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Bangladesh Opts for Direct Shipping

SHIP MANAGEMENT
Spare a Thought for the Seafarers

TRANSHIPMENT
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THE THREE PILLARS OF KUEHNE NAGEL'S STRATEGY CUSTOMERS, TECHNOLOGY & PEOPLE

COEN VAN DER MAAREL
MANAGING DIRECTOR, KUEHNE+NAGEL INDIA, SRI LANKA, AND THE MALDIVES

COASTAL SHIPPING

DRAGGING ALONG PERENNIAL ISSUES

Coastal shipping continues to struggle with perennial issues – be it the absence of return cargo, shortage of the right kind of vessels, high operating cost and lack of first and last mile connectivity, which prevent it from becoming cost competitive to road and rail.

IS INDIA TRULY ON THE PATH OF EXPORT GLORY?

If the growth in export value is influenced by unanchored inflation, the value effect will die down as the prices stabilize.

In a recent study the International Monetary Fund analysed past 30 years data from 143 countries and concluded that shipping costs are an important driver of inflation around the world: when freight rates double, inflation picks up by about 0.7 percentage point. Most importantly, the effects are quite persistent, peaking after a year and lasting up to 18 months. This implies that the increase in shipping costs observed in 2021 could increase inflation by about 1.5 percentage points in 2022.

Higher shipping costs hit prices of imported goods at the dock within two months, and quickly pass through to producer prices—many of whom rely on imported inputs to manufacture their goods.

Rising shipping costs affect inflation in some countries more than others. Countries that import more of what they consume see larger increases in inflation, as do those who are more integrated into global supply chains. Similarly, countries that typically pay higher freight costs—landlocked countries, low-income countries, and especially island states—see more inflation when these rise.

This could be one of the reasons why the Biden administration in the US targeted high freight rates as a major culprit for rising inflation, which in fact increased at its fastest pace in the past 40 years. The price to transport a container from China to the West Coast of the United States costs 12 times as much as it did two years ago.

Back home in India as well the depreciation in rupee is pushing inflation up, but is making the exports competitive as well. India is gradually moving towards exports which have larger value in complex global supply chains, such as petroleum products, engineering goods, iron & steel. Moreover, India has seen a significant jump in exports to developed markets in April-Feb22, as compared to pre-pandemic years.

Factors such as easing of covid restrictions, massive fiscal stimulus by the government and a liberal stance by global central banks also contributed to India's export growth. Additionally, there were severe externalities like covid's 2nd wave in India, worsening supply chain disruptions, the Russia-Ukraine conflict followed by sanctions on Russia, and the recent resurgence of covid in China. All of this led to considerable volatility in commodity prices of crude or agro products, among others traded by India. If the growth in export value (value=price x quantity) is influenced majorly by unanchored inflation of the commodity, the value effect is doomed to die down as the prices stabilize in the future. But if not, then India is truly on the path of export glory.

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

EDITOR AND PUBLISHER
R RAMPRASAD, ramprasad@gatewaymedia.in

ASSOCIATE EDITOR
OMER AHMED SIDDIQUI, omer@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

FINANCE
RAKESH U

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EDITOR: R Ramprasad

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CONTENTS

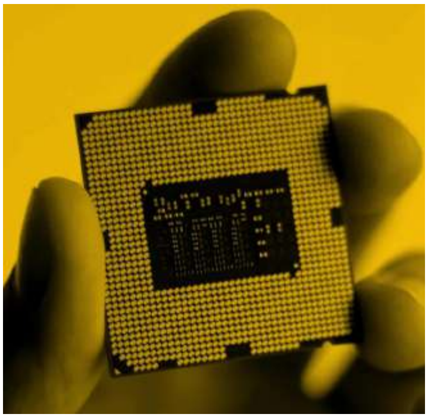
COASTAL SHIPPING
DRAGGING ALONG PERENNIAL ISSUES

Interviews

Others

GLOBAL SEMICONDUCTOR SHORTAGE EASES

Auto sales in June advanced for most manufacturers as the global semiconductor shortage, which had been crippling production for a year and a half, is easing.



Auto sales in June advanced for most manufacturers as the global semiconductor shortage, which had been crippling production for a year and a half, is easing. Auto companies in India count dispatches to dealers as sales.

The combined sales at the top eight passenger vehicle makers rose year-on-year by 25 per cent to 292,461 units from 234,025 in the corresponding period last year.

Except the market leader, which had a muted dispatch compared to last year, most saw sales increasing in high double digits.

Analysts expect the good run to continue for passenger vehicle makers because they bring in new models in the run-up to the festive season to make the most of the robust demand. June alone saw three new SUV models -- the new Venue, Scorpio-N, and all new Brezza.

"The supply chain bottlenecks, particularly the semiconductor availability, have improved and it shows in the volumes," said Hemal Thakkar, director, CRISIL Research.

CRISIL expects the passenger vehicle market to end the year with 14-15 per cent growth year-on-year and surpass the peak FY19 volumes.

Maruti Suzuki dispatched 128,999 units to its dealers in June as against 128,432 units in the same period last year. The shortage of electronic components had a minor impact on production, mainly domestic models.

"The company took all possible measures to minimise the impact," Maruti Suzuki said in a statement.

Reinforcing the trend of a rapid shift from entry-level small cars to pricier models, sales of the Alto and S-Presso declined year-on-year by 17 per cent during the month. Maruti Suzuki launched the new-generation Brezza on Thursday. It's the first among the multiple SUV models it plans to launch in its attempt to recoup the ground it has lost to its South Korean and Indian rivals.

Maruti Suzuki has got over 46,000 bookings for the new Brezza since it went on sale.

Thakkar expects the car segment, particularly the entry-level ones, to remain under pressure amid the inflationary trend, rising fuel prices, and the shift in buyer preferences.

"I won't be surprised if the segment ends the year with a decline," he said.

Riding on the new Venue, the subcompact SUV, sales at Hyundai Motor India increased 21 per cent year-on-year to 49,001 units. Hyundai has got over 30,000 bookings for the new model since it went on sale on June 16.

"With the semiconductor situation showing signs of easing, sales have again started showing a positive trend. Further, the newly launched Hyundai Venue has created excitement in the market space and has been receiving tremendous customer response," said Tarun Garg, director (sales, marketing and service), Hyundai Motor India, in a statement.

Meanwhile, continuing to cement its position in the passenger vehicle market, Tata Motors saw its sales jump 87 per cent to 45,197 units. It was a month of record sales for Kia Motor India. The local arm of Hyundai sold 24,024 units in June, up 60 per cent year-on-year.

Mahindra and Mahindra (M&M), which faced a severe shortage of chips till a few months ago, too saw its sales grow at a fast pace during the month at 26,880 units, up 59 per cent year-on-year. The company launched the Scorpio-N on June 27, and this is expected to help it regain share in the SUV market and capitalise on the demand. The model will be put on the market in the festive season.

"We had a blockbuster launch of the Scorpio-N and it has generated a tremendous buzz and anticipation. The supply chain situation continues to remain dynamic; we are monitoring the situation closely," said Veejay Nakra, president, automotive division, M&M in a statement.

Meanwhile, sales at Skoda Auto also hit a record high — 6,023 units in June against 734 units a year ago, as the company reaped the benefits of the new launches.

Zac Hollis, brand director of Skoda Auto India, attributed the brisk volume to the popularity of launches like the Slavia and Kushaq, coupled with the revamp of its after-sales strategy.

"Our dealerships in Tier 2 and Tier 3 cities are registering record sales, which means that our products are becoming popular across geographies. While we are identified as a premium brand Skoda is no longer identified as a luxury brand. The integration of dealerships with service centres has helped to bring after-sales closer to the customer," Hollis said.

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COASTAL SHIPPING

DRAGGING ALONG PERENNIAL ISSUES

Coastal shipping continues to struggle with perennial issues – be it the absence of return cargo, shortage of the right kind of vessels, high operating cost and lack of first and last mile connectivity, which prevent it from becoming cost competitive to road and rail.

In spite of the government's push and industry leaders advocating the advantages of coastal shipping at various forums, there hasn't been any significant growth in coastal shipping over the years. The share of coastal shipping is about 6% of the total domestic cargo being moved in volume terms, even though several studies have revealed that the cost of transportation from North to South and vice-versa can be reduced by 30-40% by using multimodal transportation with a combination of road-rail and sea transport.

Detailing on the scenario, **Mr. Rakesh Singh, Hon-Secretary, The Indian Coastal Conference Shipping Association (ICCSA)** says, "There are about 1000 Indian flagged vessels that qualify as coastal shipping vessels in India. Out of these, 70% are non-cargo carrying vessels, as they provide support services to ports and offshore operations such as tugs. The remaining 30% of the vessels carry cargo which is mostly bulk in nature like coal, flyash and some containerised cargo as well. There are ships with 20,000 to 40,000 tonnes carrying capacity moving bulk commodities from one Indian port to another."

The share of domestic cargo using coastal shipping is the lowest in India, in comparison to the developed economies. The below table gives a fair idea of where India stands in the global scenario in coastal cargo movement.

Country	Coast Line (km)	% share of Domestic Cargo
India	7,517	9
USA	19,924	14
China	14,500	20
Brazil	7,491	23
Japan	29,751	42
EU	68,000	43

Pattern of Coastal Cargo Movement

Lighterage operations account for a significant share of coastal movement, which is very high in Gujarat, Maharashtra and Bengal. Movement of coal and Iron ore is largely from east coast ports to the west coast ports because iron ore and coal mines are mostly concentrated in states like Odisha and Jharkhand. Then we have the general cargo (finished products, tiles, etc.) that moves from Gujarat to down south (Maharashtra, Karnataka, Goa and Kerala). Then we have dedicated mainline services from east coast to Andaman & Nicobar islands and similarly from the west coast ports like Cochin Port to Lakshadweep and other islands in the Arabian sea.

Round the Coast, a venture of JM Baxi Group has initiated coastal/ short sea shipping connecting minor ports like Beypore and Azhikkal to Vallarpadam Container Terminal in Cochin. The company aims to offer an integrated multimodal transport ecosystem using various modes of transport. They are using all the minor ports with a little extra-mile effort to make a difference in the way cargo is moved on the coastal route. "Presently containerised shipping on the coastal route touches 15 ports, using 22 vessels of diverse capacities ranging from 1000-4500 teus. It is operational in 6 to 7 states and carries about 3 lakh teus per anum. By using a multimodal mix of sea, rail and road, we can provide service to 17 states and the coastal volumes can be increased from 3 lakh teus to one million teus in the next 5 years," opines **Kiran Nandre, CEO, Round the Coast Pvt Ltd.** "From the current 120 million tonnes (mt) we can grow to 300mt through backward and forward integration, creating "Green Freight Corridors. These corridors will reduce the road transport by substituting it with a combination of short sea shipping, rail freight and tractor trailers providing the first and last mile connectivity. We can connect Kollam-Kochi-Beypore-Azhikkal. We are getting trade requests to offer Ro-Ro services on these routes as well."

Sharing details on the shortcomings in providing services, Kiran points at shortage of Immigration Check Posts (ICPs) at minor ports, Customs EDI facilities to be functional round the clock, draft maintenance at minor ports and skilled manpower for operating cranes and land side operations at the ports.

Coastal Connectivity to Bangladesh

We have coastal movement to Bangladesh as well. Basically there are two types of trades to Bangladesh from India – one is through inland vessels that ply on the NW1&2 and the India-Bangladesh protocol route, moving through the sundarbans up to Narayanganj and further up. A lot of flyash and agri products are moved on these routes. The vessel movement here is largely skewed in favour of Bangladesh. About 80% of the vessels moving on these routes are Bangladesh flagged and the remaining 20% are Indian because the operating cost for Bangladesh vessels is far less than that compared to India.

The second is, we have a standard operating procedure (SOP) under the India-Bangladesh trade agreement for river-sea vessels, wherein all the ports on the east coast of India have been identified and similarly all the ports in Bangladesh including Chittagong, Mongla and Payra are included for movement of trade. Compared to land ports, the movement of trade through waterways is high and is further expected to pick up after the Haldia inland waterways terminal being developed by IWAI is commissioned. The potential for India-Bangladesh trade through coastal route is huge – industry experts reveal that the export of flyash alone from India to Bangladesh is valued at around ₹900 Cr annually. But again the cargo movement is mostly one-way (from India to Bangladesh). About 90% of cargo moves from India to Bangladesh, be it food products or machinery parts. But here the lack of return cargo doesn't hurt much to the service providers because the route is short. If the route/voyage is long and the ship plies empty on the return leg then the service becomes non-profitable.

Why Cargo Movement Through Coastal Route is not Picking Up?

The Indian coastal line is peninsular in nature which is not very suitable for movement of cargo ships. If you have to move cargo from Cochin to Chennai, it is not easy to cut across by going around Sri Lanka and reach Chennai, unlike it is in China or the US where they have a straight coastal line going from north to south.

Shortage of appropriate vessels: We do not have the right size and capacity vessels. On the east coast of India there are regular enquiries for smaller 200 – 300teu vessels, particularly for moving on the India-Bangladesh route, but unfortunately we do not have that type of vessels. Procuring finance for building vessels is not easy in India. In India loans are available at 11% to 12% for buying or constructing a ship and bankers demand adequate collaterals. Comparatively loans are much cheaper in China or the US and collaterals are not required there by the banks.

Coinciding on these issues is **Ms. H.K Joshi, Former CMD, Shipping Corporation of India**. She says, "Coastal shipping is paramount for improving the multimodal connectivity, but there are fundamental issue that needs to be addressed, such as the lack of two-way traffic, the unavailability of return cargo coupled with small shipment size and unavailability of vessels are major concerns for ship operators and ship owners.

Multiple handling increases the cost: Coastal cargo movement requires multiple handling and further the service providers lack first and last mile connectivity. On cost basis, coastal shipping is not even at par with road and rail logistics, due to high port charges & higher cost due to custom duty + costly conversion/reversion of vessels.

Infrastructure gaps: For improving coastal shipping, we would also need to remove infrastructural and procedural bottlenecks. Thrust should be put on development of many small and medium ports along Indian coast in order to have better reach & maximum effectiveness in coastal shipping. Lack of separate berthing facilities at major ports and inadequate cargo handling facilities at minor ports needs to be addressed. Not only ports, many times the lack of ancillary infrastructure (such as- railways-roadways-airways connectivity to ports, availability of sophisticated multimodal transport options) proves to be a hindrance in development of coastal shipping. Coastal shipping is only one part in the entire multimodal transport chain, which also includes land modes. Cargo

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Our Ethos - Customer Value Creation


Container as Warehouse

FIRST MILE LAST MILE CONNECTIVITY (FMLM)

FMLM App for Transporters-CONCOR e-Logistics Transporter App: CONCOR has developed FMLM App to provide End to End logistics support to its customers. The very purpose of FMLM is to strengthen and provide FMLM connectivity at reasonable and cost-effective rates to the Customers through competitive bidding among empanelled vendors at terminal level.


Bulk Loading

Bulk Loading Service (BLS) for Loose Cargo like Food Grains & Oil etc.

BLS benefits: No to Intermediary Transportation/ storage/Multiple Cargo Handling, spillage & wastage are avoided, No to fumigation at customer godowns, No Silo/Warehouse required as cargo is stored in containers thus saving in Cost.


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Total Logistics Solutions (TLS)

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CSR

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कंटेनर की बात, कॉनकॉर के साथ (A Navratna Undertaking of Govt. of India) Think Container, Think CONCOR has to be transported from inland origin to port of loading and again from port of discharge to destination inland by road or rail. Often, first and last-mile connectivity is more expensive than coastal freight making the entire cost of logistics very high. All these issues prove to be constraints for coastal shipping in India, adds Ms. Joshi.

Additionally, we need to focus on improving the infrastructure facilities for vessel husbanding activities such as - providing fresh water, bunkers and de-slopping facilities for tankers. Also, ships have to bear higher costs for CHA activities like conversion/reversion, duties etc. Competitive port tariffs would also go a long way in attracting the traffic toward coastal shipping.

Private player participation: Government needs to further encourage PPP model for development of infrastructure at ports and rivers, to develop connectivity and promote coastal shipping. While these initiatives and policies shall take time to grow and are still in nascent stage, the trade needs to have trust and support with cargo during this time to enable coastal shipping becoming a viable logistic option. Containerized coastal cargo has been growing at a steady pace in coastal shipping and there is a perceived need to promote other types of coastal cargo such as Ro-Ro, Break-Bulk, coal, steel and fertilisers also. Ro-Ro movements to meet demand across country along with other general cargo could provide increment volumes needed to make coastal shipping viable.

While debate on cargo vs infrastructure has been ongoing, port developers need to build capacity for attracting domestic cargo and by doing so reduce waiting time and improve operating efficiencies for coastal operators.

Demography of cargo flow is a concern: The goods manufacturing clusters and consumption points are not ideally distributed across the country. We have movement of cargo from north on the west coast – from Maharashtra and Gujarat to south – sufficient cargo is available to load atleast 50% of the ship capacity, but in the return leg there is hardly any cargo available from south to north. We need to promote Ro-Ro and containerised cargo movement on the coast as it requires least multiple handling.

Incentivise coastal shipping users: In order to promote coastal shipping among trade community, traders availing of coastal shipping mode of transportation may be incentivized in some ways such as relaxation in taxation, etc. Major ports are connected to metro cities hence cargo movement is expensive and time consuming. Need to develop supporting small ports exclusive for cargo.

Increase in operating costs due to high charter hire / bunker costs etc. is difficult to pass on the same in freight rates as cargo movement on coastal leg is at extremely competitive rates with low margins and is prone to shifting to other transport modes if costs escalate.

High bunker cost: Bunker accounts for 40% of the operating cost. Coastal vessels generally operate on gasoil. We have been requesting the government to bring gasoil supplied for coastal ships under 5% GST. Ever year India consumes around 200MMT of fossil fuel, of which, hardly 1% is used by the marine industry and the share of oil consumed by coastal ships is further miniscule, so the government doesn't has to worry about revenue loss by lowering taxes, insists Mr. Rakesh Singh.

Increase coastal tonnage: Special emphasis is to be placed on increasing coastal tonnage. Environment needs to be conducive for facilitating growth of Indian coastal tonnage. Simplification of Customs & Immigration procedures and reducing regulatory burden arising out of application of rules & regulations similar or same as to what is being applied for ocean going ships in respect of technical, operational, maintenance aspects shall also help in strengthening coastal shipping.

"In order to service the numerous small/minor ports that dot our country's shore line, ships that are suitable to navigate closer to shore is needed. Kerala, as a good example, has a coastline of 590kms, with 9 out of the 14 districts having a coastline. There are 17 ports in Kerala that include 1 major port (Cochin), 3 intermediate ports and 13 minor ports. Key ports include Azhikal, Calicut, Cochin, Kollam and Vizhinjam (Trivandrum). The average distance to any of the ports from the hinterland is 100kms. Diverting the cargo from road to coastal can be done provided the infrastructure is available at these minor/small ports. Not only will this result in saving on freight and ancillary charges, it will also do good to the environment. In a study conducted it was suggested that the ideal ships to be 8000DWT, 600teus, 6.5meter draft," informs **Johnson Mathew K, Chairman & Managing Director, Trans Asian Shipping Services Pvt Ltd**.

Human resources: High manning scales increase operational costs, incidence of corporate tax for coastal as against tonnage tax for oceangoing vessels and personal income tax discourages quality officers from continuing on Indian coastal vessels.

Technology Adaption

"The adoption of new technologies and understanding of related benefit is very low among the stake holders. As a result Logistics Eco-system is badly marred by operational inefficiencies and technological advancement. The low penetration of IT and Digitalisation has led to high cost and underperformance. Some of the most important and critical technology trends and advancements need to be urgently adopted to thrive business in future," says **C Muraleedharan, President, Avana Logistek Ltd**.

Advantages of Coastal Shipping

- Huge cost savings to the shipper and government.
- Reduction in road traffic congestion and decrease in air pollution.
- Transportation of goods by coastal vessels is far more efficient and cost-effective than road transport and is much less prone to theft and damage.
- Coastal shipping is ideal for transportation of containers, project cargoes; Ro-Ro cargoes such as cars, trucks, semi-trailer trucks, trailers, and railroad cars; dry bulk cargoes like grain, fertilizers, steel, coal, salt, stone, scrap and minerals; and liquid bulk cargoes like oil products (such as petrol, diesel oil, kerosene, aviation spirit).

- National Shipping Industry also supports ship-building, ship-breaking, ship-repairs and other ancillary industries and business.
- Shipping, therefore, generates employment both directly as well as through a number of ancillary activities. Most of these industries are labour intensive and are, thus, especially relevant for India.

Government initiatives

- Relaxation in licensing for foreign flag vessels to transport fertilizers, agricultural products and EXIM containers for transhipment in India on coastal routes under section 406 and 407 of the Merchant Shipping Act. Licensing relaxation for special vessels such as Ro-Ro, Ro-pax, ODC etc has been extended till 2020.
- Priority berthing policy for coastal vessels has been notified to reduce turnaround time for coastal vessels and improve their utilization
- A discount of minimum 40% is offered by major ports on vessels and cargo related charges to vessels carrying coastal cargo.
- For the case of Ro-Ro car carriers, this discount is extended to the tune of 80%, GST reduced on bunker fuel from 18% to 5%
- Grant-in-aid assistance to develop berths and associated infrastructure including dredging, break-water creation, mechanization under the coastal berth scheme

What government needs to do?

Although coastal shipping is surely cheaper with regards to ton per mile as against other modes of transport but since coastal shipping is only one part of the multimodal logistic chain where the viability gets lost due to higher cost for the first and last mile connectivity as well as multi handling of cargo hence the reduction in cost for coastal shipping can only bring down the total logistic cost and result in growth of volume handled by coastal shipping. PSUs/Government units/Corporates should support coastal multimodal services by diverting a fixed quantum of cargo to coastal route. Such initiative will be a major boast for overall coastal and multimodal logistics movement.

Agri being the major commodity in India and conversion from other modes is increasing which is giving real boost to coastal movement. Since in coastal we are competing with road and rail transport as primary competitor and reversal of various input credits under GST has made carrying agri cargo unviable like example port terminals are not ready to give agri exemption benefit, cause as per them they are just handling containers and not goods inside containers. Therefore, GST charged @18% on load port and discharge port. THC has become cost for shipping company/NVOCC due to no input credit allowed for this. Necessary directive to use input GST paid for procuring services for agri produce to be utilized against other taxable commodities output tax liability or necessary instruction to terminals not to charge GST on exempted commodities.

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

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

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

A green channel clearance for coastal cargo similar to that provided to domestic passengers at International Airport may be provided at ports/ terminals.

A seamless and effective implementation of National Logistics Policy, an inclusive and holistic approach to integrate different mode of transport which is currently missing, key infrastructure development projects pivotal to growth of logistics industry, to thrust IT and digitalisation initiatives and broader acceptance within the industry to make it future ready. Integration of service provider and services, integration of infrastructure and integration of digital platform is a need of the hour.

Common logistics platform and policy level changes in logistics and multimodal sector can go a long way in providing competitive advantage in this important sector in India.

COASTAL OPERATIONS OF SHIPPING CORPORATION OF INDIA

Tonnage

- SCI's Liner Division is operating weekly Coastal service with 2 X 4,400 teu owned fully cellular container vessels viz. m.v. SCI Chennai & m.v. SCI Mumbai.
- SCI's tanker division has five LR1 tanker vessels for moving coastal cargo of crude oil.
- For CPP cargoes SCI has 3 MR vessels which are currently on the coast.
- On dry bulk carrier side, SCI's Supramax & Panamax vessels move coastal cargoes occasionally, as per employment opportunities.

Port calls: West / East Coast of India with ports calls at Mundra – Kandla – Pipavav – Cochin – Tuticorin. Additionally, other East coast Indian ports are served through slot swap arrangement with other Shipping Lines.

Tanker routes (Crude+Product)

- Mumbai to Vadinar/ Manglore/ Cochin/ Vizag/ Chennai/ PAradip
- Ravva to Vizag/ Manglore/ Chennai
- Mumbai high to Vadinar/ Manglore/ Cochin/ Vizag/ Chennai/ PAradip
- Bhogat to Manglore/ Cochin
- Sikka to Manglore/ Cochin/ Vizag/ ennore / Chennai/ PAradip/ Haldia- I

Bulk Carrier routes

- Paradip/ Vizag to Hazira : Iron Ore Pellets cargo for Arcelor Mittal Steel
- Gangavaram to New Mangalore: Iron Ore Fines for KIOCL
- Paradip/ Vizag to Tuticorin/ Karaikal/ Ennore: Coal cargo for TANGEDCO, NTECL and other Power Plants along ECI
- Inter WCI: Bauxite cargo for Ultratech
- Hazira/ Kandla to Paradi/ Vizag: Iron Oxide fines/ Bentonite for Arcelor Mittal Steel
- ECI to WCI: Iron Ore for JSW

"It will take time for coastal shipping to catch up"

Long wait time for berthing, shortage of experienced sailing staff, lack of good dry-docking facilities and integration of mainline to feeder shipping are the major issues, highlights **Vineet Agarwal, Managing Director, Transport Corporation of India**.

Coastal shipping is yet to catch up in India, why?

It will take time for coastal shipping to catch up in India due to a number of reasons, including:

- Cargo availability and high waiting time of vessels at port/terminals.
- High taxes and Finance charges. Being a bulk user of low sulphur fuel there is a premium pricing on coastal shipping players rather than concessions being given.
- Lack of level playing field with rail and road modes.
- Lack of State level initiatives for promoting water transport.
- High cost of first and last mile connectivity.
- High repositioning cost of Empty containers.
- Empty run one side for coastal vessel impacting cost economics.
- Small shipment sizes of individual firms and lack of cargo agglomeration leading to unutilized vessel capacity.
- Infrastructure capacity issues at ports.

What needs to be done to promote coastal shipping?

- Faster evacuation of bulk cargoes like coal from ports, should be designed.
- Incentives for steel industry to agglomerate small parcels of shipments to large ones for utilizing the full vessel and have economies of scale.
- Building of Silos in ports for:
- a) Storing and receiving bulk cement shipments rather than bagged cement to be moved in containers.
- b) Food grains in port areas where the cargo can be received from coastal ships and moved out from there by rail.
- Building infrastructure for storage of petroleum products in port areas to be increased and renewed as POL is a major coastal commodity.

Tell us in detail about the coastal shipping operations of TCI Seaways?

Being the pioneers in multimodal coastal shipping, container cargo movement and transportation services, TCI Seaways connects India with its western, eastern, and southern ports. The division has vast experience and knowledge in providing seamless end-to-end coastal shipping solutions. TCI Seaways has six coastal cargo ships with a total capacity of @77000 dead weight tonnage (DWT) serving nearly all major ports in India and carrying all kinds of commodities and value-added cargoes across different industry verticals.

As a coastal shipping operator what challenges do you face?

Currently, we as a coastal shipping operator face challenges like - long wait time for berthing, shortage of experienced sailing staff as the good ones usually go to Exim trade and lack of good dry-docking facilities in India where the vessel could be taken to resolve maintenance issues. Integration of mainline to feeder shipping is most critical.

- The respective government bodies; private enterprises should get together to address the above mentioned critical aspects.


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AVANA LOGISTEK – THE PIONEER IN COASTAL SHIPPING

"We have a fleet of 40 thousand + TEUs which includes various types of 20Ft and 40Ft containers including dry, high cube dry, open-top, flat rack, ISO tank and refrigerated containers to safely carry our customers cargo. We have specialized car racks which can be used to carry automobiles in containers," shares **C Muraleedharan**, **President, Avana Logistek.**

The concept of coastal shipping and containerized movement through coastal shipping was at very nascent stage when Transworld Group entered this domain in India during 2001-2002. The awareness, acceptance and benefits of coastal shipping was not known to all the potential users and customers. Not all industries (both private and Government) ever realized and embraced coastal shipping in those days.

Our group company Avana Logistek (previously M/s Shreyas shipping and logistics ltd) is the first Indian logistics company to own and operate container ships in coastal routes. We are the first Indian logistics company to provide coastal container service by harnessing India's 7,500-km long coastline. We have done lot of work not only for our company, but for coastal industry as a whole by investing in infrastructure, deploying more ships/tonnage, connectivity between almost all major ports of India, offering integrated / door-to-door logistics solutions to customers and also representing to government at all possible opportunities to emphasis on the benefits of coastal shipping.

We now see that coastal shipping has been widely recognised as a sustainable and efficient mode of transport with exponentially growing volumes. Many companies who never used coastal shipping earlier, have started to realize its importance. Now we see them as our regular customers. Lot of commodities especially agri and essential commodities were diverted into coastal shipping from other modes of transport during/post Covid lockdown period. Our endeavours have resulted in savings in fuel, CO_2 emission and reduction in road congestions and contributed so much to our nation's prosperity. Our group has deployed 12 Indian flag container ships in Indian coast to connect West coast to East coast and we are providing weekly scheduled services to our customers.

"We are the largest domestic (coastal) logistics solutions provider with a market share of 57%. We provide customized/flexible logistic solutions to our customers basis of point to point service in cost effective manner. We serve over 5,000 pick-up and delivery options to our customers in coastal service covering more than 1500 zip codes in India. We offer seamless connectivity through coastal shipping, inland trucking and inland rail rake services. We provide better cargo safety and security and have capacity to handle large volumes of business with velocity."

"Our connectivity between the eastern coast and western coast of India ensures integrated coverage which our customers can utilize to manage cost, time and productivity efficiencies. We offer smarter logistics support to remote areas for the movement of ISO tanks, reefer boxes and project cargo within India through road and costal movement. We believe that our end-to-end solutions offering also offers cost advantages for our customers. We have a fleet of 40 thousand + TEUs which includes various types of 20Ft and 40Ft containers including dry, high cube dry, open-top, flat rack, ISO tank and refrigerated containers to safely carry our customers cargo. We have specialized car racks which can be used to carry automobiles in containers."

Coastal shipping service at a glance

Connects **1700+** hinterland locations through all major ports in India
Serves **23000+** customers
65,000 ISO certified TEU capacity
96 trailers with GPS.
Over **1,700** pickup and delivery points.
Fleet of **12** Indian flagged vessels.

Vessel Name	Vessel Capacity (In Teus)	Vessel Capacity (In MTs)
M.V. SSL Kutch	1,725	22,500
M.V. SSL Mumbai	1,613	22,500
M.V. SSL Brahmaputra	4,253	48,000
M.V. SSL Bharat	2,959	30,000
M.V SSL Delhi	2,478	30,000
M.V. SSL Kochi	1,725	22,500
M.V. SSL Gujarat	1,613	22,500
M.V. SSL Vishakhapatnam	1,613	22,500
M.V. SSL Chennai	700	7,500
M.V SSL Ganga	1,450	17,000
M.V SSL Sabrimalai	M P V	12,000
M.V SSL Krishna	2,490	30,000

Service Port Rotation

WCC	Mundra – Hazira – Kochi – Mangalore – Goa – Hazira – Mundra
PIC 1	Kandla – Pipavav – Kochi – Tuticorin – Kandla
PIC 2	Kandla – Chennai – Krishnapatnam – Tuticorin – Jebel Ali – Kandla
WEX	Kandla – Chennai – Haldia – Paradip – Kakinada – Chennai – Cochin – Kandla
ECC	Chennai – Katupalli – Calcutta – Chennai

EXIM CARGO MOVEMENT TO INCREASE THROUGH COASTAL ROUTE

"We are the first player in Coastal shipping connecting Major to Non major ports in Kerala by using a short-sea shipping model," reveals **Kiran B Nandre, Chief Executive Officer, Round The Coast Pvt. Ltd.**

Which are the ports connected by Round the coast Pvt Ltd for coastal cargo movement?

We are the first player in Coastal shipping connecting Major to Non major ports in Kerala by using a short-sea shipping model. We are connecting Cochin port to Beypore (Calicut), Azhikkal (Kannur) ports regularly & We have carried out a trial voyage to Kollam, working on adding Kollam in coming voyages.

How many ships are operating in this service and what is the frequency of calls?

Presently we are operating with one geared vessel of 106 teu capacity, Initially 7 months we were making 5 calls a month, now from February onwards we are increasing the frequency to 7 calls. Gradually it will increase to 10 calls.

Which are the commodities being moved and what are the volumes moved till date?

In 7 months of operations we have moved 1,450 teus laden and 1,400 teus empties. Commodities carried are ceramic tiles, sanitary ware, rice, plywood, veneers, etc.

Bulk, break-bulk, tanker's share is higher in coastal shipping. Containerised movement is less than 2% of total transportation volume. Presently on Indian coast total movement is approximately 3 Lakh teus and has a potential for three-fold growth in next 5 years.

What are the challenges faced by coastal shipping operators?

For short sea shipping we are facing challenges at minor ports like draft is less so we have to take only tidal berthing, we need to get 24X7 operations. Major challenge is the empty returning to coastal lines within free days. Line detention charged by coastal main lines makes short-sea shipping costlier. To promote this kind of initiatives, coastal lines should offer minimum 21 free days only for containers moved by this mode which is less than 5% of coastal lines total volumes. Some minor ports are not having Immigration Check post, EDI Facilities that needs to be in place for EXIM volumes growth. Overall, non major ports are having basic infrastructure, for increasing coastal and short-sea shipping they need to have infrastructure to cater the shipping needs, faster turnaround, sufficient staff, shift system, suitable cranes, stackers, paved and properly marked container yards etc.

What type of cargo is largely being moved through coastal routes - containerised, break-bulk or bulk?

Bulk, break bulk, tanker's share is higher, containerised movement is less than 2% of total transportation volume. Presently on Indian coast total movement is approximately 3 Lac teus and has a potential for tri fold growth in next 5 years.

How is the response from the exim community?

Exim cargo movement for short-sea shipping is picking up slower than coastal movement, we are working towards exim customers' requirements, EDI Facility operational, and we are sure EXIM movement will be also increasing in coming months.

DEDICATED INFRASTRUCTURE, DRAFT MAINTENANCE AND NIGHT NAVIGATION IS NEEDED

Currently we operate container services from Gujarat & Maharashtra to Kerala. We also move freight from East India(Assam) to Kerala using a combination of Road-Rail and Coastal services, reveals **Johnson Mathew K, CMD, Trans Asian Shipping Services Pvt Ltd, Cochin, India.**

Tell us in detail about the coastal shipping operations of Trans Asian Shipping Services (P) Ltd?

We always believed in the huge potential of coastal operations and inland waterways in our country. Our company forayed into commercial operations in the year 2002 as a box operator moving cargo from Gujarat to Kerala. In the year 2009 we built our first multipurpose container ship M/v Karuthal at our shipyard in Cochin. The ship was custom build to navigate the coastal and inland waterways. We commenced the IMPS (India Minor Ports Service), calling Nhava Sheva / Beypore / Cochin. The service was later augmented to call New Mangalore Port based on inducements. Currently we operate container services from Gujarat & Maharashtra to Kerala. We also move freight from East India(Assam) to Kerala using a combination of Road-Rail and Coastal services.

What is the tonnage moving on coastal routes by Trans Asian Shipping Services (P) Ltd?

We are currently not operating our own tonnage on the coastal services. We are however working on various business models involving multimodal operations that includes coastal and inland waterways.

Which are the commodities being moved on coastal routes and what were the volumes moved last year?

In India, Iron ore, coal and coke, steel, limestone and fly ash are the major commodities transported on National Waterways constituting around 90 % of the total cargo. The balance 10% comprises construction material and other commodities such as fertilizers, food grain and project cargo. Container traffic along the coastal routes comprises tiles, marbles, spices, FMCG, FMCD, chemicals, cotton and transhipment cargo.

As a coastal shipping operator what challenges do you face?

Insufficient infrastructure - There is lack of dedicated infrastructure at ports for stuffing or de-stuffing, berths for coastal ships, inadequate draft, no night navigation, below-par handling facilities at the loading and unloading points.

Lack of connectivity between the hinterland and minor ports or river jetties is poor compared to major ports. High operational costs due to high duties and taxes on bunker fuel and high manning scale of coastal vessels render the coastal shipping as non-competitive vis-à-vis road and rail transportation. Low sulphur regulation imposed by IMO effective from 1st January 2020 has made it mandatory for vessels to reduce sulphur emission by 85% (permissible sulphur content in fuel fixed as 0.5% from earlier level of 3.5%) thereby escalating the operating cost. High-Transit - Time bound supply of goods through coastal mode due to high transit time remains a challenge, apart from the longer 'working capital cycle' and the associated financial implications due to multiple uncertainties involved. Higher transit time also raises concerns on cargo quality.

Absence of uniform tariff. The coastal vessel operators charge different rates for same origin-destination pairs from the customers depending on the availability of ships. Often, the rates offered are 'opportunistic'. On the longer run, this may not be a healthy situation for the operators as well as the customers.

Incentivize switching from conventional mode to coastal mode.

Excessive siltation in the channels drastically reduce draft availability that poses a big challenge to operation of higher capacity vessels/barges through the minor ports. Dredging of the channels must be done periodically for safe navigation.

Night navigation through the National waterways is yet to be established, resulting in unduly long transit time and the associated challenges in moving cargo

Infrastructure tools such as tackles for unloading, access for labourers for unloading the bags, storage facilities at the jetty locations, road connectivity to the jetties, etc. all remain as major challenges.

SIMA MARINE INDIA PVT LTD (SIMA MARINE INDIA)

Coastal vessels operated by Sima Marine and their tonnage

Presently operating with 4 ships- SM Neyyar 47000 MT, Varada 47000 MT, SM Manali 40000 MT & Mogral 40000 MT

Port rotations offered by Sima Marine

Mundra-Mangalore-Cochin-Kattupalli-Visakhapatnam-Kattupalli-Krishnapatnam-Cochin-Mundra & Mundra-Kandla-Cochin-Tuticorin-Mundra

Commodities being moved on the coastal route

Marbles & tiles, Bentonite, salt, silica sand, sanitary ware, cement and clay.

Shortcomings for coastal shipping include shortage of Immigration Check Posts (ICPs) at minor ports, Customs EDI facilities to be functional round the clock, draft maintenance at minor ports and skilled manpower.

JNPA — GIVING MOMENTUM TO COASTAL SHIPPING

The coastal berth at JNPA is 250m long with 2 trestles 94m long each with backup area reclamation of 11 hectares. It has been dredged to 11 m at berth, pocket backside of the berth is also proposed for handling port crafts with a dredged depth of 6m below CD. Capacity for handling liquid cargo of 1.5 MTPA and General Coastal cargo of 1 MTPA. It reduces the delays caused due to Customs formalities thus saves time. The construction work of the berth was completed in June, 2021 and trial operations commenced from 9th July 2021.

Coastal cargo movement

In FY 2021-22 total 4.33 million tonnes of coastal cargo was handled which mainly includes POL products, Cement and containers.

Facilities offered for coastal ships/cargo

Coastal cargo is handled mainly on shallow draught berth (SDB) and coastal berths. Also on other berths of container terminals and liquid bulk. The coastal berth provides reduced port charges for handling of coastal vessels and cargo.

Coastal connectivity to other ports

JNPA is connected to Pipavav, Dahej, Sikka, Mundra, Paradeep, Vishakhapatnam, Chennai, Goa, etc. through coastal shipping.

Shipping lines providing service at JNPA

JM Baxi & company, Atlantic global shipping company, Shahi shipping ltd., etc. are currently providing coastal shipping at JNPA

RAIL FREIGHT IS GROWING FASTER THAN ROAD TRANSPORT

In 2021-22, railway freight had grown at nearly thrice the pace of road freight. When more stretches of the DFC are completed and MMLPs are operationalized, the railways share of the market will grow further. The main strategy to capture domestic traffic so far has been to run regular scheduled point-to-point services by rail, shares **V Kalyana Rama, Chairman & Managing Director, CONCOR**

How has been the business for CONCOR last year? What are your plans/expectations for this year?

The year 2020-21 has been challenging due to Covid-19 pandemic, which has had a significant impact on lives, livelihoods and the businesses world over. Operational challenges mounted due to restricted movement and disrupted supply lines. As the second wave of the pandemic unfolded with predictions of a third wave, CONCOR focused on organizing business by ensuring uninterrupted logistic support to trade, including for transportation of essential commodities, liquefied oxygen for medical purpose and above all taking care for health and safety of our people and the communities in which we operate.

The Handling of throughput of CONCOR for the last Financial Year 2021-22 was 40.72 laks TEUs as compared to 36.43 lakhs TEUs during the previous FY 2020-21 i.e. a growth of 11.79% over previous year.

Similarly, in financial terms, total collection during the FY 2021-22 was 7702.76 crores as compared to 6693.92 crores during the previous FY 2020-21 registering a growth of 15.07%.

As per the recent news, rise in freight charges, fuel costs and toll charges is causing many of the exporters/importers to migrate from road logistics to rail logistics. Have you noticed any such migration of customers from

V KALYANA RAMA
CHAIRMAN & MANAGING DIRECTOR, CONCOR

road transport to using CONCOR services? If so in which locations and which commodities?

Currently, around 35% of domestic freight is handled by rail, whereas 60% is delivered by road.

In 2021-22, railway freight had grown at nearly thrice the pace of road freight transport. Indian Railways' total freight loading rose 15 percent year-on-year (y-o-y) to 1,418.10 million tonnes (MT) in 2021-22, while the total freight transport by roads rose only around 5 percent to 2,500 MT.

The logistics sector anticipates that when more stretches of the DFC are completed and MMLPs are operationalized, the railways share of the market will grow.

What cost and time benefit does rail logistics offer over road transport? Is there any minimum volume of cargo or distance travelled required to avail the benefits of rail freight?

- **Rail transport can be cost effective**. Rail transport is also an integral part of an intermodal strategy. Multimodal is using two or more mode of transportation, for transporting freight.
  Rail transport is often used as part of an intermodal strategy, as there are significant benefits to it. In situations where road and rail transport are combined, trains are used for the long-haul portion of the shipment, and trucks are used to bring freight from the origin or pick-up, to the terminal, and then from the terminal to the destination, referred to as drayage.
- **Shipping via train is more environmentally friendly**. Trains burn less fuel per ton mile than trucks. On top of that, using rail transport over road transport can lower greenhouse gas emissions by 75%.
- **Trains are capable of hauling large loads**. Trains can handle high volumes of freight. This can be very beneficial for shippers with large loads.
- **Railways are reliable**. Railways have standardized transit schedules and don't share their tracks with the public like trucks do with the road. For that reason, trains aren't hindered by traffic and weather the same way trucks are. Rail transport is much faster and more reliable, and also least affected by weather conditions and traffic jams.
- **Rail freight can be efficient**. For many types of loads, the average transit time is comparable to that of road transport. While rail shouldn't be used for time-sensitive shipments, it can provide very similar transit times for longer hauls.
- **Rail options provide you with access to capacity**. Large volumes can be shipped over greater distances, in a cost-effective structure, by rail transport easily. Therefore, rail transport is more economical, and much quicker for transporting large volumes of cargo.

The Handling of throughput of CONCOR for the last Financial Year 2021-22 was 40.72 laks TEUs as compared to 36.43 lakhs TEUs during the previous FY 2020-21 i.e. a growth of 11.79% over previous year.

CONCOR is providing railment services irrespective of distance involved provided it is part of a stream & CONCOR is committed to bring back to rail a significant share of containerisable general goods cargo through aggressive marketing efforts. The main competition in this area comes from road transportation of goods by trucks. However, since CONCOR provides better risk coverage, in addition to controlled transit times and overall reliability, we feel we are geared to woo traffic that presently uses road. Domestic business has a very large potential for growth today. Given that consumption centres are vast distances away from production points, there will always be a big demand for transport. The setting up of high capacity consumer goods industries also indicates that the growth of non-bulk traffic is expected to be faster than that of bulk traffic, with the shares of both becoming decidedly better. Significantly most of this non-bulk traffic is containerisable, and represents a huge market potential for CONCOR in the domestic sector. The main strategy to capture domestic traffic so far has been to run regular scheduled point-to-point services by rail.

Do you have any expansion projects under Sagarmala or PM Gati Shakti Plan?

Projects under Sagarmala are:
- MMLP Nagulapally, Telangana
- RTH Swarupganj, Rajasthan
- Multi Modal Logistics Park at Paradip, Odisha
- As of now MMLP Varnama has been notified under Gati Shakti Terminal.

CONCOR is developing a multimodal logistics park (MMLP) in Varnama village, near Vadodara. What facilities will the MMLP offer to EXIM community? Which is the hinterland the MMLP is targeting? To which seaports/airports will the MMLP connect?

Following facilities have been developed for use of Customers on approx 148 Acres of land at MMLP Varnama:
- Rail siding – 2 full length siding, Connectivity with Indian Railways has been done and connectivity with DFC is in progress.
- CC Paved Container Yard: 50,000 sq. meter
- Administrative Building – for Customs, CONCOR and Users: 2,000 sq. meter
- Transit/Bonded Warehouse: 3,000 sq. meter + 2,000 sq. meter
- Approach Road: 2 lane concrete road
- Trucks and Trailer Parking: 10,000 sq. meter
- Integrated Gate & Security Complex
- Electronic 100 MT weighbridge & weighing scales in warehouse
- Space for Bank & ATM facility available
- Canteen
- High Mast Tower Lights and 24x7 power supply & Street lights and other electrical works

- Public amenities like Toilet blocks, drinking facility, labour rests.
- Sewerage and STP, water supply.
- Reefer Plug Points for Perishable cargo (on requirement)
- Electronic In-motion Weighbridge (EIMWB)
- Fire Fighting equipment
- Substation equipment / DG Sets
- Facility for fumigation and palletization
- Container repairs
- Handling of all type of cargo
- Office space at admin building for users on rent

Ports Connectivity: JNPT, Mundra & Pipava

Target/Catchment Area: Chota Udaypur, Anand, Jambusar, Karjan, Vasad, Halol, Savli, Nandesari, Por, Waghodia Industrial Areas in Vadodara.

Last year CONCOR had started a service from its terminal in Shalimar to JNPT, targeting the exim community in east India. How is the response to the service?

The response of the service from Shalimar to JNPT stream was suitably accepted by the Trade, since during that time the Ocean freight rate had skyrocketed and this Rail + Ocean product has been successful as they were able to load their container in main line mother vessels calling JNPT for USA/ EUROPE thus saving considerable time and money.

The sevices are also offered from ICD Durgapur where Customs clearance is being done before departure of rakes as it is an extension of Allied ICD and the Trade is very satisfied with this new stream.

CONCOR has placed an order with Mazagaon Docks for 2500 containers. Last year CONCOR had invited tenders for procuring 6000 containers. Is this an indication of growing business? Please elaborate.

With reference to Domestic business growth of CONCOR, it is to state that , Domestic Division achieved highest ever annual originating booking of 3,84,248 TEUs in F.Y. 2021-22 as against 2,93,003 TEUs in previous FY 2020-21 i.e. 31.14% growth over previous year.

Last month CONCOR had announced entry into bulk cargo movement (cement, flyash.. etc). How are you proceeding with your plans to move bulk cargo? In which regions do you plan to start the service initially?

CONCOR, in its endeavour to expand the customer base, started improvisation in handling the commodities both at the loading point as well at the unloading point, with the help of Technology. Bulk transport of Food Grains both for ITC and FCI has given very good dividends for Customers in avoiding the wasteful expenditure in bagging and reducing the pilferage.

Now, CONCOR has come up with an effective solution for Transporting Bulk Cement through Regular Containers in Rail transport.

At present, transport of Bulk Cement in Rail Mode is limited due to paucity of Unloading terminals and also requires specialized Railway Wagons. Hence the Cement industry is mainly depending on Road Bulkers to meet the requirement of Bulk Cement Transport.

India being the second largest Cement producer in the world with an installed capacity of 545 million tonnes urgently requires a cost-effective solution to transport Bulk Cement through rail Mode.

As the cement demand is expected to reach 419.92 MT by 2027, CONCOR wish to popularise, its new handling method for Bulk cement transportation.

With Rail being the mainstay of CONCOR's transportation plans & strategy, CONCOR developed cost effective, environmentally friendly bulk cement loading and unloading technology to utilise the most environment friendly rail transport.

CONCOR with its fleet of 370 rakes and nearly 37,000 Domestic Containers, is ready to serve the Cement industry in transporting Bulk Cement in the most economical way. CONCOR has got plans to increase the rakes and Containers in the near future. With these resources, CONCOR is confident of serving the Bulk Cement Transport Requirements without any shortage in logistics resources. CONCOR's method in Bulk cement handling is cost effective, environment friendly and flexible unloading innovation.

Cost Effective

The CONCORs Bulk Cement transportation is the most cost effective compared to other modes of transport. It has Zero residue and Zero Dead freight in transporting Bulk cement.

Environment Friendly

The method is dust free and the equipment used to unload is not exposing to the environment there by preventing the air pollution. It is an Environment friendly discharge system made to meet city pollution norms. This method has no wastage in discharge.

Flexible Unloading

Bulk cement handling and transportation system developed by CONCOR is easy to set up at any chosen unloading point and is capable of meeting different customer requirements. After the container has been loaded with cement at the plant, delivery site can either be into a bulker or a silo or a RMC. At the plant, before loading, a flexible liner is opened and fitted into an empty container. The liner is waterproof, once sealed. To minimize bulging during loading, transit or unloading, bulk heads (steel pipes) are fitted. Liner fitment is now complete and container is sent for loading which is done in about 10 minutes for loading 27 tons of cement. After loading, container is sealed with One Time Lock (OTL) and it is dispatched to the unloading destination.

At the destination, container is placed on a tippler and taken to the unloading site. Thereafter, a tundish placed on an automated trolly is fitted on to the container through automatic locks. Container is now ready to be unloaded either into a bulker or silo. Specially designed attachments, depending on whether the container is to be unloaded into a silo or bulker are then attached and unloading started. The unloading of 27 tons can be completed in under 45 minutes.

With this cost effective, environment friendly and flexible unloading solution, it is expected that Cement industry will take this opportunity to modernizing their bulk transportation through Containerization and through trail transportation.

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✓Realtime Visibility through RFID. ✓Trace, analyse and control the time consumption of vehicles at each stage inside the plant. ✓Millstone update.	✓Dynamic Dashboards and MIS reports. ✓Control room operations. ✓Alerts, Notifications and Alarms.	✓Unmanned Weighbridge operations. ✓Reduce TAT. ✓Optimised human capital. ✓Optimising in plant Traffic.	✓Vehicle Access management. ✓Driver-authentication ✓Track record validation. ✓Error proof data acquisition.

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THE CORNER STONE OF E-COMMERCE

Last mile delivery, which comprises 45-50% of transportation has become the most expensive and time-consuming segment of the logistics chain of an e-commerce player.

BY **MR LANCY BARBOZA**
MANAGING DIRECTOR
FLOMIC GLOBAL LOGISTICS LTD.

Ecommerce retailers currently cater to 80-100 million online customers. The fortunes of an ecommerce player hinge on customer service and managing the ever-growing customer expectations. Last mile delivery partners who manage package handling and timely delivery are a key spoke in the ecommerce ecosystem. They are the brand ambassadors of an ecommerce player.

With India ecommerce market expected to touch $200 billion* by 2026, firms are racing to develop new technologies and strategies to stay relevant and competitive in the online market. Last mile delivery, which comprises 45-50% of transportation has become the most expensive and time-consuming segment of the logistics chain of an e-commerce player.

More than 80% of customers today are willing to pay more for faster delivery. Inefficient routing practices, manual allocation of tasks and poor management of third-party logistics providers are becoming the Achilles heel of the online retailers.

Efficient last mile connectivity is a key factor behind the success of any ecommerce retailer. Covid 19 has acted a trigger and changed the rules of the game for last mile connectivity in India.

The pandemic transformed the retail ecosystem and consumer behaviour giving the much-needed impetus in overhauling and redefining the last mile connectivity. The pandemic changed the nature of ordering online from a matter of convenience to a necessity. This led to the ecommerce players and their last mile delivery partners to re-strategize their service offering.

Customer expectations and cost unpredictability are the key factors that form the basis of a successful ecommerce business. Customer needs are dynamically evolving with flexibility (re-routing, re-scheduling), speed (same day/ next day delivery), cost of delivery and security of the package becoming key to the operational success of a firm.

Legacy supply chain architecture and traditional delivery processes coupled with poor system interoperability have led to poor visibility of logistics operations resulting it in becoming a time-consuming process. Firms are realising this and companies are heavily investing in developing technology solutions that will enable them in enhancing operations, lower turnaround time for last mile connectivity and better consumer experience. Catering to evolving customer needs is increasingly becoming the key differentiating factor. Stronger players are redefining their solutions to address the real-time need of customers and the emerging operational-related issues. This has led to emergence of newer models of delivery.

During the pandemic many ecommerce firms changed their delivery models from fixed slotted delivery to dynamic slot delivery, making them more agile to changing on ground realities of supply chain snags, reduced workforce and evolving customer needs.

E-commerce retailers face significant operational challenges such as high failed delivery rates, fluctuating volume density, inaccessibility of remote locations, order cancellations, return orders etc. All these factors lead to increased unpredictability in last mile delivery cost. Inability to have a strong technology platform to device a cost-efficient last mile delivery strategy can lead to failure of an ecommerce business.

Tier II and below cities are a huge market for Indian retailers. However, the market presents various logistical challenges like poor infrastructure, longer transit times, higher logistics cost and higher return. All these factors lead to greater inefficiency and bloat up the logistics cost. Good infrastructure coupled with a strong technology platform will enable ecommerce retailers in making inroads into rural India. The National Infrastructure Pipeline (NIP) is expected to bolster the last mile connectivity by way of providing better infrastructure particularly for road transportation.

New trends are emerging in last mile connectivity such as contactless delivery and verification process. Lot of firms are now exploring drone technology that will disrupt the last mile connectivity landscape and the way by which brands will address customer needs. However, last mile delivery through drone technology has a long road ahead till it sees light of the day. Greater regulatory support and technology innovation will make drone delivery cost efficient leading to drone delivery becoming the frontier for last mile delivery.

Another emerging trend is scenario planning through digital simulation.

Companies are conducting studies to simulate business and operational scenarios faced on the ground that will enable them in gauging and mitigating operational sensitivities and risk concentration.

Last mile service providers are exploring various innovative options to enhance service quality.

Lot of service providers are tying up with local mom and pop stores to act as pick and drop points of shipments, thus enabling them in expanding their reach to more pin codes for which they do not have direct coverage.

Another emerging trend is of secured lockers where service providers are providing parcel locker facility which houses secure lockers at various locations. The customers can collect their parcels from these locations as per their convenience within a given time frame.

A lot of firms are also focusing on technology that enables digitization of addresses, which will enable retailers in reducing transit time, lower delivery attempts and improved accuracy of last mile delivery.

Crowdsourcing model has been prevalent in the hospitality, transportation and food delivery industry. Retailers are now eying this model because of its low start-up cost, asset light operations and improved customer experience to ease their last mile delivery woes. Crowdsourcing technology will enable retailers, logistic partners and consumers to connect directly with local delivery partners who use their own transportation for delivery. This will enable companies in delivering their orders to customers faster and give the customer the flexibility to pick-up their parcel at a convenient time. This on-demand and scheduled delivery will also ensure the customer availability at the delivery address thus reducing need for multiple delivery attempts, thus bringing down the cost of delivery.

Dynamic routing tools are being developed to ensure fast delivery, cost efficiency and better customer experience. The dynamic routing model will enable companies in tracking their delivery fleet on a real-time basis by factoring in route productivity, vehicle capacity and fuel consumption to device a cost and time efficient delivery model.

The pandemic has forced companies to be more agile in adapting to the fast-changing environment, with increasing complexities companies are focusing on developing strong technology platforms to strengthen their last mile connectivity. Last mile connectivity is the weakest link in the supply chain and yet is the most powerful tool in determining the future of an e-commerce retailer. Firms that are able to crack the code of cost-effective last mile delivery are the ones that will garner higher market share and thrive. Technology and digitization will remain the cornerstone of efficient last mile delivery.

Author of the article is Mr Lancy Barboza, MD, Flomic Global Logistics Ltd. Views are personal.

**Data from IBEF*

THE THREE PILLARS OF KUEHNE+NAGEL'S STRATEGY

CUSTOMERS, TECHNOLOGY AND PEOPLE

COEN VAN DER MAAREL
MANAGING DIRECTOR,
KUEHNE+NAGEL, INDIA,
SRI LANKA, AND THE MALDIVES

"We stay extremely close to our customers and suppliers (shipping lines) so that we can leverage, offer tailored solutions that are reliable for our customers and provide real-time visibility of the situations at the ports and sea, so that they can anticipate," shares **Coen van der Maarel, Managing Director, Kuehne+Nagel, India, Sri Lanka, and the Maldives**.

Kuehne+Nagel has been in India for over 25 years. So, how has been the experience and how important is this region for Kuehne+Nagel?

Kuehne+Nagel globally, as many know, is one of the leading logistics providers and we are over 150 years old as a company. We originated from Germany and have our head office today in Switzerland and we developed from a traditional forwarder with air freight and sea freight operations to an end-to-end logistics provider where we aim at having solutions for specific industries, because industries require specific solutions which cater to their needs. In India, we have kind of followed the same sequence. So, we started in 1997 with traditional C&F freight operations but we quickly evolved into a logistics provider with a strong presence, both internationally and domestically with warehouse and transport distribution solutions. And Asia specific, in general realm, is becoming more and more important for the global group and India, behind China and Vietnam is an important country for net growth.

Can you focus a little bit more on India and what kind of volumes Kuehne+Nagel has been handling in this region and also the business segments that you are servicing?

As you mentioned before, we are celebrating our 25th anniversary this year. We are of course part of the integral air freight and sea freight network of Kuehne+Nagel globally. If you look at the Indian focus, if you look at the business we do, the focus in really on the Europe, US, and China trade lanes, although it is fair to say that we expect a strong growth in inter-Asia business. From an industry perspective, Hi-tech, pharma, aviation and automotive are the main industries where we are busy.

From a domestic point of view, you can say that our main activities are focused on the pharma, automotive and E-commerce business. Of course, the pandemic has shown a strong growth from a volume point of view.

Are there any unique services that Kuehne+Nagel provides for its customers and what are the benefits that customers can expect when they engage Kuehne+Nagel?

So, as I mentioned before, for us, it is extremely important to focus on industry-specific solutions where we cater to the pain points of those industries and I would like to share three examples of products which have developed as a global group but also in India specifically and the first product is Quick, where we have a solution for our customers, where we have a 24 hour support for time-sensitive shipment, and you can imagine that is especially relevant to the Hi-tech, aviation and the pharma industry. The second example is KN Fresh Chain, this is our solution for perishable, international transport to make sure that products are achieving optimum shelf life at the destination. Last but not least, our largest product which is called KN Pharma Chain, where we have a certified product with over 90 professionals supporting our global pharma customers in making sure their products are being transported in a safe way. You can imagine how in the pandemic, this solution has been of critical importance to our customers and of course the consumers worldwide.

In the journey of these 25 years, can you give me any key achievements, milestones that Kuehne+Nagel has achieved in this region?

We had many. Let me start by saying that we are very proud that we have built an organization which is a good mix between our international customer base, but also many Indian customers. If we look at our organization, we are an organization run by Indians. Of our 3,500 staff, only 2 people are expats, the rest are Indians. So, we are truly an Indian company, part of one global organization. So, from a business point of view, I would like to share a few highlights: We started operations in 1997 from scratch and we were already awarded the best sea logistics provider in 2004 — only 7 years later, which I think is a great achievement. In 2012, we became GxP Compliant. So GxP Compliant is extremely important to perform pharma operations. So, we were not only complaint from an Indian point of view, we were also able to start operations for our international customers, which was very important for our development. And last but not the least, in 2018 and 2019, we have inaugurated our two new state-of-the-art logistics centres in Mumbai and in Delhi for warehouse and distribution services — we are very proud of that.

Currently, logistics service providers are facing three major challenges. One is the freight rates are very high. Second, you have a severe equipment shortage/ container shortage, and also the reliability of schedules of the shipping lines is a bit off the track. So, how are you able to deal with these challenges?

It is a very good question and the topic is still very much in our face today. I would like to try to answer the question in highlighting three areas and I would like to start with relationships. It is extremely important for us to stay close to our suppliers in this phase which is our core partners as shipping lines. So, we need to make sure that we leverage and the leverage is big. We leverage our position with the shipping lines. Secondly, in the areas of relationships, we need to stay extremely close to our customer. Our teams have been and are working day and night to work with the customers to let's say, damage control, but also to find the best solutions for them at certain moment and I must say that there is a huge understanding also at our customer's side on how the situation is and we are very happy that we have been able to start having physical face-to-face meetings again with our customers and there is a huge appreciation from our customers for what we have been doing so far and we will continue to do so and also, I need to thank my staff for that because the work they have put in, working from home is amazing. So, first area — relationships.

Second area — solutions. One solution we have offered to our customers and are offering to our customers is having sea air solutions, where you are not completely depending on the sea opportunities any more but also combine that with air. Of course, at some cost but reliability of the service was increased. And last but not the least is supporting our customers with digital solutions. You must have heard of KNC Explorer, which has a total visibility of all the sea traffic across the world. This solution or this service has been extended by showing all disruptions in ports and other geographic locations in the world. So, by doing that we provide our customers with real-time visibility of the situation which helps them to anticipate. So, those are the three areas we have been covering for them.

One of the important regions under your area of operations, Sri Lanka, has been experiencing a severe political and economic crisis. So, what is the kind of impact on Kuehne + Nagel business or operations and how are you coping with it?

It is very good question and a very difficult situation for the business and for the people in Sri Lanka at the moment. So, few areas ...due to fuel shortage, we have seen that traffic flows have been moved from Colombo to some Indian ports. So, we see some volume shifting. What we also see is that the export volumes are still at a reasonable high level and that has been so for the past few months. We expect that we will see some reduction in the next few months because of the fact that the raw materials which are imported are more and more difficult to obtain. So, from a business point of view, exports still have been strong. Our main concern, to be honest, has been with our people because there were moments in the past few weeks that it was very very serious and as a company, we have done a lot to support our people on the ground and I am happy that nothing has happened to our people. We hope that a new government will create stability and that will also allow them for international organizations to support them financially.

Many studies indicate that though the exim trade is growing, in fact the trade among the Southeast Asian nations, the intra-Asian trade is not picking up at the pace that is expected. So, what is your perspective?

It is interesting because we have seen the same development over the past few years. For us, the intra-Asia trade remains very important and we expect it to become much more important in the years to come. So, for that, we have a close collaboration between the country teams of Kuehne + Nagel in Asia-Pacific to make sure that we get the best position. We work closely together with local shipping lines to make sure we have the right offerings, and on the road transport side, we have started collaborating with Bangladesh for example, where we move retail volumes from Bangladesh to Kolkata and then fly them to Europe and to the US. We also have developed, again a digital solution, eShipAsia which allows our customers to book online their shipments even in an offsetting mode for carbon footprint. So, we do everything to benefit from that trade increase and we are confident that will happen in the next few years.

Now, digital transformation has been very important and in fact, imperative for even logistics and shipping industry today and especially post covid, it has become very very centric of the business. So, what are the digital initiatives that Kuehne + Nagel has implemented and planning to do?

We offer biofuel supported sea freight shipments. For air freight, we offer opportunities to ship on Sustainable Aviation Fuel. For all our LCL sea freight shipments, we offset the carbon footprint. All customers shipping LCL with us will receive a carbon neutral certificate.

Indeed, extremely important. In 2018, Kuehne + Nagel has started their 5-year global strategy which was under the 3 pillars — customers, technology and people. So, technology is an important pillar also for our group. I have already mentioned some solutions in sea explorer and eShipAsia. I would like to mention two other examples of how we support our business by technology. First of all, myKN. myKN is not only our intranet product but it is also the platform where our customers can book their shipments and track their shipments. So, much easier for our customers to do business with us, and secondly for our road transport, we have developed a product called eTrucknow where customers have online real-time transparency of the visibility of all their shipments. So, for us, digitization is a key enabler for our business.

From technology, let me move onto another important segment that is environment and sustainability. Today, every business is very keen to be carbon neutral and offer sustainable solutions while serving the customers. So, what are the initiatives that your company is taking up to reduce carbon footprint?

Sustainability is embedded in everything we do. Our commitment as a company is in line with the science-based targets initiative, which aims for a low carbon business by 2050. We have many initiatives to support that objective. I will mention a few; we offer biofuel supported sea freight shipments. for air freight, we offer our customers SAF shipment opportunities, which means Sustainable Aviation Fuel possibilities. Anyhow, for all our LCL sea freight shipments, we offset the carbon footprint. So, all customers shipping with us LCL will receive a certificate that their LCL shipments are carbon neutral. And last but not least, all infrastructure projects, new offices, new warehouses are being constructed with all new sustainable technology. So, as mentioned before, it is in all we do.

Can you share any investment and expansion plans in India?

So, I will not share our investment plans in Europe on this interview but of course, India is at a forefront of our growth ambition as a company, as a global company and as a region. I will mention a few things where we will no doubt invest. We will grow not only in the metro cities in India but we will expand our footprint to 2nd the 3rd tier cities where we want to make sure that we ensure customer proximity to not only the large companies but also to many many SMEs and start-ups in India. We want to expand our logistics presence and we will invest in additional solutions there. India as a country has a very large renewable energy agenda. We want to be part of that with our investments and then last but not least, we will invest in our people. We are in an industry where people are the backbone of what we do. So, we will invest in our people, training, development and we will care for them.

SPEARHEADING COASTAL SHIPPING IN KERALA

Kerala Maritime Board has taken several initiatives to promote coastal cargo movement. Incentives have been declared, a 101 meter long Passenger cum Cargo Wharf is inaugurated and ports of Kollam, Kochi, Beypore and Azheekal are connected to ports in Gujarat to move break-bulk and bulk cargo. **V J Mathew, Senior Advocate & Chairman, Kerala Maritime Board** shares a detailed account, read on to know more...

V J MATHEW
SENIOR ADVOCATE & CHAIRMAN,
KERALA MARITIME BOARD

Tell us about the scenario of coastal shipping in Kerala.

The Kerala Maritime Board has been spearheading the coastal shipping in Kerala since 2017. However, Kerala has had an active coastal shipping business in its major and minor ports since time immemorial. The Cochin port being the only major port in Kerala and one among the largest commercial Ports in India, is remarked as a hub maritime commerce in this country. This port dealt with the cargo throughput of more than 31 million tonnes in the previous few years.

The four main active non-major ports out of seventeen Ports in Kerala are Azhikal, Vizhinjam, Kollam and Beypore. Inorder to have a smooth coastal shipping service connecting these active ports, green freight corridor service operated by Round The Coast Pvt. Ltd. commenced with its coastal shipping service connecting Kochi Port to Beypore port and Azhikkal port. As each ship had the capacity to accommodate 100 containers, within a period of eight months, 3066 plus containers were handled connecting ports Kochi, Beypore, Azhikal and Kollam in 40 voyages of coastal ships, thereby easing the traffic congestion on highways and city roads.

The Vizhinjam port being the closest to the international shipping routes and having a natural draft of 20 to 30 metres, offers large scale automation for quick turnaround of vessels and has the capacity to handle megamax containerships/ tanker vessels. This port has gained fame by the significant number of crew change for various vessels including container ships, tanker vessels and gas tankers. Despite multiple oppositions, "Evergreen Globe" which is one of the largest container vessel in the world with a capacity to hold 24,500 containers weighing in total about 2,75,000 tones had come to the Vizinjam port for crew change. It's carrying capacity is 20160 TEU and her current draught is reported to be 15.8 meters. Her length overall (LOA) is 399.98 meters and her width is 58 meters. With this, Vizhinjam Port in Kerala and Kerala Maritime Board got a place in the world maritime map. As a result of the arrival of EVERGREEN, since July till date with 655 plus ships have come to Vizinjam for crew change and other essential services. This has generated crores of revenue for the Board (the government) Additionally, thousands of people, directly and indirectly, were found employement due to this in the Covid Period.

We have taken steps to facilitate Customs and Immigration Offices to be housed into a modern building. Duty free shop will be opened in Vizhinjam Port. Floating jetties will be set up at Vizhinjam, Valiyathura, Kollam, Neendakara, Alappuzha, Kodungallur, Ponnani, Beypore, Thalassery, Azheekal, Kannur and Kasaragod ports in Kerala. This will allow smaller vessels and barges to approach and operate at these jetties for a variety of purposes.

The Kerala Maritime Board is keen to implement High level security at all ports as part of the implementation of the ISPS Code and the same is nearing completion. The concept of 'Clean and Green Port' is being implemented within the stipulated time. The Coastal Cargo Passenger Shipping Service which will connect Vizhinjam, Kollam, Kochi, Mali and Thoothukudi will be implemented. New berths will be constructed at all ports which will be long enough to accommodate larger ships. Tender proceedings already floated to dredge all the Ports Berth and Channel to deepen 7 meters in the first phase and 11 meters in the 2nd phase.

Beypore handles around 50,000 tonnes and Azhikkal about 5000 tones of cargo annually. The Kollam port is noteworthy for its ability to accommodate ships with a draft of 7.5 meters and length up to 180 meters. It would be advisable to have facilities for re-fuelling and warehousing, which the port doesn't have currently.

The Kerala Government's establishment KSINC excels in barge operations and owns two yards for the construction, maintenance and operation of vessels, catering to a wide range of customer requirements. The Ports of Kerala are also well equipped with tugs, reach stackers and shore cranes to cater to the needs of coastal shipping lines and for their smooth loading and unloading.

The one major port and seventeen minor Ports of Kerala have had a notable history of coastal shipping and developments towards the betterment and smooth functioning of coastal shipping are undertaken continuously. After the institution of the Kerala Maritime Board, the coastal shipping scenario in Kerala has seen a great progress and a remarkable upgradation to international standards.

The Kerala Maritime Board took initiative to increase the depths/drafts of all active Ports in Kerala to 7 meters in the first phase and to 11 meters in the second phase, thereby welcoming larger vessels, leading to an increase in volume of coastal cargo movement in the Ports of Kerala.

What are the initiatives being taken by the Kerala Maritime Board to promote coastal cargo movement?

The Kerala Maritime Board was formed on January 7, 2018, subsequent to the passing of the Kerala Maritime Board Act, 2017 by the Kerala Legislative Assembly to streamline the development activities of seventeen minor ports and allied sectors in Kerala. In furtherance to this, the Kerala Maritime Board undertook measures for the betterment of various maritime sectors in the State, including but not limited to the development of Ports in Kerala, burgeoning of coastal transport and providing quality maritime education. One of the major missions of the Kerala Maritime Board is to increase the share of Kerala in the maritime trade of India by increasing the cargo movement through non-major ports.

An important aim of the Kerala Maritime Board has been the promotion of coastal transport. The foremost initiative taken by the Kerala Maritime Board to promote coastal cargo movement was declaration of incentives through the Government of Kerala for the promotion of coastal cargo movement. By virtue of this, the Government provides an incentive of 50% of road transportation cost after adding 10% cost prescribed by NATPAC, for each container brought by container vessels. Thereafter, the Kerala Maritime Board completed and inaugurated a 101 meter long Passenger cum Cargo Wharf which will bring in passenger ships and cargo ships to Kollam.

Steps were taken to commence coastal cargo movement connecting the Ports of Kollam, Kochi, Beypore and Azheekal through high speed passenger cum cargo ferry vessels on a charter/ PPP basis and to initiate high speed cargo shipping operations connecting cities at the Ports of Vizhinjam, Kollam, Kochi, Calicut and Kannur. Initiatives were taken for connecting Beypore port and other minor port of Kerala with Mangalore port, which will permit the coastal transportation of chemicals, hazardous liquids, petroleum products and LNG gas through barges, minor ships and ro-ro vessels. In furtherance to this, measures are being taken to start tank farms for storage of LNG and petroleum products. This initiative was well backed by investors including public sector companies, by their act of coming forward and expression of interest to start oil tank farms in the Ports of Kerala. Initiatives were taken to set up automatic cement terminal at various Ports in Kerala to grind cement clinkers on the ship carrying cement clinkers and to load it in sacks, enabling direct loading to the transport vehicle.

The Kerala Maritime Board intended to collaborate with Gujarat, Mumbai and other Maritime Boards of the country for businesses, investments and other activities at the Ports of Kerala, so as to effectively promote coastal transport and to explore and implement Kerala Coastal Transport and other Port related business opportunities. Initiatives were also taken to commence ferry services from Gujarat to the Ports of Beypore, Azheekal, Kollam for transportation of break-bulk and bulk cargo. The Kerala Maritime Board also took initiative to work in partnership with the Director of Ports, Lakshadweep to jointly launch passenger cum cargo vessels. This will enable export and import of seafood and construction materials at Ports of Kerala and Lakshadweep.

On discussion with the Kerala Maritime Board, the logistics conglomerate, JM BAXI group launched a company 'Round the Coast Pvt. Ltd.' for short sea container shipping service linking Ports of Cochin (Vallarpadam), Beypore, Azhikal and Kollam for moving cargo through it.

The Kerala Maritime Board decided and resolved to implement shift system among the employees, port staffs, tug operators and workers at all active Ports, particularly Beypore, Azhikal, Kollam and Vizhinjam and round the clock pilotage, berthing, sailing and tug operation at all ports, for the smooth and uninterrupted functioning of ports, vessel and cargo operation and crew change.

Inorder to promote Kerala Ports, the Kerala Maritime Board took initiative to permit vessels to do crew change, bunkering, ship chandling, survey, changing registration and incidental activities and within a short span of 1.5 years, 650 plus huge containers / vessels came to Vizhinjam for undergoing the above services.

By virtue of the Kerala Maritime Board's discussion to increase the depths/drafts of all active ports in Kerala to 7 meters in the first phase and to 11 meters in the second phase, it was decided to scientifically dredge the berths and channels of active Ports like Vizhinjam, Kollam Beypore and Azhikal, on war footing basis, not only to attract more coastal shipping liners, but also for enabling safe berthing of larger vessels, which will thereby increase the volume of coastal cargo movement and shipping business in the Ports of Kerala.

The initiative of e-office/ computerization / digitalization of all Ports in Kerala, particularly Kollam, Beypore and Azhikal to meet with International Standards was undertaken with the motive of tracking all import and export containers/ cargo movements, including coastal shipments, billings, payments and transactions including payments towards incentives to shipping lines. Initiatives were also taken for mapping and digitalization of the entire assets of ports including buildings, landed properties, fixtures and fittings, equipment's at the ports and port lands. The Kerala Maritime Board decided to implement weigh-bridge, CCTV camera, GPS, AIS and VTMS to ensure proper monitoring of the movement of trucks, sand mining / selling and online payments through banks to ensure 100% transparency in all ports, in compliance with ISPS standards.

Further, steps were taken to implement ISPS Code and security gates at two locations at all ports as per international standards, so as to maintain security arrangements for coastal shipping lines, ports and Government agencies, which will help safe berthing / sailing, thereby increasing the business in the Ports of Kerala. In addition, it was decided to implement the EDI facility for direct processing of export and import cargo operations at ports.

It is evident from the above that under the guidance, aegis and direction of the Kerala Maritime Board, initiatives were taken to curb the challenges faced by coastal shipping in various departments.

Which are the commodities / volumes being moved through coastal shipping?

The commodities transported via coastal shipping vary from each state of a nation, depending on the nature of their export and import. In Kerala the major goods moved through coastal shipping are plywood, cement, tiles, consumables, food items, furniture, rice, wheat, etc. Lately, initiatives have been taken to transport edibles including salt, masalas, spices, turmeric, chillies, cardamom, pepper, coffee, vegetable oils, coconuts, cashew and seafood including fish and prawns through coastal shipping. Measures have also been taken to increase the transportation of construction materials including hardware, metals, minerals, ores, wood, teakwood, paper and pasteboard, glass and raw asbestos through coastal shipping. The industrial materials tried to move via coastal shipping includes chemicals, chemical preparations, liquid ammonia, phosphate, gums, resins, raw cotton, coir, synthetic rubber, natural rubber and paraffin wax. Initiatives have also been taken to transport household items through coastal shipping, including glassware, cutlery, refractory materials, sanitary wares, footwear, textiles and cotton garments. The Kerala Maritime Board has also taken initiatives to start industrial ports, using commodities imported in each Port.

What are the immediate priorities of the Board?

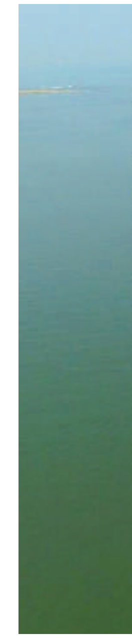
We are pleased to announce that in this short span of time the Kerala Maritime Board has held over 22 Board Meetings which has resulted in the promulgations of hundreds of Board decisions and projects which are aimed at upgrading the 17 minor ports, under the purview of the Kerala Maritime Board, to Ports having International standards. There are nothing more required and to be decided by Board, to develop Kerala Ports to International standards.
We KMB had published a document recently which contains, the Kerala Maritime Board's vision and various 100's of projects and other development activities proposed to be implemented in each port in Kerala under the new Government's tenure of the next 5 years.

Board took initiative to commence long awaited Coastal Container Vessel Operation by Round the Coast, which is a division of JM Baxi Group connecting Ports of Azhikal, Beypore, Kochi, Kollam and in the 2nd phase to connect Vizhinjam and as on date the same has completed 42 voyages successfully . The operator recently confirmed that by 2022 they would deploy one more vessel in this sector.

What are the issues and challenges being faced by coastal shipping lines?

The general issues and challenges faced by coastal shipping lines at Indian Ports are institutional, infrastructural and financial challenges. The major issue faced by coastal shipping lines on arrival at the Ports of Kerala major was delay caused due to non-functioning of port for 24 hours leading to higher berthing charges and increased cost due to delay in voyage. However, after the institution of the Kerala Maritime Board, initiatives were taken to bring in shifts so as to increase the working hours.

Another specific issue faced at Kerala Ports is less draft of only 3.5 metres, which restricts the entry of larger vessels. It is to curb this challenge that the Kerala Maritime Board took initiative to increase the depths/drafts of all active Ports in Kerala to 7 meters in the first phase and to 11 meters in the second phase, thereby welcoming larger vessels, leading to an increase in volume of coastal cargo movement in the Ports of Kerala.



COCHIN PORT

ATTRACTING TRANSHIPMENT CARGO TO INDIAN COAST

The Cochin Port Authority has meticulously planned its strategy to grow transhipment cargo. The Port is being dredged and infrastructure is being upgraded to improve efficiency, while discounts are being offered to lure mainlines

Prime Minister Narendra Modi's vision for "Atmanirbhar" India calls for bringing back to Indian shores the cargo that has been going to foreign transhipment ports, resulting in a significant loss in revenues.

In order to arrest outflow of foreign exchange and reduce dependence on foreign countries, it is important that Indian cargo is transhipped at an Indian port to the extent possible. Cochin is being considered as a transhipment hub to provide the much-needed direct connectivity to foreign ports from South India which will reduce the lead time for our EXIM trade by an average of 5-7 days and with increased options available the cost of shipping will also reduce. ICTT Cochin is already a functional terminal and best located amongst all Indian Ports to become a transhipment hub of India. With the container vessel sizes going up over the years, it is important that the infrastructure at ICTT are also scaled up and made available to accept container vessels without any discrimination and turn it around faster.

Recently there has been an increase in transhipment at Cochin Port and ICTT Vallarpadam. DP World has been offering attractive commercial and operational value proposition to container shipping lines to retain the current volume and grow beyond it. Cochin Port has recently come out with a revised concession scheme on Vessel Related Charges to make the terminal attractive for mainline (both regular & 'ad-hoc') and feeder vessels. A remarkable increase in operational efficiency is attracting more cargo to

the Indian coast. Detailing on these aspects **Dr M Beena, IAS, Chairperson, Cochin Port Authority** shares, "Productivity, comparable with International Transhipment ports, aggressive pricing strategies adopted by both DP World & Cochin Port are the principal reasons for increased transhipment volume. On the productivity front, Gross Crane Rate (GCR) at ICTT has been on an average 32 moves per hour per crane and the terminal had recently set a record of their own by providing a Berth Move per Hour (BMPH) of 150 which was comparable to the highest International standards. The turnaround time (TRT) of 21.64 hrs is the lowest amongst the major ports of India having significant container volume."

The Cochin Port Authority has geared up its strategy, moving away from call-based rebate on vessel charges to offer cargo based discounts at the International Container Transhipment Terminal (ICTT) Vallarpadam, in order to attract more of Transhipment cargo and inviting mainline vessels. About 3 million teus of Indian cargo is moved through foreign transhipment ports, imposing extra time and cost for Indian exim cargo. Currently, the port authority offers rebate in vessel related charges based on number of calls a shipping line makes in a year. The new strategy of offering cargo based discounts will enable shipping lines to gain greater discounts even if they make few calls but bring in more cargo. This new scheme will enable supporting even ad-hoc ship calls in a big way.

As per the new plan discount of 60% in vessel related charges is offered if a shipping line brings 251 to 500 TEUs per trip, 75% for 501 to 750 TEUs, 80% for 751 to 900 TEUs and 85% for 901 TEUs and above.

In May this year, The Ministry of Ports, Shipping and Waterways has announced to fund ₹300 Cr under the Sagarmala initiative to dredge the International Container Transhipment Terminal (ICTT) at Vallarpadam operated by DP World in Cochin Port. The terminal channel is being dredged to deepen it from 14.5 meters to 16 meters, which is expected to take about a year. The move to deepen ICTT Vallarpadam is a consorted effort by both the Cochin Port Authority and the central government to attract more of transhipment cargo to the Indian coast.

Due to the political unrest in Sri Lanka shipping lines are going for transhipment routes that do not pass through the port of Colombo for transport of goods to and from Chattogram port. The main line operators are now looking to ports in India, Singapore and Port Kelang.

Major Commodities Moving Through Cochin Port and ICTT Vallarpadam

Import Commodities

Cement
HD Polyethylene
Roof Tiles
Quick Lime
White Cement Clinker
White Cement
Raw Cashew Nuts
PVC Resin
Heavy Melting Scrap
Gypsum Powder
Aluminium Scrap
Copra Expeller Cake
Lead Scrap
Calcium Carbonate
Cashew Kernels

Coir Products
Frozen Marine Foods
Cotton Products
Food Stuff
Tea
Rubber Products
Spices
Plywood
Paper
Coffee
Coconuts
Sea Foods
Rice
Textile Machinery
Cashew

Export Commodities

Colombo Port Rises to top 22 Position Globally

Colombo Port processed 7.25 million TEU in 2021, up nearly 6% from the previous year. According to the Sri Lanka Ports Authority, the growth of the country's principal port has elevated Colombo to the world's 22nd largest port.

The SLPA's chief, Prasantha Jayamanna said, the development was good, and that President Gotabaya Rajapaksa has asked that the port's ranking to be raised to within the top 15 by 2025. Volumes at the Colombo Port increased by 5.8% year on year, with transshipment volumes increasing by 4.2 percent to 5.85 million TEU. SLPA terminals specifically saw a 5 per cent growth to 2.2 million TEU for the calendar year.

Earlier this year Colombo Port began phase two of its Eastern Terminal extension which will allow it to handle the largest container vessels.

Construction began on 12 January 2022 under the patronage of President H.E. Gotabaya Rajapaksa and Prime Minister Hon. Mahinda Rajapaksa. This extension will see the length of the terminal increase to 1,320 metres.

The project is scheduled to be completed on 4 July 2022. Once completed, the facility will consist of 12 giant cranes and 40 normal cranes, to be supplied by China's Shanghai Zhenhua Heavy Industries Company (ZPMC). Ports Minister Hon. Rohitha Abeygunawardena has said the development will cost around $1 billion, set to be financed by local funds.

There has been a significant increase in volumes handled in FY 2022 over the previous year, "India's first full-fledged transhipment terminal - International Container Transhipment Terminal (ICTT), operated by DP World, handled 7.36 lakh teus in the recently concluded FY 2021-22, registering a growth of 6.65% over that of FY 2020-21. An aggressive pricing strategy helped the terminal to have a record transhipment volume of 1.56 Lakh teus in the FY 2021-22 (growth of 80% over 2020-21), reimaging the future of handling transhipment traffic at Indian ports. In the year 2020-21, the port handled 0.867 lakh transhipment teus, clocking a growth of 140% over FY 2019-20. In the current FY (2022-23, April - May), ICTT Cochin handled 28812 teus of transhipment traffic, registering a growth of 79.17% over the corresponding period of FY 2021-22."

Main line calls and connectivity

All the container shipping lines are having their presence in Cochin. The weekly mainline services are connecting Far East, Chinese and European Ports. The foreign feeder services have varied frequency, from weekly to fortnightly. They connect Cochin to different Middle Eastern Ports.

Cochin port has developed a very efficient hinterland connectivity. There is a 4 (four) lane road connectivity to the Container Terminal. The terminal is also having a rail connectivity, which is electrified.

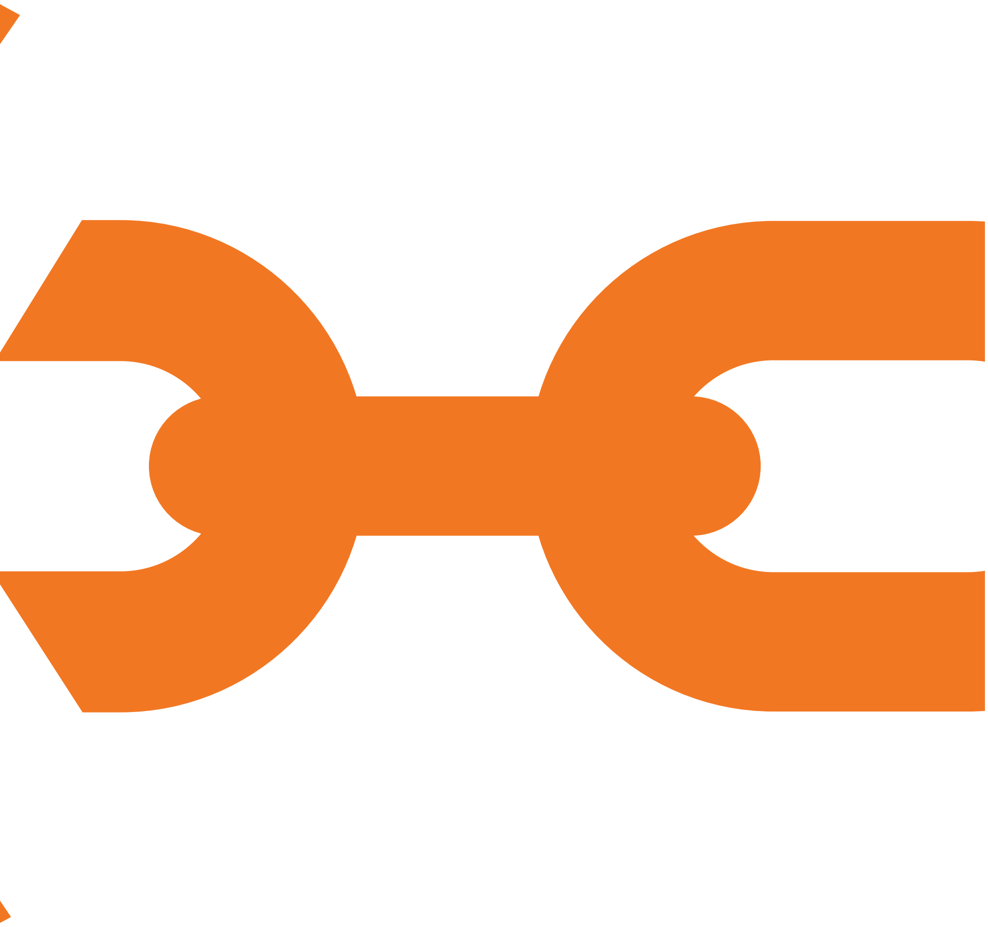
SUPPLY CHAIN DISRUPTION

The Russian invasion of Ukraine has disrupted supply chains across industries such as energy, oil&gas, agri commodities, automotive and electronics. New strategies called "friendly shoring" are being carved out to secure supply chains

BY **VIJAY KURUP**

The resilience of the supply chains is being tested once again. Scarcely had the container liner division recovered from the calamitous repercussions of the pandemic, than it has been smacked with another fortuitous event, which has all the ingredients for a turbulent period. The breakout of hostilities between Russia and the former republic of Soviet Union, Ukraine, has the potential of altering the supply chain line. To worsen matters, the recrudescence of the Covid 19 epidemic in China has had a retarding effect on the functioning of ports around the world. Twenty percent of container vessels are currently waiting outside congested ports, globally.

In the past two decades or so there have been several force majeure situations that severely upended supply chain movement across the globe. The SARS epidemic of 2003, tsunami in Japan, flooding in Thailand, the coronavirus wave in December 2019 had convulsed the supply chain movement



the world over. But this time, the end appears to be nowhere in sight.

The increasing trade dragnet around Russia, has further roiled the trade movement. According to the International Monetary Fund (IMF) the global economic prospects had worsened significantly. It had initially projected a global economic growth of 3.6% from 2022-Q, after the relatively mild impact of the Omicron variant. However, the prognostics turned bleak with the outbreak of war and the sanctions that followed. The growth projections for advanced and emerging economies were also revised downwards. The consequences of war have cut across the entire gamut of maritime trade.

Shipping activities in the northern black sea have been closed. Congestion is building up in European ports due to suspension of movement of containers to Russia. Further the additional surveillance by the customs is adding to delays, leading to the inevitable snarls in the terminals and delays in vessel sailings. Containers destined for the sanctions-hit countries are earmarked for special inspection. The stakeholders need to ensure that moving them will not in any way transgress the sanction provisions, which otherwise, would evoke sharp punitive measures.

About six weeks ago, about 2000 seafarers were stranded in the Ukrainian ports. One thousand five hundred seafarers have been evacuated. The remaining 500 on board 109 ships were awaiting evacuation from Ukrainian ports in the Black Sea and the Sea of Azov. Russia's invasion of Ukraine has shut most of the country's ports. Further there is going to be a potential shortage of seafarers. With China under lockdown, seafarers from China have substantially reduced. The visa and travel restrictions imposed on Russians seafarers has further incommoded their movement. The squeeze predicament of recruitment and manning of seafarers is only beginning to brew.

The International Chamber of Shipping (ICS), has warned that, if the free movement of Ukrainian and Russian seafarers are impeded, there could be more disruption in the supply chain. The Seafarer Workforce Report, published in 2021 by BIMCO and ICS, reports that 1.89 million seafarers are currently operating in over 74,000 vessels in the global merchant fleet. Of this total workforce, about 10.5% of seafarers were Russian and 4% were Ukrainians. If the employment of the combined strength of 14.5% of the global workforce is hampered, it would have a deleterious impact on the smooth functioning of the supply chain.

The EU has requested SWIFT, the financial messaging system, to disconnect some Russian banks from using its system. Payments will be affected due to blockage of SWIFT in Russia. Stymying the banking system in Russia will have serious repercussions on trade.

The China-Europe Railway Express, (CRE), provided an alternative mode of transport to container shipping for transporting Chinese manufactured goods to Europe via Russia. However, the conflict has disrupted rail movement between Asia and Europe, causing additional strain to the cross-continental rail movement, which was already under stress due to coronavirus-related disruptions. According to an UNCTAD report, in 2021, 1.5 million ocean containers of cargo were shipped by rail from China to Europe. If the volumes currently going by container rail were added to the Asia–Europe Ocean freight demand, this would mean a 5 to 8 per cent increase in an already congested trade route. The potential shift of cargo movement from land to sea, would further push ocean freight upwards.

Russian flagged vessels constitute about 3% of the global fleet or about 0.5% of total deadweight tonnage (DWT). The number of vessels affected could be in excess of 2,850. Containers bound for Ukraine and Russia are lying at different transhipment ports.

Congestion can be expected in the European ports of Antwerp, Rotterdam and Hamburg. Out of 470 million tons of cargo transhipped through the port of Rotterdam, each year, about 13% are destined for Russia. Trade to Russia and CIS countries have been affected and Shipping lines are not accepting goods for Russian ports. The growing congestion at the Port of Rotterdam has directly been attributed to Russia's invasion into Ukraine. Experts have warned that shipping rates could triple if the conflict in the Black Sea sends insurance rates higher.

The sanctions mandate that all parties along the supply chain would be responsible for the goods. The goods should be devoid of potential military applications. They need to know the destination of the goods; the end use of goods and the identity of the end user. The UK has gone a step ahead by banning all exports of dual-use and military items irrespective of end-user. Several countries have followed suit. Many shipping lines have stopped calling Russian ports. Three of the world's largest shipping companies temporarily halted all shipments to and from Russia. Ocean shipping in the Black Sea has become increasingly challenging. With the European Union, the United States, United Kingdom and others imposing crippling sanctions and restrictions on trade movement to and from Russia, search is on for alternate routes, albeit with higher tonne-miles.

The Russian - Ukraine conflict is yet another stark reminder of the vital role of logistics in the country's economy. Ukraine was the world's sixth largest exporter of wheat in the 2020-2021 season. Yemen, which is experiencing one of the largest humanitarian crises, imports about 90% of its food through its ports. UNCTAD analysis has shown how surges in freight rates can raise the prices of goods, especially in least developed countries and small island developing states. In the eight months before the conflict, more than 50 million tonnes of grain were shipped through the country's Black Sea ports – enough to feed about 400 million people. Now, with ports on the Black Sea blocked, the grain is stuck in silos on land or on ships, unable to move while 44 million people around the world face starvation.

Ukraine supplies about 50% of the world's neon gas, which is used in the production of semiconductor chips. This electronic component is present in just about every quotidian device. Russia and Ukraine are also big exporters of grains such as corn, barley, and wheat as well as fertilizer. According to a Deloitte report Russia is a significant source of many of the 35 critical minerals that the US Department of the Interior (DOI) deems vital to the nation's economic and

In the eight months before the conflict, more than 50 million tonnes of grain were shipped through the country's Black Sea ports – enough to feed about 400 million people. Now, with ports on the Black Sea blocked, the grain is stuck, while 44 million people around the world face starvation.

national security interests, including 30% of the globe's supply of platinum-group elements (including palladium), 13% of titanium, and 11% of nickel. Russia is also a major source of neon gas.

Reportedly automobile manufacturing giants Volkswagen and BMW have been closing assembly lines in Germany due to the shortage of automobile components manufactured in Ukraine. Due to logistics issues, as a result of the invasion, the Michelin tyre manufacturing company, has announced that it could close some plants in Europe. Some International organizations, in Ukraine and Russia, spanning sectors from energy to health care and consumer products are mulling to cease or scale down operations. Those opting to remain, would have to take into consideration the safety of logistics operations in the hostile environment.

Despite fractional improvement on vessels schedules in the beginning of the year, the average global delay of a ship's arrival was still 7.26 days in March as compared to 4.5 days in normal times.

Would this intermittent disruption in logistics give an added impetus to reshoring? The disruption in the supply of commonplace and high-end products, have led many companies to reshore manufacturing activities. Reshoring became a by word in the early years of the previous decade. Long supply chains are prone to uncertainties. Shortening

surcharge by way of bunker adjustment factor, possibly because of the current existing high freight rates. The conflict however, has effectively stalled any move by the shipping lines to lower freight to pre covid levels.

The Indian shipping industry has also been affected. The Ministry of Ports, Shipping and Waterways have taken up a number of steps to safeguard the Indian shipping industry from the adverse impact of this crisis. There have been meetings with the stakeholders to review the situation. Shipping lines have been asked to explore alternative routes to the CIS countries. The Indian EXIM community has been informed that ONE Shipping (Ocean Network Express) would be carrying containers to Vladivostok.

However, amid all this gloom CAIT, the Confederation of all India Traders whose mission is to render assistance to the Trading Community, recently

the length of the supply chains was seen as a means of establishing certainty in manufacturing activities. The reshoring movement has since gained traction.

But reshoring isn't always possible for practicable reasons. It is not always possible to produce goods where the natural resources for the product are not available, or as per a report, where "the market is not big enough to support multiple competing sources of supply." What could be a more pragmatic alternative? An alternative that brings in more certainty, predictability and visibility? Is there going to be a paradigm shift?

A new phrase is being tossed around that could possibly be a solution - "Friend-shoring or ally-shoring". Simply stated, friend shoring takes off from onshoring, building up ancillary manufacturing facilities and establishing an integrated supply chain around allied neighbouring countries, for promoting and strengthening domestic manufacturing. It entails building up the economy with neighbouring friends, in a symbiotic relationship. Recently the Biden administration's call for friend-shoring was to build a supply chain to achieve free but secure trade. And it extended to a large number of trusted countries as a way to "securely extend market access".

Digitisation Is synonymous with enhanced efficiency, but that is just one side of the coin. The other side is the threat of cyber-attacks which can bring a company to its knees. The looming threat that has the potential to disrupt trade is the silent war or the cyber wars between nations. During the pandemic, several logistic companies had fast forwarded their plans to digitize their processes. All the nodal points in the supply chains were rapidly being digitized. Now with the growth of the Internet of Things almost every device has an IP address which in essence means that any device can be vulnerable to a cyber-attack.

Though there has not been any incidence of cyber-attacks in the current hostilities, the threat hangs over the system like the sword of Damocles. The US Cybersecurity and Infrastructure Security Agency (CISA) had cautioned of new cyber-attacks from Russia. Shipping lines have strengthened preventive measures to protect their IT systems.

The sinking of several ships in the Black Sea have forced insurers to hike premiums to between 1% and 5% of the value of the ship compared to pre-war levels of 0.25%.

Bunker fuel prices which make up a substantial part of total operational cost in shipping are close to the record levels reached in 2008. Marine fuel prices in Singapore have registered a rise of 66% over the past year. So far container shipping lines have not resorted to any

said that the sanctions imposed on Russia amid the ongoing Russia-Ukraine conflict had opened opportunities for Indian exporters. The trade organizations from Russia had reached out to their Indian counterparts, seeking to import FMCG goods with Indian exporters. The Russians were earlier importing from the US, the UK and European Countries. The Ministry of commerce and Industry had stated that the effect of the war on exports/ imports from Russia and Ukraine could be assessed only after the situation stabilized.

For the present the future outlook is grim. There would be a seismic shift in sourcing of commodities and manufacturing activities. The supply chain routes are set to change. The emphasis would be to reduce the number of choke points in the supply chain. Even prior to the conflict, in consequence of the pandemic, most companies were mired in the lingering complex logistics challenges, such as port congestion, container shortages, long lead times, and record-high ocean freight rates. The current conflict has the potential to roll back much of the progress achieved after the second wave of the pandemic. With oil prices rising, further increase in freight rates cannot be discounted. The future is riven with uncertainties. The maritime trade would need to tread with care.

SPARE A THOUGHT FOR THE SEAFARERS

Even after two waves of the pandemic and the third wave raging unabated, organizing ship's crews have been far from smooth. The replacement of the crews was still proving to be arduous and it still had all the potential to disrupt the flow of trade.

BY **VIJAY KURUP**

Whether it is the pandemic or a breakout of hostilities, the human element in the supply chain gets severely upended.

Consider the following situations. An officer's pregnant wife was not allowed to deboard, from a vessel which was anchored off the coast of Nigeria, for medical assistance.

Close family members of the seafarers fell victims to the raging scrooge. No neighbors were willing to come forward to assist them.

As family members of the seafarers fell victims to the dreaded pandemic, there was not only that excruciating sense of void of losing one's family member, but compounding their loss was the anguish of not seeing their loved one before they were cremated.

The strict imposition of sanctions by governments globally, against the Russian Government's aggression in Ukraine, has again stranded sailors from multiple nations. Reportedly, at least 1,000 sailors have been stranded, in the besieged port of Mariupol.

On 25th March 2022, the Russian Federation, in a unilateral move, had announced the establishment of a 'blue safe maritime corridor' to be used for the humanitarian evacuation of commercial vessels and seafarers stuck at Ukrainian ports from the Odessa region out into the Black Sea. However, this has not been agreed to by the Ukrainian government. All Ukrainian ports currently remain closed, and no arrivals/departures have been permitted. The approaches to Ukrainian ports currently pose a high risk due to the presence of floating mines.

Till Russia and Ukraine take cognizance of the fact that there are seafarers from multiple nations held in a hostage like situation, their safe extraction from the embattled region would not be possible.

It is traumatic to be in a situation, where you are all but reduced to a passive bystander, when your families are put through the wringer back home due to the pandemic or are waiting white knuckled for some news from their stranded men and women.

This just about sums up the situation faced by the many seafarers stranded at sea for months at a time. As countries one by one went under lockdown to contain the spread of the infection, the shipowners and managers struggled in vain to relieve the seafarers. The sense

of helplessness was widespread. And thoughts of suicide were insidiously brimming in their minds. Globally there are over 74000 merchant ships, serviced by 1.89 million seafarers from multiple nations.

After a vessel has berthed at the port, a seafarer is not allowed to have any interaction with the port workers. They are not even encouraged to walk on the quay side. Doubtless the prohibition is required. But for a sailor who has been on the sea for 2 to 3 weeks the restrictions while being moored can prove to be very oppressive.

A master mariner who spoke on the condition of anonymity said their own plight is often taken for granted. They had to deal with several issues at the same time. First and foremost, they had to take care of their own health. They had to be aware of the physical and mental health of the crew on board with him. The safety of the vessel was paramount. If there was any infringement of law or any untoward accident, it was the master mariner who was answerable.

As of July 2021, IMO data has estimated that some 250,000 seafarers remained on board commercial vessels way beyond the expiry of their contracts.

As of July 2021, IMO data has estimated that some 250,000 seafarers remained on board commercial vessels way beyond the expiry of their contracts. According to the International Labour Organization (ILO) 2006 Maritime Labour Convention, 'the maximum continuous period that a seafarer should serve on board a vessel without leave was 11 months. This period could be exceeded in situations of "force majeure", but any extension must be accompanied by appropriate safeguards to avoid any abuse and protect seafarers' rights.' In many cases this sacrosanct time limit was breached. A similar number of seafarers urgently needed to join ships to replace them.

The seafarers continued to suffer silently. Not many people were even aware of the trauma that they were undergoing. All the while the wheels of the supply chain kept revolving albeit laboriously and never ground to a halt. There was a dire emergency for the seafarers to be relieved, in order to ensure compliance with international maritime regulations for ensuring safety, crew health and welfare, and the prevention of fatigue.

During the peak of the pandemic, the ship owner and managers had felt completely isolated and had to fend for themselves. The corridors of power were unable to step in and provide a solution. Unfortunately, due to this unprecedented crisis, there was a growing perception among the stranded men that there was also a lack of involvement from the wider shipping industry.

Chirag Bahri, Director of Regions, ISWAN, a membership organization which works to promote and support the welfare of seafarers all over the world, speaking to Maritime Gateway, said that the sailors were still facing issues on signing in and off. The sailors, even when tested negative, were asked by some shipping companies to quarantine in hotels for about a week, before embarking on ships. He was of the opinion that the sailors be included in the priority list for the booster dose which was currently limited to frontline workers and senior citizens.

He said that ISWAN made 40,000 calls worldwide so that the stranded sailors across nations could touch base with their families.

For the sailors stranded in Ukraine, ISWAN is running a fund for the families affected. Bahri said that any affected family can apply for the fund. The Seafarers International Relief Fund (SIRF) was established to create a central fund to respond to the needs of seafarers affected by COVID-19 pandemic. It has recently launched a new fundraising campaign to support seafarers and their families impacted by the crisis in Ukraine.

Even after two waves of the pandemic and the third wave raging unabated, organizing ship's crews have been far from smooth. The replacement of the crews was still proving to be arduous and it still had all the potential to disrupt the flow of trade.

In order to ensure smooth crew changes in as many ports as possible, ICS has been collecting information on the ability of ships to conduct crew changes. This forms part of the efforts to encourage Governments to implement IMO's Recommended Framework of Protocols for Ensuring Safe Ship Crew Changes and Travel during the pandemic. Resolutions urging Governments to designate seafarers as key workers have been adopted by IMO, the United Nations General Assembly and the International Labour Organization (ILO).

Governments have cautiously started opening their borders, seaports and airports. However, the quarantine rules, the vaccination and the testing requirements vary. Travel restrictions have been reimposed to curb the spread of the virus. These measures have only served to bedevil the seafarer's bid to reach the ship for boarding. Often the ship's location would be many thousands of miles away, engendering multiple modes of travel from the country of his residence. The same difficulties arise for the relieving crew heading back home. Despite being fully vaccinated a seafarer has to undergo mandatory quarantine isolation after embarking or joining ships. Both the arrival and departures are beset with uncertainties, thus making the entire process of crew change an enervating process.

There exists an unspoken bond among the sailors, a freemasonry that is almost clannish in their relationship. Amidst all these cataclysmic events the seafarers have come together to help their fellowmen in times of crisis. Several hundred US mariners were stranded in one of the most geographically remote places on earth - the remote island of Diego Garcia in the Indian Ocean. The pandemic had shut down the normal military flights between Bahrain, Singapore and this island. Repatriating these stranded sailors meant traversing multiple countries. Each country with its own rules and regulations, the extraction of the seafarers was a logistical nightmare.

The situation was critical because the sailors had far exceeded their contractual stay of nine months. They were mentally and physically drained. Seafarers across nations pitched in to evacuate them on an emergency basis. Repatriating these stranded souls involved circumventing red-tapism, cutting across government lines and joining forces with competitors. And it was done. The seafarers were safely repatriated to their homes.

The pandemic has catalyzed a series of changes for the welfare of the seafarers. In the first week of November, 2020, IMO approved the Maritime Safety Committee's (MSC), its technical body, the circular recognizing the industry-developed protocols, which set out general measures and procedures designed to ensure that ship crew changes and travel could take place safely during the pandemic.

On December 1, 2020, the United Nations General Assembly has called on UN Member States to designate seafarers and other marine personnel as key workers and to implement relevant measures to allow stranded seafarers to be repatriated and others to join ships, and to ensure access to medical care. The resolution also encourages Governments and relevant stakeholders to implement IMO-recognized protocols.

Soon after more than 850 companies and organizations signed the Neptune

Declaration on Seafarer Wellbeing and Crew Change. The declaration is named after the Roman God of the sea. It was launched in response to the crew change crisis. The Declaration urges the implementation of four main actions to address the crisis:

- Seafarers to be recognized as key workers and given priority access to coronavirus vaccines;
- Implementing health protocols for safe crew changes;
- Increasing collaboration between ship operators and charterers to minimize the risk of COVID-19 spread on vessels;
- Ensuring that air transport continues to operate between major maritime hubs.

The UK p&I Club is a signatory on the Neptune Declaration on Seafarer Wellbeing and Crew Change. The other signatories include Maersk, MSC, BP, Cargill, Rio Tinto and Shell CMA CGM, COSCO Shipping, Frontline, Euronav, Hapag-Lloyd, MOL, NYK Line, Trafigura and many more.

The Maritime Union of India (MUI) has asked the government to take

A humane development has sprung up among the multinational retail companies who have been insisting that the shipping lines on which they were transporting their cargo, did not insert clauses in the contract with their crews, that prevented crew changes.

cognizance of 'Neptune Declaration on Seafarer Wellbeing and Crew Change' in the formulation of Maritime India Vision 2030.

The government of India, in a nod to the wellbeing of seafarers, have set detailed Standard Operating Procedures (SOPS) for sign on and sign off of Indian seafarers at Indian seaports and for their subsequent movements. The Directorate General of Shipping has asked all Indian seafarers to comply with WHO recommendation. Also, all Indian ships are required to exercise due caution while calling at ports where infections have been reported.

Six major Ports have started Vaccination Centers, viz, Mumbai Port Trust, Cochin Port Trust, Chennai Port Trust, Visakhapatnam Port Trust, Kolkata Port Trust and Tuticorin Port Trust have started vaccinating seafarers at their port hospital. Moreover, a private hospital in Kerala has been included for vaccinating seafarers.

Seafaring Unions/Associations like the Maritime Association of Shipowners Ship managers and Agents (MASSA), the Foreign Ship-owners Representatives and Ship Managers Association (FOSMA) and the National Union of Seafarers of India (NUSI) have also successfully organized special camps for vaccination.

FOSMA and MASSA have 24x7 tele-support to provide psychological support to seafarers. The scope includes remote access to doctors and second opinions if required.

Apart from these measures, the Ministry of Ports, Shipping and Waterways, has been asking State Governments to include seafarers in their State 'priority' list. Kerala, Tamil Nādu and Goa have agreed to give them priority consideration.

A program sponsored by UN Global Compact, calls upon cargo owners to exercise due diligence, across their supply chains in order to identify, prevent, mitigate and address adverse human rights impacting seafarers due to the ongoing Covid-19 crisis.

A humane development has sprung up among the multinational retail companies who have been insisting that the shipping lines on which they were transporting their cargo, did not insert clauses in the contract with their crews, that prevented crew changes. They are adopting the toolkit to audit their shipping supply chains in an effort to help bring stranded seafarers back home and eliminate human rights abuse. This would prevent seafarers from being forced to work beyond their contractual or globally accepted safety periods. It is part of a project by the UN Global Compact.

Has the situation of the seafarers improved? A Delhi seafarer, now currently on shore and who did not wish to be identified, said that he was very reluctant to go back to the sea. He felt that there were still many uncertainties with regard to repatriation of seafarers. He stays with his wife and children. His parents stay in Jhansi. In a crisis he would have to depend on his friends and neighbors. But now, he feels that very few people would come forward to assist. As a sole earning member, he is torn with indecision. “Eventually I will have to go and hope for the best.”

Many would join back, out of compulsion. In countries where unemployment is rampant, a career at sea becomes a lucrative prospect.

Many others may opt to stay back, inevitably leading to global shortage of seafarers. That would be a situation with dire consequences - a situation that would affect the very core of the supply chain. In 2018 there was a 35% increase in the engagement of seafarers. In 2019 the increase in the engagement of seafarers was 12%. In 2020 there was a fall of 4% in the engagement of seafarers. The Ministry of Ports, Shipping and Waterways Employment has ascribed the decrease in the year 2020 to complete stoppage of cruise shipping during the Covid 19 pandemic. India has over 4 lakh seafarers, and there is no shortage of Indian Seafarers.

Despite a number of regulations and declarations the plight of the seafarers has improved only marginally. As of today, only about 56 countries have designated seafarers as key workers. India is yet to take a decision.

For a seafarer, it is a lonely job, not without risks. The IMO has described the seafarers as the unsung heroes of this pandemic, as the world relies on them to transport more than 80% of trade by volume, which includes vital food and medical goods and other items. Despite the odds being stacked heavily against them, throughout the crisis, the wheels of the supply chain never stopped moving. A few good men who go by the generic term – seafarers - ensured it.

BANGLADESH OPTS FOR DIRECT SHIPPING: OFF THE BEATEN TRACK

Long transit periods and transhipments enroute had always skewed the operating costs and time of RMG exporters. This was further exacerbated by the COVID induced disruptions. But not anymore, as direct shipping to European markets have come as a boon.

BY **VIJAY KURUP**

On Feb 24, the first-ever direct vessel sailed from Chattogram port, Bangladesh to reach Ravenna Port, the Italian port on the Adriatic Sea, in just about 17 days. This could well be a game changer for the Bangladeshi exporters who had always been clamouring for direct sailings, for their shipments. The direct sailings and other recent developments have the potential to augment export liftings from Bangladesh.

The direct sailings will open more doors for Bangladeshi exporters for enhanced business in Europe. The direct sailing comes on the heel of several other changes that are being introduced that can change the narrative of the Chattogram port.

The first sailing was a precursor for direct sailings to many other ports in Europe from Bangladesh. Larger container vessels will now directly call at the Chattogram port. Reliance Shipping and Logistics Limited, or RSLL, the Bangladesh agent of the Swiss freight forwarding service, Commodity Supplies AG, will commence direct operations to Spain and the Netherlands, by deploying larger container vessels.

Mohammed Rashed, Chairman of Reliance Shipping and Logistics Limited, agents for the Swiss freight forwarding service company, Commodity Supplies

AG, in an email response to Maritime Gateway, said, “the transit time to Europe would be 19 to 20 days. They were providing three container ships on a fortnightly basis.”

RMG (Ready Made Garments) exporters in particular were keenly looking for direct sailings to Europe, Mediterranean and US. Bangladeshi exporters have reported a significant fall in trade since the COVID-19 outbreak. Long transit periods and transhipments enroute had always skewed their operating costs also.

Port of Colombo has been the transhipment point for the shipments from Bangladesh. Garments form more than 80% of Bangladesh’s export. It has emerged as the second-largest exporter of garments in the world, with China occupying the number one position. The US had been shifting its sourcing away from China gradually and have started focussing on Bangladesh.

The recent disruptions due to COVID 19 had affected the supply chain movement, not just in the port of loading but right across the length of the chain to the discharge port and beyond. The shipments perforce were delayed at the various transhipment ports south-eastern region viz, Singapore and Tanjong Pelepas. The disruptions in the port operations have been becoming far too common globally. The delays further multiplied after the shipments reached the transhipment ports.

Most ports were just about recovering from the disruptions during the pandemic, when they were again beset with a force majeure situation - the Russian-Ukraine conflict and the political upheaval in Colombo. The unrest in Colombo led to some uncertainty in the supply chain schedule.

Direct sailings have come as a boon. UK-based freight forwarding firm Allseas Global Logistics, have also commenced direct shipments to Europe. Darren Wright, the Managing Director of the firm in an email response to Maritime Gateway, said that they had started the direct service, in response to their customer’s requirement. “The frequent customers' frustrations with supply chain bottlenecks as a result of irregular scheduling, lack of equipment and congestion issues at transhipment hubs with their current service providers will be no more.” He clarified that they could “offer a regular and reliable service, with a direct route to market which nobody else is offering.”

Their service would be China - Chittagong - Liverpool - Rotterdam in rotation. “So, we can also offer Bangladesh importers a direct route from China for raw materials and other products,” said wright. Initially they would deploy 3 vessels per month, each capable of carrying 1600 TEU of cargo. If the demand is there, they would add more vessels and services.

Darren further added, “Our initial service will connect China - Chittagong - Liverpool and Rotterdam in rotation, so we can also offer Bangladesh importers a direct route from China for raw materials and other products."Bangladesh procures, almost 60% of its raw material for RMG, from China. Other lines have also started direct import service from China.

Fashion trends are notoriously capricious. The mercurial nature of fashion makes RMG an extremely time sensitive commodity for shipment. No buying house can afford to brook delays in RMG shipments. If a shipment of garments does not reach the destination within an agreed time period, the buyer would most likely reject the entire consignment, at cost and expense of the seller.

Sometime ago, a shipment of a 20' container of RMG missed the intended vessel from the transhipment port in Dubai. The consignment was meant for a prominent buying house in the US. For reasons that are not entirely clear, the container could not be loaded on the intended vessel at the port of origin which meant that the container would miss the intended mother vessel from the transhipment port. The additional layover period at the transhipment port further delayed the shipment by ten days. The buyer demanded that the container be destuffed at Dubai and the shipment be sent by air. The shipping line which had a worldwide contract of carriage with the buying house, had no choice but to comply. The consignment was airlifted at the shipping line's expense.

In order to boost exports, the Bangladesh sector has been undergoing a metamorphosis in other aspects as well that could elevate its performance several notches higher. Several changes are being introduced that could substantially improve the performance and reduce the operating expenses. Bangladesh's largest port and the main seaport, Chattogram, has stepped into the digital era. It is on its way to becoming a fully automated port, with the introduction of the Computerized Container Terminal Management System (CTMS), turning it into a fully automated port.

Other changes are in progress. The Patenga Container Terminal (PCT) of the Chittagong Port Authority (CPA) will commence its operations this year. The new terminal will be able to load and unload containers from three cargo vessels simultaneously. The PCT is expected to ease congestion at the Chattogram port.

Larger container vessels will now directly call at the Chattogram port. The transit time to Europe would be reduced to 19 to 20 days. RMG (Ready Made Garments) exporters in particular were keenly looking for direct sailings to Europe, Mediterranean and US.

Chittagong port is tide-dependent. Many vessels, after loading, need to wait for over 10 hours for the tide to rise, in order to leave the port. The vessel movements will considerably improve, once PCT goes on stream sometime this year. The terminal will augment the annual container capacity of Chittagong Port by 4,500 TEUs. At present, the main seaport of the country handles around 32 lakh containers. In a major development India has now gained access to the Chittagong Port. The access would enhance the connectivity between the countries particularly for the north-eastern states of Assam and Tripura. The port handles 80% of Bangladesh's export-import trade and has been used by India, Nepal, and Bhutan for trans-shipment.

The deep seaport being constructed by the Chittagong Port Authority (CPA) in Matarbari of Cox's Bazar will soon be an important export-import hub. Once the construction is completed, the deep seaport will be able to handle larger mother vessels. The draft of Matarbari seaport terminals would be comparable to any of the deep-sea ports in the region. The capacity of the CPA will be enhanced with Bay Terminal and PCT in full operation.

Snarls in the global supply chain have become all too frequent. There are two options: Batten down the hatches and wait for the situation to improve or claw your way out of it by trying out new avenues. Bangladesh has chosen to find its own way out of a difficult situation - a way that predicts to be better and be less dependent on the vagaries of logistics.

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