraderie among the colleagues has been a casualty." Sailors are often seen hunched over their laptops. "For some, this has only increased loneliness. They yearn for convivial companionship," he added.
- "Strict prohibition of consumption of any kind of alcoholic beverages." The International Chamber of Shipping (ICS) and Oil Companies International Marine Forum (OCIMF). International

Maritime Organization (IMO) has recommended a maximum of 0.08% blood alcohol level (BAC) during watch keeping duties as minimum safety standard on ships. However, the amount of BAC allowed could differ from company to company. Some lines allow a maximum of 0.04%, during non working hours most lines have enforced complete prohibition on board their ships. "Prohibition is of course here to stay. There is no question of diluting its provisions," he added.

- The disenchantment to continue sailing, among the senior officers, could also be attributed to the fear of wrongful arrests resulting in long periods of incarceration. He felt that in quite a few cases, currently subjudice, the arrests of senior officers, were unwarranted.
- Rise in maritime piracy has been a big shocker for personnel aboard the ships. The horror stories that have emanated in the non-too distant past would douse the ardor of any enthusiastic seafarer. Though incidents of piracy have declined considerably, nobody doubts that the menace has been entirely deracinated.

The Seafarers Happiness Index was designed to identify those reasons. The survey served to reinforce and establish a few basic requirements; the seafarers yearn for, while sailing out at sea. Since the survey was conducted during the throes of the COVID-19 pandemic, the dissatisfaction among the seafarers had perilously nosedived. The trauma undergone by the current batch of seafarers, stranded at sea, could have an influence on future recruits. It is an eye opener of the unsavory side of sailing when a situation goes astray for an extended period of time. One equivocal requirement that all sailors expect is the certainty of going ashore, at the end of their stint at sea.

With the introduction of the Internet in ships, sea life had become more insular. The camaraderie among the colleagues has been a casualty. Sailors are often seen hunched over their laptops. For some, this has only increased loneliness. They yearn for convivial companionship.

MTWTU also stated that the COVID-19 pandemic aggravated the situation and exacerbated many problems associated with working on ships, and some seafarers even considered retirement, while others decided to switch for shore work. But as per their information, Ukrainian seafarers got hired more often to work under a foreign flag due to the more stable pandemic situation in the country unlike their main competitors in the market - India and the Philippines.

There was grouse among the crew of unremitting work pressure. The general perception was that "ships are working harder than ever to deliver on the demands of trade. Seafarers spoke of feeling constant stress and pressure." Many felt that there was an increasing demand for paperwork, which is being done at the expense of the safety of vessels. They also felt that their administration work extended beyond their brief. There was a constant demand from shore officers, which they viewed as an interruption in their routine work.

With increasingly stringent maritime regulations coming up each year, the pressure on mariners has increased manifold. New environmental compliances, new codes, advanced training guidelines have all added up to make their work stressful. One cannot deny the fact that life on board ships has become extremely hectic. With more stringent maritime regulations coming up each year, life as a seafarer has become increasingly hectic, laborious, and monotonous. Increase in paperwork, advanced training guidelines, new codes, and rigorous safety and environmental laws have made the lives of seafarers extremely hectic on board ships. Moreover, many seafarers have also stated poor management of manpower on board ships as a reason for increase in workload. An already hectic life on ships is becoming even more hectic every year.

Is there disenchantment to remain in the sea that is causing the drain? Is the situation so dire? Or are these the pronouncements of the Cassandra's? A more comprehensive investigation is required, before the situation progressively worsens, seriously affecting the pulse of the supply chain.

We have already witnessed in recent months the terrible consequences of the disruption in the supply chain. It has been a force majeure situation, no doubt, but it gave us more than a glimpse of the extent of how things can go awry. We have been forewarned. It is time to sit up and take note.

SPECIALISED LOGISTICS NEEDS DRIVE DEMAND FOR 3PL

Outsourcing logistics support to not only brings down their conventional costs but also to build-in operational competences in their industry-specific activities

The Third-Party Logistics (3PL) sector in India is set to grow phenomenally along with its key growth drivers including E-commerce, digitization, and infrastructure modernization. According to the recent report unveiled by Technavio, a leading global technology research and advisory company, the Indian 3PL market is set to grow by $10.74 billion at a CAGR of 8 per cent during 2021-2025. Mordor Intelligence, another study puts the growth of Indian 3PL at 11 per cent during the same forecast period.

The global 3PL market was accounted for $1027.71 billion in 2019, and is expected reach $1,789.94 billion by 2027 registering a CAGR of 7.1 per cent from 2020 to 2027. It is noteworthy that the Asia-Pacific (APAC) region claimed majority share in the global 3PL market in 2019. While, the Indian 3PL market remains to display its promise with the introduction of recent tax reforms, and the behavioural shifts in consumer patterns such as preference for online shopping, and other industry and government advantages to build capacity and infrastructure.

The recent reports on 3PL market in India suggest that it is expected to be driven by growth in sectors like fast-moving consumer goods (FMCG), manufacturing, retail, and e-commerce, as they need specialized logistics support and complex solutions for better management of their supply chain processes.

These respective industries are keen on outsourcing logistics support to not only brings down their conventional costs but also to build-in operational efficiencies in their industry-specific activities.

What do 3PL providers offer?

Third-party logistics (3PL) is the function by which a manufacturer subcontracts tasks related to logistics, distribution, and management of customs, which are essential to the supply chain. They offer dedicated services including inventory management, transportation management and brokerage, warehousing, consolidation, distribution and fulfilment, international logistics management, like air and ocean freight forwarding, and customs brokerage, etc.

The key segments of 3PL support include transport, railways, roadways, waterways, and airways. The service type includes dedicated contract carriage (DCC), domestic transportation management, International transportation management, and warehousing and distribution.

Some of the major 3PL players in India are DHL International GmbH, Mahindra Logistics, All Cargo Logistics Limited, Kuehne + Nagel, TVS Logistics Services Limited etc.

3PL firms driven by increasing demand for industrial warehousing

Recent reports indicate that leasing of industrial and warehousing areas crossed 10.1 million sq ft in H1 2021, in the Indian metro cities like Bengaluru, Chennai, Delhi NCR, Mumbai, and Pune. This increase in demand has been put down to 3PL firms as well as e-commerce. The industry projections show that increased emphasis on essential activities by large businesses and subcontracting logistics to 3PL players has altered warehousing into a vital business segment. Besides this, Goods and services tax (GST) reforms are likely to increase the growth of this sub-sector in India.

It is estimated that the market value of warehousing in India is set to reach nearly $6 billion in 2025, from $2.1 billion in 2018. Industry reports also project growth of transportation logistics to be at $11.9 billion by 2025, witnessing a drastic leap from $3.5 billion in 2018.

3PL market in India

The Indian logistics market is progressing well owing to the technological and infrastructural developments in addition to various policy reforms taken by the government including introduction of e-way bills, fast-tag, e-invoicing, GPS-based toll collection, etc. It is estimated that the estimated size of the Indian logistics market is projected to reach $215 billion by 2022. Currently, logistics accounts for 14 per cent of India's GDP cost, as against seven to eight per cent for developed countries, with the lack of automation being a major factor contributing to high costs.

However, with increasing technological penetration and fast evolving infrastructure, India stands at the crossroads – facing enormous opportunities for growth in the sector to equal global growth trends.

Digital transformation

The rapid pace of digital transformation is redefining Indian logistics. Automation, artificial intelligence, machine learning, data analytics, and the Internet of Things (IoT) are significantly contributing to increasing operational efficiency.

Moreover, the decreasing cost of technologies like cloud computing, GPS trackers, IoT sensors etc. is also enabling small scale logistics companies to modernize their systems.

Additionally, digitization of payments too has found increased adoption in India, especially after the onset of the COVID-19 pandemic, and this has reduced the cash handling requirement of 3PL industry to some extent. Prior to the pandemic, the preference among Indian consumers for cash on delivery (COD) transactions was considered a challenge for logistics providers as their cash handling requirement was estimated to be around US$8 billion.

Infrastructure modernization

Infrastructural development like dedicated freight corridors, free trade warehousing zones, logistics parks, and container freight stations are expected to improve the efficiency of the Indian 3PL market. The National Highways Development Project aims to expand India's current expressway network of 2000 km and plans to add 18,637 km of greenfield expressways by 2022. The Bharatmala project is aiming to construct 83,677 km of highways by 2024.

Government initiatives like National Infrastructure Pipeline, Sagarmala, and the recently introduced National Monetization Pipeline are expected to further give a boost to the 3PL market and substantially aid last mile delivery capabilities in India.

Connectivity infrastructure for third party logistics in India

At present the 3PL market in India is fragmented and is assumed to remain so till 2024, according to the Technavio report "Third-party Logistics Market in India by End-user and Service – Forecast and Analysis 2021-2025".

This implies that the 3PL market will be highly competitive without any dominant players.

Future of 3PL in India

The 3PL sector in India is poised for robust growth, sustained by new technological adaptation and enabling infrastructure. According to India market analysts, it is speculated that over the next few years, the 3PL sector might also evolve aggregator models.

Furthermore, with India intending to move towards zero net emissions across industrial sectors, green logistics will likely become an important segment as more companies will adopt corporate strategies where they are able to reduce their carbon footprint, integrate sustainable solutions, and ensure competitive operations. Some e-commerce giants have also pledged to go electric, and these trends align with India's own government-supported push for greater adoption of electric mobility.