INTERVIEW
Kris Danaradjou
Deputy CEO, HAROPA Port

INSTC
A Corridor of Opportunities

SAGARMALA
Five Pillars of Wisdom

PUBLIC PRIVATE PARTNERSHIP
Has the Gamble of Privatisation in Maritime Sector Paid Off?

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"RESILIENT AND COUNTRY-CENTERED SUPPLY CHAINS WILL COME IN"

JASJIT SETHI
CEO, TCI SUPPLY CHAIN SOLUTIONS

NATIONAL LOGISTICS POLICY BRINGS UNPRECEDENTED SPEED TO LOGISTICS

The National Logistics Policy is not just about a reduction in logistics costs. It simplifies logistics, allows for the best utilization of assets, eliminates corruption, bring certainty and transparency to the supply chain

THE SIGNIFICANCE OF LOGISTICS GAINS PROMINENCE

An authentic yard stick is also the annual container market report covering the Indian Ocean region which will soon be released by Maritime Gateway.

Within 15 days of being elected as the President of Sri Lanka, Ranil Wickremesinghe, while addressing the parliament announced his government was preparing a national economic policy for the next 25 years to transform the crisis-hit country into a modern and competitive export economy. The focus will be on logistics and nuclear energy.

In the Industrial Policy announced on September 25, 2022 by the Ministry of Industries in Bangladesh, logistics has been included for the first time as one of the export diversification sectors and it has also been considered a thrust sector. 21 logistics sub-sectors have been included in the policy. It is clearly evident that the government is willing to give more importance to logistics development in the coming years.

Logistics, digitalisation and supply chain may have gained prominence in the past few years since the pandemic, but during the launch of the National Logistics Policy, Prime Minister Narendra Modi clearly mentioned that the policy document was not designed in a spur, but eight painstaking years of hard work has been put in to churn out this vision document.

The National Logistics Policy has been received with a lot of fanfare. It will bring transparency through digital integration in addition to boosting speed and efficiency. It will enable fast-paced logistics infrastructure development, better coordination among multiple stakeholders, simplify processes and documentation and boost last-mile connectivity. The NLP will usher in more inclusive progress for our country with greater employment generation opportunities and efficient logistics services delivery, especially for small businesses. It brings a holistic approach to making India self-reliant and a global manufacturing hub. With an ambitious goal to bring down logistics costs by up to 25%, this could lead to a paradigm shift in the logistics industry in India and will boost India's export competitiveness in the global market. The NLP will act as a guiding and driving force for the new phase of growth.

But the experts who have worked behind the scene in fabricating this mega policy opine that success of any policy depends on the level of its acceptance by the end-users. The results will be obvious when we check the Logistics Performance Index in the next 5 years to gauge where India stands with respect to other developed nations. An authentic yard stick is also the annual container market report covering the Indian Ocean region which will soon be released by Maritime Gateway. Upon readers' request, the scope of this report, which is one of its kind, has been expanded to include countries in the Indian Ocean region.

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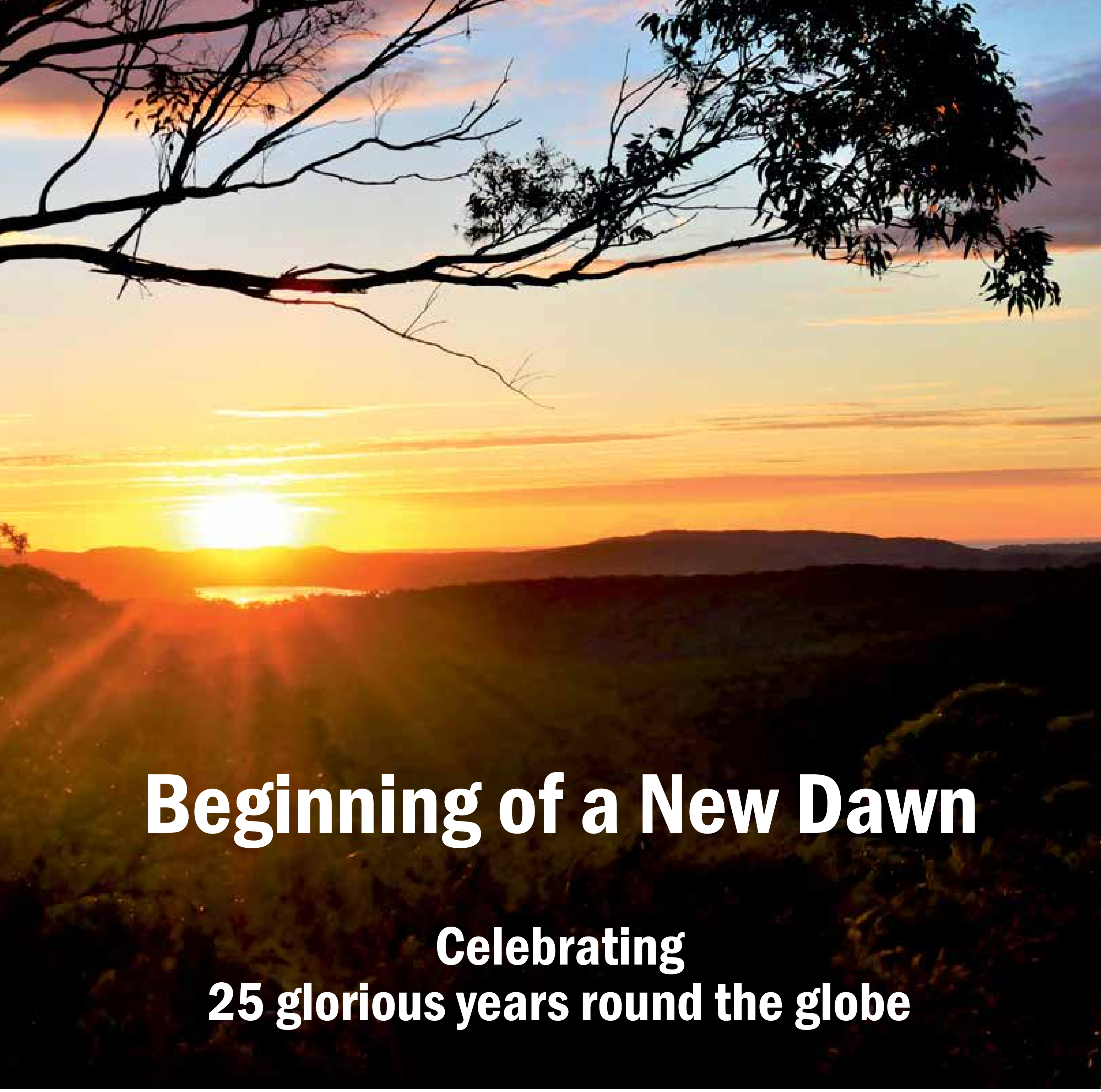

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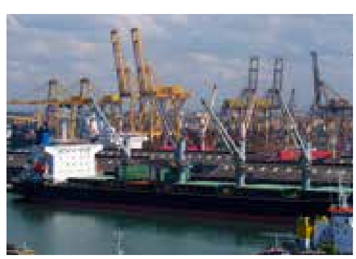

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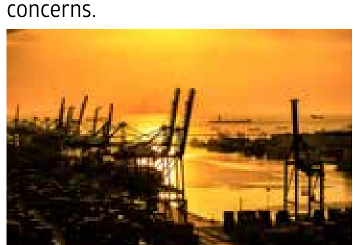

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FIVE PILLARS OF WISDOM

The edifice of Sagarmala is propped on five pillars that form the foundation of the programme, viz., (i) Port modernisation (ii) Port Connectivity Enhancement (iii) Port-led industrialization (iv) Coastal Community Development (v) Coastal Shipping and Inland Water Transport (IWT)

BY **VIJAY KURUP**

Two-third of all global trade and 50 percent of container trade transits through the Indian ocean. It was but natural for India to leverage its position to be a dominant maritime power in this region. Sagarmala, the marquee maritime project of the Government of India, inter alia, seeks to improve and develop India's ports and trade related infrastructure. The thrust of the Sagarmala programme was to upgrade the current and create next generation infrastructure, augment industrialisation and bring in economic prosperity. It also seeks to leverage not only India's strategic position in the Indian Ocean, but also the vast coastline and the navigable waterways. Sagarmala, first conceived in 2003, has since come a long way.

The National Sagarmala Apex Committee (NSAC) was constituted on May 13, 2015. The NSAC is the apex body providing policy directions and guidance for Sagarmala projects and reviews its implementation from time to time.

Sagarmala was coined and conceived in 2003 by the former Prime Minister Atal Bihari Vajpayee and was conceptualized by the Prime Minister Modi, in 2014. The concept was approved by the Union Cabinet on 25th March 2015.

Currently, under the Sagarmala Programme, there are 802 projects with investment of around ₹5.5 lakh Cr. for implementation by 2035. Out of which, 202 projects worth ₹99,281 Cr. have been completed and 216 projects worth ₹2.12 lakh Cr. are under implementation. Further, 384 projects worth ₹2.37 Lakh Cr. are under various stages of development. These projects are being implemented by relevant central ministries, state governments, major ports and other agencies primarily

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through the private or PPP mode.

The Press Information Bureau clarified to Maritime Gateway that ‘under development projects’ and ‘under implementation projects’ were two distinct categories. Once the project was tendered and awarded it entered into the ‘implementation’ stage. Projects in the DPR stage/under preliminary studies etc were categorized as ‘under development'.

They further clarified that all PPP projects necessarily need not be in Sagarmala projects. There were 29 PPP projects successfully implemented and additional 32 projects have been taken up for implementation.

The thrust of the programme was based on port- led economic development. A port is at a critical nodal point in a supply chain. An efficient port makes the best use of existing transport assets and is constantly seeking to improve performance. The various linkages for transport, include vessels, rails, inland waterways, roads and logistic hubs. The ports also serve to support the various industries and manufacturing centres for exim trade. The efficiency of a port directly affects the economies of the countries it serves, since more than 80% of global trade is carried by sea. This percentage is even higher for many developing countries.

Consequently, the edifice of Sagarmala is propped on five pillars that form the foundation of the programme, viz., (i) Port modernisation (ii) Port Connectivity Enhancement (iii) Port-led industrialization (iv) Coastal Community Development (v) Coastal Shipping and Inland Water Transport (IWT).

The first pillar of Sagarmala, Port modernisation involved not only modernisation, but also building new ports, and having state of art ship repair facilities. It was imperative to modernize the ports to cater the modern efficient vessels that were being launched at regular intervals. During COVID-19 pandemic, when the functions of the port slowed down to a crawl, it was fairly evident that the economy of the country would take a body blow.

The thrust was to accelerate growth in the manufacturing industry, in tune with the clarion call of 'Make in India'. Since more than 90% of India's trade by volume passed through the maritime route, a smooth exit and entry of goods was an absolute necessity. There was a dire need to improve and develop India's ports and trade related infrastructure. Smarter and bigger vessels were calling Indian ports. By 2025, it was envisaged that the cargo traffic at Indian ports would be approximately 2500 MMTPA while the current cargo handling capacity was only about 2400 MMTPA. To handle the growing traffic, a ground plan was drawn for increasing the Indian port capacity to 3300 MMTPA by 2025.

Several measures were introduced to smooth transit of cargo through the ports. These measures included - Direct Port Delivery, Direct Port Entry, installation of container scanners and RFID (Radio-Frequency Identification) system, Port Community System (PCS1x). PCSIx seamlessly integrates the stakeholders from maritime trade on a single platform. Further, PCS1x is being upgraded to NLP-MARINE in order to provide end-to-end trade facilitation for the shipping fraternity. It was designed to make India as one of the most cost effective and competitive countries in international trade transactions.

Two hundred thirty-seven port projects at cost of ₹2,50,606 Cr. have been undertaken for implementation. Out of total 237 projects, 82 projects worth ₹29,575 Cr. have been completed and 56 projects worth ₹37,376 Cr are under implementation. Out of 170 projects being implemented at Major Ports, 80 projects worth ₹24,335 Cr. have been completed, resulting in port capacity addition for 230 MTPA.

The average turnaround time for ships at major ports in India has reduced by 35 percent over the last six years, indicating a significant improvement in the country’s port management infrastructure. According to the Economic Survey 2020-21, the ships’ average turnaround at the country’s major ports fell from 4 days in 2014-15 to 2.59 days in 2019-20.

Port Connectivity Enhancement, which is the second pillar of the Sagarmala programme, recognises the importance of connectivity between ports and domestic production and consumption centres through road, rail, pipeline and Multi Modal Logistics Parks (MMLP).

The major connectivity projects include: Development of National waterways, connectivity to Dedicated freight corridors, last mile rail and road connectivity projects, major rail connectivity projects, expressway projects connecting the major ports and the development of Multi-Modal Logistics Parks.

India's hinterland connectivity was primarily based on surface transport i.e., road and rail. Carriage of goods through coastal shipping and inland waterways was insignificantly small. Crude oil, refined petroleum products and natural gas were transported through pipelines. Seamless connectivity to ports was paramount as the cargo generating centres were mainly in the hinterland areas.

The pillar comprises 213 projects in total worth ₹1.38 lakh Cr. Out of these 213 projects, 57 projects worth ₹20,958 Cr. have been completed and 71 projects worth ₹84,140 Cr. have been awarded and currently under implementation.

There are 13 MMLP worth ₹2624 Cr. being implemented across India. Out of which, MMLP at Pantnagar in Uttarakhand, Naya Raipur in Chhattisgarh, Jharsuguda in Odisha and Phase II of Multi Modal Logistics Hub at Visakhapatnam Port have been completed. The Indian Railways have completed more than 1000 kms of rail port connectivity projects.

Long distances to the port exponentially scaled up the logistics costs. Major ports in Europe and China had a conglomerate of industries in the vicinity, thereby achieving substantial reduction in logistic costs It was therefore imperative to have industries and manufacturing centres close to the coastal regions, which leads to the third pillar of Sagarmala, viz Port-led industrialization.

Port- led Industrialization comprises 213 projects totalling ₹1.38 lakh Cr. Out of these 213 projects, 57 projects worth ₹20,958 Cr. have been completed and 71 projects worth ₹84,140 Cr. have been awarded and currently under implementation.

Port-led industrialization comprises of industrial clusters, Maritime clusters, SPIC/SEZ and port led industries. Port-proximate industrial and manufacturing units in the coastal regions would


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cut deeply into the logistic costs. The concepts of Coastal Economic Zones (CEZs), Coastal Economic Units (CEUs), Port-Linked Industrial & Maritime Clusters and Smart Industrial Port Cities have been introduced.

Each CEZ will consist of multiple CEUs and more than one industrial cluster can be housed within a CEU. Within each industrial cluster there can be several manufacturing units. To make the CEUs more effective, it was proposed to build them near areas where large swathes of land was available close to a deep draught port.

Thirty-three projects worth ₹1.19 lakh Cr. have been identified for implementation under Sagarmala. Out of which, 9 projects worth ₹45,865 Cr. have been completed and 21 projects worth ₹72,706 Cr are under implementation. The Special Economic Zone at JNPT in Maharashtra is unique in concept. The 277 hectares multi-sector SEZ project is designed with state-of-the-art infrastructure to boost export-oriented industries. Being close to JNPT, the project promises ready availability of raw material, access to global markets, and strong multi-modal connectivity. The SEZ is expected to generate more than 50,000 direct and indirect employment when operational. All this calls for skilled employment, which is addressed in the fourth pillar.

The fourth pillar of Sagarmala, relates to Coastal Community Development and entails inter alia, skill Development. It also encompasses development of Ropeway, Technology Centres and Fisheries. Twelve percent of India's mainland consists of 72 coastal districts, where 18% of the population resides. Development of coastal communities and skill development is an integral part of the Sagarmala Programme.

Around 77 projects at cost of ₹10,135Cr. have been undertaken for implementation. Out of total 77 projects,18 projects worth ₹1,423 Cr. have been completed and 19 Projects worth ₹2,351 Cr. are under implementation. The pillar has resulted in improved lives of fishermen and better facilities for parking their boats.

The Ministry of Rural Development (MoRD) has been roped in to impart skills to the people living in the coastal regions under the Deen Dayal Upadhyaya - Grameen Kaushalya (DDU - GKY) Sagarmala Convergence Programme. Under this programme more than 3,000 candidates, mostly from the economically weak section, have been trained. About 1700 youths have been placed till date.

By 2025, it was envisaged that the cargo traffic at Indian ports would be approximately 2500 MMTPA while the current cargo handling capacity was only about 2400 MMTPA. To handle the growing traffic, a ground plan was drawn for increasing the Indian port capacity to 3300 MMTPA by 2025.

The Multi Skill Development Centre (MSDC) which will impart specialized skill development, is operational at Jawaharlal Nehru and Chennai Port Trust. More than 1200 candidates have been trained in these centres.

Further, the Ministry has set up a Centre of Excellence in Maritime and Shipbuilding - a first of its kind in Asia, with two campuses with 24 laboratories. Six laboratories are in IRS Mumbai and 18 in Indian Maritime University campus in Visakhapatnam. The Institute provides more than 50 courses at its campuses for engineering, polytechnic and graduate students. More than 5000 candidates have been trained.

The fifth pillar is Coastal Shipping and IWT, long neglected sectors, but is now finding increased traction among the logistics players. This covers Ro-Ro services, Island Development, Inland waterways and development of Coastal Infrastructure. The current contribution of waterways to the country's multimodal transport is only about 6%, which is way below international standards. A target volume of 120 million metric tonnes has been set for 2024-25 and 200 million metric tonnes 2030 through inland waterways. The commodities being targeted are coal, cement, iron and steel, food grains, fertilizers, POL and ISO containers.

Two hundred forty-two projects at cost of ₹29,382 Cr. have been taken up, out of which 28 projects worth ₹1,178 Crores have been completed and 51 projects worth ₹15,954 Crores are under implementation.

The Ministry of Ports Shipping and Waterways (MoPSW) in association with Deendayal Port Trust (DPI) is implementing the project of RoPax (a roll on-roll off cum passenger) ferry services between Ghogha and Hazira in the Gulf of Cambay. The distance between the two places by road is around 370 km with an average travel time of 10 to 12 hrs. However, through the sea route, distance is reduced to 91 km with an average transit time of about 4 hours.

Maharashtra Maritime Board (MMB) in association with Mumbai Port Trust and MoPSW initiated RoPax ferry service on Mumbai - Mandwa route. The Project resulted in saving 140 km of road travel against 10 nautical miles of travel by sea route, reducing travel time from 3 hours by road to 45 minutes.

Centre for Inland and Coastal Maritime Technology (CICMT) at IIT Kharagpur has been set up to serve as the technology arm of the Ministry to provide research, testing and experimentation facilities to IWAI, shipyards and ports. A state-of-art Deep and Shallow Water Seakeeping and Manoeuvring Basin is being set up to facilitate ship model testing facilities for shallow water.

National Technology Centre for Ports, Waterways and Coasts (NTCPWC) at IIT Madras was set up to provide innovative and applied research-based engineering solutions. The Institute has carried out more than 70 research and technical support projects related to ports and waterways.

Countries in the neighbourhood are pumping in money and fast-tracking port developments. New vessels that are being launched that are smart and more efficient. The need is for the Indian infrastructure to keep pace with technological advances. The pillars of the Sagarmala generate the necessary thrust. They bring in comprehensive all-round improvement in the maritime and allied sectors. The Sagarmala vision is pellucid in generating the necessary momentum.

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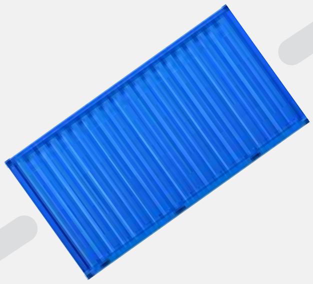
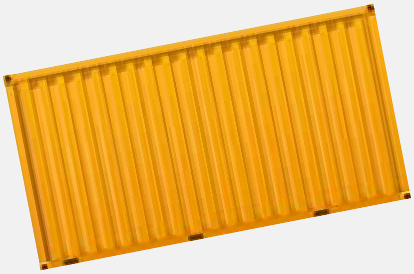
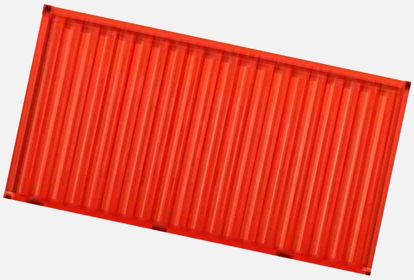
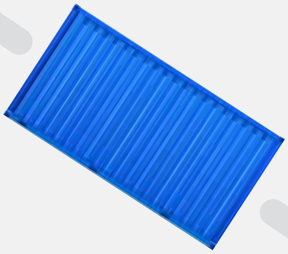








It took eight long painstaking years to come up with a comprehensive policy that could see the ebbing of the logistics costs from a double-digit figure to a single digit. In the resplendent hall of Vigyan Bhawan, Prime Minister Modi unveiled the National Logistic Policy to the Indian logistics community and to the world.

The development of integrated infrastructure and network planning is to be addressed through the PM GatiShakti National Master Plan, for efficiency in services and human resources, the National Logistics Policy (NLP), on the other hand, will provide a comprehensive agenda for the development of the entire logistics environment. It is focused on bringing about a directional policy change in the Indian logistic system that would make India a competitive force to be reckoned with in the global amphitheater. The target and timeline have been set: to be among the top 25 countries by 2030.

The Indian logistics sector has the involvement of 2.2 crore people who handle 4.6 billion tonnes of goods valued at ₹9.5 trillion. Formidable statistics for a country that has very high logistics costs. But what ails the logistics system? What factors kept the logistics costs persistently in double figures? Are approvals from the various ministries easy to come by? Why is Indian logistics still largely dependent on roads? Is there a scope for better utilization of assets? How effective is digitalization in this sector? A plethora of questions, the answers to which lies in the scope of the National Logistics Policy.

As per a case study, it costs ₹18 per MT per km to transport by air, ₹3.6 by road, ₹2 by inland waterways, and ₹1.60 by rail. Despite the overwhelming advantage of moving by rail, only 17.5% of the goods move by rail and almost 70% are moved by road. The reason for the skewed movement by road is that rail movement does not have the certainty of road. Whereas the goods moved by trucks can reach Mumbai in about 18 -20 hours, the transit time by rail is about three times as much. Owing to limited rail tracks available, the movement of passenger trains is prioritized over freight trains. Further transit by rail involves more multimodal handling than in the case of freight transported by road.

There are over 10,000 goods that are transported. When it comes to exim shipments the number of agencies involved and the approvals required becomes a classic bureaucratic maze to struggle through. There are 20 government agencies, 37 export promotion councils, and 500 certifications to wade through for different commodities.

Inland waterways, comparatively, have been a late entry into the logistic spectrum. Its cost of transportation is only ₹2 per MT per km. Despite the low cost, waterways are yet to make a significant impact. In a recent conference Capt Inderveer Solanki, Managing Director, Spring Professional Services & Consultants (STC), World Bank, pointed out that moving any cargo other than the regular bulk cargo through inland waterways, was a challenge. The approvals required to move such cargo took as much as 2 months to come through. Though the Inland Vessels Act, of 2021 has significantly improved the approval

"The launch of NLP will bring transparency through digital integration, it will enable fast-paced logistics infrastructure development, better coordination among multiple stakeholders, simplify processes and documentation and boost last-mile connectivity."

- Shashi Kiran Shetty
Founder and Chairman,
Allcargo Group

"The push for digitisation through ULIP and E-LogS is crucial. The policy's focus on promoting rail, inland waterways and coastal shipping is a welcome move. The Comprehensive Logistics Action Plan and its carefully crafted eight pillars will help to build sound logistics infrastructure in the country."

- Rizwan Soomar
Chief Executive Officer and
Managing Director, DP World

timelines, transportation through waterways remained a challenge.

The roadways being the prime mode of transport for the movement of cargo, the statistics associated with it, paint a dismal picture. The trucks, after the completion of a run, are forced to return empty. The empty run was as high as 40%. Globally the trucks cover on average 650 km per day as compared to only 300 km per day in India. Again, the study showed that a trucker on average must handle 2.5 intermediaries when he transports goods in his truck.

What has been the extent of proliferation in digitization? Has it proliferated enough? Has it percolated down to the levels where it matters - primarily the truck drivers?

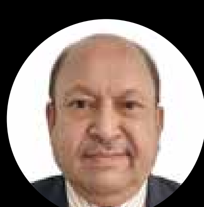
These are the primary reasons why the logistics costs have remained stagnant in double digits for decades. The National Logistics Policy aims to tackle these and other problems headlong. The drivers of the NLP would be CLAP i.e., through a Comprehensive Logistics Action Plan (CLAP) and with Unified Logistics Interface Platform (ULIP).

CLAP entails eight parts

- Integrated Digital Logistics Systems. This brings in a unified system where multiple ministries and agencies will be operating under a single umbrella. It aims to bring 16 Ministries including Railways and Roadways together for integrated planning and coordinated implementation of infrastructure connectivity projects.
- The integration of the various logistics and allied ministries is to have a common document applicable to all modes of transport.
- Standardisation of physical assets & benchmarking service quality standards. Improve ease of doing business, through standardization of physical assets and benchmarking of service quality standards in logistics.
- Here again, a speaker at a recent conference spoke of having standardized packages and vehicles for maximum utility
- Logistics Human Resources Development and Capacity Building. Ministries to develop action plans to address skill development-related and internal capacity-building challenges in the respective sector.

"The policy has scaled higher with Maritime Vision 2030 by seamlessly integrating all stakeholders of logistics & EXIM supply chain, rather than working in silos. It will go a long way in enhancing Ease of Doing Business."

- Captain Ram Iyer
Past President,
Maritime Association of Nationwide Shipping Agencies (India)



"It will improve speed of cargo movement that will directly benefit the industrial production thereby facilitating import and export business. The faster movement by way of multimodal facility will enable reducing the logistics cost."

- Prem Kishan Gupta
Chairman & Managing Director
Gateway Distriparks

- The trucks coming into the market are loaded with technology. Are the truckers able to handle it? To what extent are they digitally savvy? The system would be available to them in the vernacular.
- State Engagement. Provide support for the development of state/city level logistics plans, set up an institutional framework to take action at the city/ state level, measure and monitor action by states and rank them.
- The state will assist in giving all infrastructure facilities like 4-lane port connectivity, railway connectivity, water supply, power connectivity, as well as any state government permissions required for the project. The State Government will be their partner in kick-starting their projects.
- EXIM (Export-Import) Logistics. Addressing infrastructure and procedural gaps in India's EXIM connectivity and creating an efficient and reliable logistics network, with transparent and streamlined cross-border trade facilitation, for improved trade competitiveness and greater integration of India with regional and global value chains.
- India recently flagged off the first Intermodal Digital TIR Pilot Transport between India and Iran that facilitates smooth and paperless cross-border transit of goods, under the Customs guarantee of the TIR system. The TIR system is an international road transport system that plays an important role in facilitating cross-border trade flow, adding considerable value to improving regional trade mechanisms.
- Service Improvement framework. Improving regulatory interface to enable seamlessness between sectors, promote standardization, formalization, and interoperability; eliminate fragmentation in documentation, formats, processes, and liability regimes; reduce gaps in regulatory architecture.

It has been the grouse of stakeholders who are forced to balance ministries and agencies to move their shipments. Often as exporters have stated, "the left hand does not know what the right hand is doing."

- Sectoral Plan for Efficient Logistics would: (i) address logistics issues pertaining to infrastructure, processes, digital improvements, policies, regulatory reforms, and capacity building for a better workforce, and ii) prioritize cross-sectoral cooperation to complement and not duplicate efforts and focus on optimization of the modal mix.
- The above processes would dramatically reduce paperwork. It would see a drastic reduction in the number and type of shipping bills required.
- Facilitation of Development of Logistics Parks: Logistics parks are hubs for intermediary activities in the supply chain connected by a transportation network.

National Highway Logistics Management (NHLM) has been created for this very purpose. All assistance would be rendered by them for constructing the first mile, and last mile connectivity. The approvals required would be rendered by NHLM.

The NLP will be integrated with the Unified Logistics Interface Platform (ULIP) to make the multimodal logistics ecosystem more efficient. So far, the platform has been integrated with 24 systems of six Ministries including the Ministry of Ports, Shipping and Waterways, Ministry of Railways, Ministry of Road Transport and Highways, Ministry of Civil Aviation, Directorate General Foreign Trade, and Central Board of Indirect Taxes (CBIC) through 78 Application Programming Interface (APIs).

In other words, different ministries and agencies which have been integrated under one umbrella would be able to 'talk' to each other, 'share data' etc. What this entails is that no longer would the different ministries work in silos. No longer would the stakeholders be forced to schlep from one window to another. No longer would the empty trucks be required to come back empty. A truck driver would be forewarned of the floods ahead or of any other force majeure incident.

The ULIP will also plan the best possible route for the trader/ exporter. In Google Maps, if one requires to go to a particular destination, one only needs to type the 'From' and 'To' on the app. The app will give one the choice of five modes of transportation, the time taken, the distance involved, the traffic conditions, and the best possible route. ULIP will work similar fashion. One only needs to tap the origin and the destination of the goods. The system will show the best possible routes involving all modes of transportation. Depending on the type of commodity involved- hazardous, non-hazardous, LCL, FCL, or bulk cargo, by road, rail, inland waterways, coastal shipping, plane, or ocean vessel. If a transhipment is involved en route, the system will indicate the types of warehouses available for storage.

The solution does not end here. The system will select the time and date that all modes would be available, right up to the consignee's warehouse. If there is a movement across borders, the required permission will automatically come through.

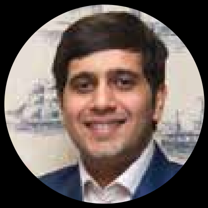
Industry leaders have been sanguine about the new policy. **Xerrxes Master, President AMTOI**, in an email response to Maritime Gateway said, "In addition, the NLP provides for the very first-time guidelines on the warehousing standards resulting in a reduction of costs, improving efficiency, and ensuring global competitiveness. The warehousing industry will play a huge role in ensuring the success of the National Logistics Policy."

He further stressed, "For NLP to be successful it is essential that all the stakeholders are unified under a common digital platform. The Unified Logistics Interface Platform (ULIP) will ensure India's sustainability and self-reliance wherein all stakeholders will be on a common information network ensuring the exchange of data on a real-time basis in a secured and safe manner."

Capt. D. Mishra, President, of Northern India Steamer Agents Association, said, "It is an extremely bold initiative by the Government which will ensure a substantial reduction of logistics costs in India and improves our logistics performance index ranking among the top 25 countries by 2030. In addition, it creates an efficient logistics ecosystem to ensure a resilient supply chain."

It is a measure that was long overdue. The NLP in its present form may not be perfect. The entire system is based on the digitalization of all the processes, which comes with its own pitfalls. Imperfections will crop up with the passage of time, that would need to be creased out. The entire machinery has been set in motion.

NLP is not just about a reduction in logistics costs. It is to bring simplified logistics; remove the worry component of transporting the goods; allow for the best utilization of assets; eliminate corruption; bring certainty to the supply chain; bring transparency in the entire transaction. To quote a popular ad in the 1980s, the aim of NLP is "Fill it, shut it, forget it". This is what NLP is all about.



"Implementing cutting-edge technology, creating a conducive environment for MSMEs and establishing world-class infrastructure will transform the shipping and logistics sector. A single point of contact for all the logistical and supply chain challenges will speed up the process, bringing down the overall cost."

- Sanjay Bhatia
CEO & Co-founder, Freightwalla

"The government has already set the ball rolling by launching PM GatiShakti-National Master Plan, which adopts a systematic and integrated approach for logistics infrastructure development and capacity building. The NLP sets the roadmap for interconnected and tech-driven framework for building cost and operational efficiency"

- Anshuman Singh
Chairman & Managing Director
Stellar Value Chain Solutions

"RESILIENT AND COUNTRY-CENTERED SUPPLY CHAINS WILL COME IN"

"Going forward, more digitalization will come in. Resilience has become a very major part of the supply chain, even beyond cost. With the global play as it is happening now, country-centred supply chains will start to become more efficient," predicts **Jasjit Sethi, CEO, TCI Supply Chain Solutions**.

Let me begin with the most recent development on the logistics landscape. Honourable Prime Minister released the National Logistics Policy. So, what are the key transformational changes that this policy can bring to our industry?

I think it's a very welcome step because it has put logistics in the forefront and that has not been recognized so well. It talks also about promoting different modes. So, as of now, it is more of a thought process under PM Gati Shakti initiatives. It talks of the deliverables, that where we are now and where we need to go? How we will get there and some of the pieces, we will probably iron out as we go. This has got a lot of tools around it, which is called the tools for planning, decision making, engagement of the states, and also the digital framework. But having said that I think it is still early days for us to look at the benefits right away. The public private participation is going to be very important and how all the modes come together? We have so far had road versus rail before the multimodal word came in. Coastal shipping is still isolated and not so much part of the mainframe and other modes like air have been very expensive to use and only constrained to probably the couriers. So, with all that in mind, we did not have proper interchanges. For example, the Multimodal Logistics Parks (MMLPs).

Probably, Concor was the first company to start setting up those MMLPs, but those were mostly rail-based, and not so much of road and railways combination. The first such combination is yet to come in. So, once those start coming in the interchanges between road and rail, they become better and we have warehousing at the same premises. That will make logistics much more efficient. It's a great step forward but as of now, we are yet to get the fruits of it as you very well know.

Out of the many aspects of the policy, let us focus on technology and digitalization, which you are also very passionate about it. So, can you give me an insight into how TCI is leveraging on these technologies?

I think what has been the fundamental change, actually before this policy is the e-Way Bill after GST. So, the e-Way Bill is a phenomenal thing and many countries like even Europe could not do that what India was able to, that every invoice going out was tracked to electronic way bill and earlier, it was much maligned, but after GST this came across to be complete digital; no paper was required to be carried, and yes there have been glitches which would happen at such a scale but by and large, it has been phenomenal in terms of data and information it carries. So, the GST is the basis of the e-Way Bill as you are well aware. So, the methodology for tracking an e-Way Bill is that the GST portal has a GSP and then you have an ASP under that and that ASP feeds company with the information. Since it came in, we did not feel the need for an ASP and that will link with the GSP. So, every e-Way Bill made on any of our GST codes, and we have got 70 of them across all the companies, we are aware of it and we track each of them electronically. We exchange them electronically in terms of when they are about to be due; due for today and due for tomorrow as well. Any exigency which we have, we paste on that. So far for us, it has become very much part of our control tower dashboard. So, we have a dashboard on the e-Way Bill as well and it has helped us in terms of controlling the possible leakages - why a shipment has not been arriving on time? It has been a great help. The part which we do and which the government doesn't has yet is the GPS. So, we link our trucks' GPS with that e-Way Bill and that is how it gets managed in terms of when it arrives, so we close the e-Way Bill. It has now arrived there, so e-Way Bill is now closed in our records.

Can we talk a little bit about TCI business. How it has been during the Covid and post-Covid?

I think during Covid, for us, it was more of a service, and 23rd of March was the lockdown in 2020. We worked with the government and had a logistics policy for essential goods out by 25th and once we were up and running again, the warehouses which catered to food...that never stopped throughout the Covid, and essential cargo started to come in, then we increased that overall essential cargo in two things. For example, packaging was not part of the food process... we got that also as a part of it and we have been walking alongside the entire first wave of Covid. When the second wave came, we were far better prepared and at that time the issue of oxygen supply had come up. So, fortunately we did about 7000 tonnes of oxygen to Delhi in the month of April and May, during the Delta wave. So, while this has been more of a service but it also helped our business and we grew in that year as well and the last year also. This year, our growth has been far better because last year, again the market was slow because machines were closed. So, growth has been pretty fine but I find kind of an A-shaped recovery. Some sectors which are probably automobiles and consumer durables, are really going up really well, and the higher-end televisions or refrigerators are just flying off the shelves, but the lower end of the pyramid, the brown goods, the 2-wheelers for mobility, they are not going well. During Covid, I took two road trips. One road trip, I took to Bombay, from Delhi and second, I took towards Kolkata. That was because airlines were not running in the first wave and second, it was again sketchy. So, just to meet people, see how things are happening. What I could see in the second wave, just post Delta wave, is that bottom of the pyramid, the MSMEs and other employees, they have a demand for 2-wheelers, they have a demand for goods but they don't have the right profile anymore to get lending, they don't have the money to buy things. So, demand is there but affordability has gone down. So, I could actually see...this is in UP and Bihar, these parts...more pronounced, where you could feel that the lower end of the pyramid which is the lower middle class, that has taken a big hit, in terms of their finances during the Covid. So, while we are growing, we still feel that the bottom of the pyramid is not being able to afford, might at some point start impacting the overall economy. So, that is our take on this as of now and this year, we are talking about 30% growth is there in the first 6 months and let's see where we end up in this year but it should be a very handsome growth to put.

TCI is into warehousing, multimodal logistics parks, cold chain. So, what kind of infrastructure you have currently and what is the hinterland that you are serving?

So, in terms of the infra, first of all it is a network of own offices. We have 1400 and they are across all districts - 2 to 3 in a district. So, we have one in Leh and in Ladakh. We also have Port Blair, we also have in Agartala and Bhuj for example. That is covered. We have about 1800 own trucks, which we move... mostly specialized trucks, within the country and we also have access to about 6000 vendor partners who are dedicated to us either on 2-way or 1-way. We operate trains, both as TCI itself and also as joint venture with Concor, TCI-Concor. Average we do about 200 trains a month. So, last year we did about 1400 trains. This month we should be clocking 2000 plus trains, and these are full rakes. One rake could be 25 bogeys to 45 bogeys. This could be for automobiles or containers as well and also for general goods. We also run 6 ships — 3 on the West Coast and 3 on the East Coast. These are coastal vessels. They operate on Mundra, Kandla to Cochin circuit and then Chennai to Port Blair circuit, and to facilitate all this, we have about 52 yards for different kinds of cargo and about 85 warehouses, altogether more than 30 million square feet of space which we manage. This is all conducted through own network. We have our own private cloud and all these are connected through our data servers with a high availability, also based out of India in a different location. We also have our mobile apps, which enable anybody in the field to do all the transactions, including the transaction on-the-go as well. So, we can do a transaction on a rake in terms of using the data of GPS and 4G to do a transaction without having to go to a laptop or to a PC to complete a transaction. This is all real time and we also were able to shift to a new system for attendance during Covid because biometric had to stop. So, we have a proximity-based system, where if I have come to office, I can mark my present only if I am in the periphery of my office and that is for all our workers. So, once they are inside the premises, they can mark a present. All these are also linked with about 12 questions list people have in case they have any symptoms of Covid. So, we have kept ourselves safe as well along with that. We lost about 8 people in the 2 waves of Covid.

MMLPs with road and rail connectivity combination are yet to come in to make the interchange happen. Then we need to have warehousing in the same premises. This will make logistics more efficient. The public private participation is very important in making all the modes come together.

Covid was not the only challenge that we have faced. Now, we see the Russia-Ukraine war still continuing, and oil prices have shot up. Even freight rates have gone up and now we are talking about globally inflationary trends. So, how is it affecting the demand in the market, especially for the exports and have any of these trends impacted TCI?

Since we are growing, we don't see a direct impact. But what impact we do see is that first impact which we had was of the fuel price increasing. Second, some of the metals and minerals that impacted the supply chain for automobiles, like Nickel and others, that impact is there. Going forward, we feel the impact of gas prices going up in Europe, especially during the winters...will have an impact on India as well. The overall impact of the war in terms of the food chain, food grains, was seeming to be positive on India initially. Now it is neutral. We believe that this conflict has also polarized the world and while India is a mostly domestic-centred economy and we are also mostly centred. But these impacts of less globalization are not good and we can see that our exports are reducing. It is an opportunity for us also of 'Make In India' but we need to also have 'Make In India' for the world. So, that impact I think initially it is there but if you look at the polarization, probably India will gain from what China has lost, and if we are able to get our quality and cost together, probably India would have a good opportunity emerging out of the polarization because diplomatically we have kept ourselves very nicely neutral and that I think is a very big positive for trade. The political alignment has to be first and then comes economic alignment.

One catchphrase we talk about is multimodal logistics. The industry as well as the government want to promote multimodal logistics, but we don't see it really happening in the true sense. So, as an academician, as a theoretician, and also as an industry practitioner, what do you think of the reasons that we are not able to be ground this complete multimodal logistics system?

I will differ a little bit on that. During the first phase of Covid, what happened was that the passenger trains stopped, and even there was shortage of drivers initially. So, railway came to the front and we had unimaginable transit times. Delhi to Chennai is 40 to 45 hours. Maybe from Ahmedabad to Agartala in 60 hours. Now, what this did was, it moved traffic from road to rail, and then when things became normal, it became road and rail. So, it is not road versus rail and you know, our belief goes back to the year 2008 - 2009, when we and Concor got together and said why don't the largest come in logistics domestic transportation and in trains get together to offer customer end-to-end, and whatever work we do along with Concor in the joint venture, that is to make things on an end-to-end basis and that has been a success story, and the same is replicated in other cargo as well. Today, hub and spoke has become quite popular in automobiles also. You will be surprised to know that today we move a lot of tractors and cars also by train and then put them in the yard and then distribute them. So, we do 70 to 80 trains to 100 trains every month only for these goods. So, there is a lot of traction of multimodal as a mass movement. I didn't mention that we also own 3 trains double decked, which carry about 270 cars in one shot and that also enables us to live the story of multimodal. Railway has also come forward and from this April, they are giving green points. So, as you know that ESG is very important for corporates. So, these green points go a long way in satisfying the green point requirement of any corporate. So, multimodal is happening now, it is happening far more than earlier and the MMLPs, when they come up, we seek to go up very substantially but one thing which could probably derail is that again the transit times are going up in railway because passenger trains are back now. So, the dedicated freight corridor is required. When there were no passenger trains, everything was a DFC. Now, it is no longer so.

I understand that at the National Logistics Excellence Awards, TCI has won best warehouse service provider, best cold chain refrigerator service provider. Congratulations on these achievements, but tell us what made you win these ...what is the USP or what is the success behind winning these kind of awards?

For warehousing, you know, India began as godown management where things were kept wherever they could be dumped. There was nothing like first-in, first-out; there was no location. We started looking first at the block storage, started looking at doing basic barcoding. Then went to vertical warehouses. So, today we talk more of the cube of the warehouse and not the square footage. We started to put our own WMS systems into place and what began as a B2B business (business to business) then became as a B2C. We used to manage some of the largest warehouses of the e-commerce giants. We have done many of our own processes and systems in warehousing as well. Whatever learnings we have had from our global trips, which is about 60 facilities across Europe and the US and the Asia-Pacific, in terms of the efficiency and productivity of a Western country, at the cost of what India can afford, we are able to come up with efficiencies of cost per unit that is probably the best in class. Along with this, when we intermesh operations, which is processes, people and infra together, into a good building, which is safe and where people who are MBAs can also work in terms of work environment, climate and safety, what we get is that the warehouses actually are enablers for commerce to happen and the service levels have been going up and up and up. From cut off time of 4 PM, cut off time of 12 to 4, to 4 hours delivery, those kind of windows, that all has happened because of information technology also being part of that.

Cold chain is something we have been walking alongside for many years. We began in 2002 actually to start to look at the industry for working alongside for about 6 years. Then, we felt that right now, quality is still not coming in. Gave a break for a few years. In 2014 we again picked up the pieces and felt that now with FDA being there, with FSI being there, quality is going to be important and incorporated that vertical and hived it off as a separate company in 2018. So, when we hived it off, already it had lot of knowledge and learning behind it. We also got a joint venture partner in that who's a global major. That helped us in terms of higher quality and today, in cold chain, while we are not the largest, but in terms of quality, we are emerging quite well.

Are you looking at any fresh investments or expansion?

That is on as we speak, both in terms of the warehouses, yards and the rolling stock. So, in case of rolling stock, we did not invest into any trucks for the last couple of years. It is happening now; already we have done a lot of that...investing into trains. We are also investing into tanktainers – carrying liquids in stainless steel containers. That also is a business in chemicals which we are working on. We are also investing into cleaning centres for that. So, lot of stuff is going on in terms of building infra for that particular vertical.

Let us do some crystal gazing. Now, we are at the last quarter of the calendar year. So, what do you think will be changes or trends in logistics and supply chain, maybe in 2023?

I think logistics has become very much matured and Covid has helped people also rejig supply chains. This is for our customers as well. There have been some global shocks of high container rates and people have started to look at alternate flows as well because the rates which went up during the last 18-20 month period were the level of 3x to 4x also. With all that backdrop, I believe now there is more digitalization which is coming in. People are looking at supply chain de-risking. Resilience has become a very major part of supply chain. Cost, while they are important, are not as important as quality and resilience, that is our understanding. With the global play as it is happening now, we feel country-centred supply chains will start to become more efficient and stronger and the ports and the intercontinental movement and flows will settle down in the next year because whatever flow has got disrupted by the "not buying from China"...that will start to settle in now and the new alliance will start to get formalized. We believe 2023 should be a stable year as of now. Again, difficult to predict anything but it should be a stable year because we have had a lot of learning, lot of shocks in the last couple of years and I think the industry per se largely has become far more stronger and wiser than it was earlier.

HAS THE GAMBLE OF PRIVATISATION IN MARITIME SECTOR PAID OFF?

With a conducive environment, PPP can increase productivity, reduce logistics costs, reduce the turnaround time of ships, and eliminate pre-berthing delays. The involvement of private players, with their penchant for investment in infra, cutting-edge technology and automation, is the sine qua non.

BY **VIJAY KURUP**

In 1997, the government of India introduced the PPP programme for the first time in the Indian maritime sector, to give it the necessary heft, not just to handle the burgeoning exim trade, but also to bring the Indian ports to world standards. Now a quarter of a century later, with India displacing Great Britain to become the fifth largest economy in the world and inexorably moving towards the $5 trillion economy by 2024 – 25, the question that arises is - has the gamble of inviting the private sector to the maritime sector paid off?

Privatization in infrastructure started in the 1990s. Gujarat was the first state to break away from the pack to embrace privatization in the country with the formation of the Gujarat Infrastructure Development Board (GIDB) and the Gujarat Maritime Board, said **Santosh Kumar Mohapatra, IAS, ex-Chairman, PPA**, in a recent PPP conclave, in Bhubaneshwar. However, for the private sector, it was uncharted waters to partner with the government on a project. Their wariness was evident, when the tenders were called for concessionaires to operate a clean cargo berth at Paradip, there were no takers. It was only 10 years later that JM Baxi Group bagged the contract. The first Public Private Partnership (PPP) Project in the Port sector was launched in 1997 when a terminal at Jawaharlal Nehru Port Authority (JNPA) was awarded to a private party.

Initially, the private ports were guided by The Tariff Authority for Major Ports (TAMP), the authority for setting the port tariffs, which suffered from several lacunae that hedged the private sector's profit margins and restricted their flexibility to operate. It had been

the lament of stakeholders at many maritime conferences, regarding their lack of control, and their inability to fix the scale of rates for port services and assets, inter alia. It is a balancing act for the government. The government seeks competition so that tariffs remain under control, but the concessionaire looks for protection. It behoves the government to provide a level playing field.

There is a plethora of projects coming up requiring massive investments. In the next 15 years, more than ₹35,000 Cr investment will be required in infrastructure to service the logistics needs of growing cargo.

Today, the combined traffic at both major and private ports stands at 1.25 billion tonnes. This movement of cargo is forecast to increase to about 2.5 billion tonnes by 2025. Within the next one and a half decades, Indian port traffic is

Today, the combined traffic at both major and private ports stands at 1.25 billion tonnes and is forecast to increase to 2.5 billion tonnes by 2025.The current capacity of Indian ports is around 1500 MTPA which is expected to increase by 1000 MTPA by 2025. The additional capacity will have to come from new ports through PPP.

expected to grow at a CAGR of 5.6%. This growth will be mostly driven by coal, POL, Iron ore, and fertilizer, together accounting for 50% of the total traffic handled in the coming years.

The current capacity of Indian ports is around 1500 MTPA which is expected to increase by 1000 MTPA by 2025. The additional capacity will have to come from new ports through PPP.

Union Minister for Ports, Shipping & Waterways Sarbananda Sonowal said that there are more than 80 PPP/ landlord projects in the sector with investments of over ₹56,000 crore at various stages. Looking ahead, the Ministry of Ports, Shipping, and Waterways have earmarked 31 projects at ₹14,600 crore to be awarded on PPP basis till FY2025.

PPP will step in to bridge this investment gap, said **Indranil Mitra, Director Finance, NRL** in a recent PPP conclave, in Bhubaneshwar. But a private concessionaire alone cannot shoulder 100% of the investment. It can fund around 30%, while the remaining 70% needs to come through financial institutions. Thus, the bankability of PPP projects assumes paramount importance.

The private ports and concessionaires operating terminals at the major ports will have a major role to play in tackling the rising trade. This infrastructure gap would need to be reduced by the major ports in collaboration with the private sector. Speed and efficient logistics infrastructure would be the prime requirement, for which the private sector will have the funding depth and the leverage to bring in advanced technology to develop a world-class logistics infrastructure on par with the best.

Operational efficiency is the biggest issue with government-run ports. The most glaring indicator is the turnaround time of the vessels, a parameter that can make or break a port.

A major advantage of privatization is the fast execution of infrastructure projects which results in large savings in cost, emphasized **A Balasubramanian, Adviser**. With PPP large queues of ships waiting at the ports have been reduced. With more terminals being operated by concessionaires, today ships are not waiting for berths, but berths are

waiting for ships. The efficiency of ports has increased, which means faster turnaround of ships, which in turn reduces the operating cost for ships.

With the trade consistently growing and the reduction in tariffs, more ships will be tempted to call at Indian ports. Port tariffs should not be cost based, but based on the value generated for shipping lines, said Balasubramanian. PPP brings in the inter-port competition which reduces the cost and improves performance. The inter-port competition also removes captive cargo.

Several changes have been introduced to coax the private sector for a larger role in government projects. However, despite several drawbacks in the partnership agreement, PPP projects steadily gained acceptance as a viable mode for investment and operation in port and other projects.

Balasubramanian said that the guidelines for PPP were drafted in the year 1996-97. Harking back to those days, he added that only concessionaires with prior experience in the ports sector were allowed to bid for PPP projects. Today the entry barriers have been lowered and anybody with experience in infrastructure development could bid for the projects. Earlier commercial risk for bankability was a question, as investments made in the port infrastructure are long-term and have a long payback period.

With PPP in the 25th year of its operation, several issues have come to the fore that have vexed their operations in the past. **Mr. Haranadh, IRTS, Chairman, Paradip Port** Authority said in a recent conference that there was a need for offering flexibility to private concessionaires, operating at major ports such that they have a level playing field compared to private ports. His suggestions included allowing private terminals to handle multiple commodities, enabling them to adjust their tariffs as per the market conditions and keeping the concession period extendable.

The first Public Private Partnership (PPP) Project at Jawaharlal Nehru Port Authority was beset with many problems. In 2008 TAMP, which was set as the authority for setting the port tariffs, was subsequently replaced by the Modal Concession Agreement (MCA) which was more in consonance with the market dynamics. In 2018 the MCA was further improved upon, but yet again the agreement with the private sector was not without flaws.

In 2021 the sections in the MCA were further tweaked to bring the partnership agreement to a more equitable level. The Major Ports Act 2021 offered tariff freedom to concessionaires. The Act, of 2021 provided for the regulation, operation, and planning of Major Ports in India. It also granted these ports greater autonomy. This empowerment has generated greater efficiency in the operation of ports. This helped in bringing the logistics cost down and improving efficiency at major ports. Haranadh said that the Paradip International Clean Cargo Terminal, New Iron Ore Terminal, and Paradip East Quay Coal Terminal are examples of such successful PPP operations at major ports.

Sonowal informed that the provision for the change in cargo due to change in law or unforeseen events has been introduced for the first time. He conceded that there have been cases in the past wherein due to external and unforeseen factors, traffic for a particular commodity had dropped during the concession period, thereby impacting the overall viability of the terminal. The concessionaire did not have the flexibility to handle a different cargo and the asset constructed was not being utilized optimally. The Minister said this provision will give the flexibility to the concessionaire to look for an alternate cargo that the port can handle with the existing infrastructure. This concession would substantially reduce the risk for the concessionaires.

The MCA 2021 has been developed more as a business plan for private players and not as a sovereign document. Today, the MCA provides remedies for change in law, it ensures a level playing field for all concessionaires in a port, supports infrastructure at the port, and enhances the timeline for financial closure.

A substantial relief for the private players comes by way of an opening with the MCA offering conciliation and a settlement committee for the resolution of disputes. The concessionaire can invoke force majeure if his business turns unviable due to changes in laws, market dynamics, or any other unforeseen circumstances.

The transformation from Port Trust to Port Authority has brought much-awaited flexibility and freedom. In form and content, it is more condensed in comparison to the Major Port Trusts Act, 1963. The number of sections has been reduced from 134 to 76. The role of the Tariff Authority for Major Ports (TAMP) has been redefined. The Port Authority has now been given powers to fix tariffs which will act as a reference tariff for purposes of bidding for PPP projects.

PPP operators will be free to fix tariffs- based on market conditions. The Board of Port Authority has been delegated the power to fix the scale of rates for other port services and assets including land.

An Adjudicatory Board has been proposed to be created to resolve the pending disputes between ports and PPP concessionaires; review stressed PPP projects and suggest remedial measures, suggest measures to revive such projects, and look into complaints regarding services rendered by the ports/ private operators operating within the ports.

What does the scoreboard read, in terms of PPP performance and perception, after a quarter of a century? **Arun Maheshwari, JMD & CEO, JSW Infrastructure** said that thirty years ago, 100 percent of Indian cargo was moved by the public sector. Today 75% of the cargo is moved by the private sector. Extrapolating the breakdown Surja Sahu, Indian Private Port & Terminal Association, said that major ports handled 55% of the total Indian cargo, while private ports handled 45%. Again, private terminals handle about 50% of the cargo at major ports. All in all, the private players handled 75% of Indian cargo. The exponential increase has established PPP as a viable mode for partnership models in India.

The ports of Dhamra, Gopalpur and Subarnarekha are excellent examples of successful PPP projects. Under Sagarmala 29 projects worth ₹45000 crore have been implemented under PPP. Jawaharlal Nehru Port has become the first major port in the country to become 100% Landport having all the berths being operated on PPP model. The Syama Prasad Mookerjee Port (SMP), has planned to offer all its Netaji Subhas Dock berths to private parties for modernisation by 2024. The port has also executed a PPP contract for a cluster of six berths in its Kidderpore Dock.

A private concessionaire alone cannot shoulder 100% of the investment. It can fund around 30%, while the remaining 70% needs to come through financial institutions. Thus, the bankability of PPP projects assumes paramount importance.

A K Bal, Ex-Dy Chairman, Mumbai Port Authority felt that by 2047, the present capacity at ports would increase six times. To handle this volume of cargo, PPP will be the driving force for the requisite capacity upgrade. Mormugao Port Authority Chairman had stated that PPP route was the only way to ensure financial health.

In a nod to the contributions made by the private sector, it has been reported that the union Finance Minister Nirmala Sitharam would be looking for a broader role for them. The 12 major ports will move their operational services to a model where a private partner will manage it for them. The government has identified seven projects worth at least ₹2,000 crore that will be offered by the major ports in public-private partnership mode, in the financial year 2021-2022.

The enhanced role of the private sector would include refurbishing existing berths, bringing in modern equipment, etc. The Economic Survey 2019-20 tabled in the Parliament also revealed that the shipping turnaround time declined at all major ports, the lowest being at Cochin, New Mangalore, Chennai, and VO Chidambaram ports. Kolkata had the highest -MT among all ports.

There were 40 projects in the 12 major ports that have been identified that can be taken up on PPP model till 2024.

The major ports will rope in private players to improve all those areas which are not lucrative, some of them being handling bulk and container cargo.

In fact, many services related to cargo handling at Deendayal Port Trust (DPT), formerly Kandla port and Jawaharlal Nehru Port Trust (JNPT), are being handled by private companies. **DPT chairman SK Mehta** said, "Encouraging the PPP model will not only help improve port's efficiency but increase earnings.

While presenting the Union Budget 2021, Indian Finance Minister Nirmala Sitharaman said that major ports will shift from managing their own operational services to a model where operations will be managed by a private partner on their behalf. PPP in ports has now become a means to manage port operations more effectively, as well as to develop new port infrastructure; both functions traditionally were in the province of the government.

The transformation from Port Trust to Port Authority has brought much-sought flexibility and freedom. Seismic changes have been introduced. The port sector has moved from a cost-based approach to a market-based one in setting the tariffs. It has been proved that with a conducive environment, PPP can increase productivity, reduce logistics costs, reduce the turnaround time of ships, and eliminate pre-berthing delays. The involvement of private players, with their penchant for investment in cutting-edge technology and automation, is the sine qua non. A delegate succinctly stated in a recent conference, "in the 1960s, air travel was a luxury, but today with private airlines around, we can put a ticket in every man's pocket. That is the beauty of privatization".

"GROWING INVESTMENTS INCREASE ATTRACTIVENESS OF THE PORT, BOOSTING VOLUMES HANDLED"

"For the first time in their history, the Seine Axis ports broke through the symbolic barrier of 3m TEU (achieving 3.07m TEU), with growth of 28%. Investment by private-sector actors progressed from €350 million in 2021 to €550 million in 2022," says **Kris Danaradjou, Deputy CEO-in charge of Development, HAROPA Port**

You were involved in the merger of the ports of Le Havre, Rouen and Paris into a single establishment, HAROPA PORT. What benefits does this merger bring to the trade?

Since the merger, HAROPA PORT has finalised its system of governance, defined its first investment programme, whose scale is unprecedented, its strategic project is currently going through the public consultation process and the adoption of a common tariff policy, which came into effect on 1 January 2022, will help to capture additional market share from competitors and to expand traffic but also contribute to the greening of HAROPA PORT.

The goal of this merger is to make the Seine axis a leading port, logistics and industrial system by 2025, capable of competing with the ports of the North European range. More generally, there is an unavoidable need to transform ports' business models, historically based on recipes linked to fossil fuels. This transformation must be conducted with a combination of ecological transition and competitive performance.

The merger has proved to be a positive move as HAROPA PORT passed 3m teu milestone for the first time and maritime traffic has grown 12%.

How does HAROPA Port help businesses from Southeast Asia connect to key export markets across Europe?

HAROPA PORT is active in two axes to help the development of Franco/Southeast-Asian trade.

On the one hand, by improving the quality of the nautical conditions, the development of the port terminals, the rapidity of the goods flows (including the digitalization of the procedures), the connections of the port with the French and European markets by road, river and rail; HAROPA PORT works on the various elements which contribute to the development of a competitive maritime offer and connected to its hinterland. For example, it takes 30 days to export from Chennai to Le Havre, which is the same as for Antwerp, and it takes only 25 days from Le Havre to Mumbai, which is the best maritime transit time on the North European range.

On the other hand, HAROPA PORT ensures a role of animation and intermediary in the business relations. HAROPA PORT supports companies in their development projects by, for example, putting the port communities in touch with each other, identifying the most suitable service providers, and even supporting companies' logistics projects by analyzing their needs and identifying the best locations for them. In this way, and in order to go further in this support, HAROPA PORT has a network of representatives based abroad and in particular in India. They are the contacts of importers and exporters to help them and to accompany them in the development of their activities.

HAROPA PORT could also provide land for investors and international companies to implement new plant or new supply unit at the heart of the European Market. As a landlord port, our mission aims at preparing turnkey sites for industrial and logistic needs which could benefit from the network of transport services and utilities in the port.

The port complex will be applying an exceptional level of investment in 2022 – €256m – of which an increasing share will be allocated to the energy transition. Please elaborate more on this investment plan?

KRIS DANARADJOU
DEPUTY CEO-IN CHARGE OF DEVELOPMENT, HAROPA PORT

To boost competitiveness with exceptional investment to address the challenges of sustainable developments:

Investment in 2022 will be of €256m (between 2015 and 2019, the annual average was €95m).

- 16% of it will be allocated to supporting the energy transition (compared with 11.8% in 2021). Here are a few examples of these projects:
- Maritime and river quayside power supply in the 3 ports.
- Roll-out of the network of electricity service points along the Seine Axis for use by barges: 13 points in service end-2021 – 91 points in total,
- A major carbon capture project across the Seine Axis...

Investment are also linked to the capacity and multimodality development. A few examples:

- In Le Havre : extension of Port 2000 with creation of P11/P12 berths, river access to Port 2000 with the Flap Gate
- In Rouen: Development and modernisation of the Radicatel Terminal with extension of the quayside length.
- Paris: The PSMO project (Port Seine-Métropole Ouest) addresses the strategic goal of rebalancing port facilities westwards and will also provide support for the development of the Greater Paris region and the Yvelines territorial department.

Boost competitiveness with enhanced industrial attractiveness and reinforcement of the logistics ecosystem

- The major issue of decarbonisation of logistics chains, the Climate Law and LEZ deployment are going to be detonators in the transformation of activities, and particularly logistics. One of the pillars of the HAROPA PORT development strategy is the goal of strengthening the Paris West corridor in order to increase its importance for the Greater Paris distribution system. (Among the new logistics projects and implantations: over 90.000 sq. m. with Goodman's Green Dock and 72.000 sq. m. with IKEA France on the West side of the Greater Paris, over 80,000 sq. m. with P3 Logistics Park in Rouen, 92,000 sq.m. in Le Havre with Havlog / JJA...)
- Since activity on port land is an increasingly important pillar of its business model, HAROPA PORT is developing the attractiveness of its port areas by **building synergy between industrial companies**. The port is for example creating business clusters capable of providing jobs, port and maritime activity and thereby economic attractiveness for surrounding regions (i.e. carbon capture, hydrogen fuel sector, wind power...).
- In order to win back industry to local regions, the **"turnkey" label for industrial sites** facilitates access to real estate and limits procedural timeframes, uncertainty and cost for customers wishing to set up operations along the Seine Axis. To date, two sites have been awarded the "turnkey" label by the French government (Le Havre's Grand Canal site and The Eco-Normandy business park).

Terminal Investment Limited has announced a €700m Investment for the cargo terminal at Le Havre. Tell us in detail about this terminal's capacity, infrastructure and cargo volumes it is projected to handle?

TiL investment will prepare the port for the highly efficient processing of the world's biggest cargo ships, including the new generation of 24,000 TEU vessels.

TiL is installing gantry cranes, doubling the number at the terminal to 20. TiL will also be tripling the terminal's storage capacity with the installation of fleet gantries at six berths, on more than 70 hectares. The conversion project will be completed by 2028. The new gantries will be electrically powered and the port will provide shore power for ships. This project, led by HAROPA Port du Havre, will mean ships will not need to use their engines while docked.

Thanks to this new investment, the development of new rail and waterway links will further increase the attractiveness of HAROPA PORT, boosting the volumes of goods that will be handled.

How has been the business at HAROPA PORT during last year and through the first half of this year?

2021 was an unprecedented year for

HAROPA PORT, registering growth in maritime traffic of 12% - the Northern Range's strongest rate – surpassing three million TEU for the first time and enhancing its attractiveness for logistics and industrial operations.

TRAFFIC

In 2021, **maritime traffic registered an increase of 12%**, to 84Mt, boosted by a rise in containerised goods flows and liquid bulk:

- **For the first time in their history**, the Seine Axis ports broke through the symbolic barrier of 3m TEU (achieving 3.07m TEU), with growth of 28%. Inland traffic saw a major increase of 15% while transhipments expanded spectacularly (79%), establishing a new record at 843,000 TEU.
- **Liquid bulk ended the year up 6%** (39Mt), buoyed by crude oil traffic, which increased by 16% (to 15.4Mt).
- **Dry bulk fell back by 4%** (at 14Mt) compared with 2020, a year that featured an exceptional cereals campaign. Cereals registered a fall of 13% (7.6Mt) but this figure is 5% higher than the 2015-2019 five-year average (7.3Mt). Imports of aggregates progressed by 25.5%, underpinned by the many construction sites along the Seine Axis.
- **Ro-ro progressed by 14%** (294,000 vehicles), returning to a level close to pre-pandemic figures.
- **A new weekly freight service**, a direct consequence of Brexit, was opened between Le Havre and Ireland.
- **Cruises ended the year on a positive note** with 49 port calls and 45,500 passengers (+100%).

River traffic increased by 4% in the Greater Paris area, supported by construction industry activity.

Modal share remained unchanged at 12%: HAROPA PORT has defined the development of multimodality as a core priority.

INDUSTRIAL AND LOGISICS OPERATIONS

In 2021, numerous prospective industrial and logistics customers of the port entered bids in response to calls for proposals issued by the three ports (multi-energy service stations, buildings 1 & 2 at Austerlitz port, a 52-hectare industrial site in Rouen, among others). In 2022, this very robust commercial dynamic will be maintained with the issuance of further calls for proposals: in Le Havre, the multibulk terminal, logistics parks PLPN 1/PLPN 2 and the Grand canal site; in Rouen, RVSL Upstream (Rouen Vallée de Seine Logistique / Rouen Seine Valley Logistics Park); development of plots at Gennevilliers (0.7 hectares) and Bonneuil (2.7 hectares).

The goal of merging ports of Le Havre, Rouen and Paris is to make the Seine axis a leading port, logistics and industrial system by 2025, capable of competing with the ports of the North European range. The merger has proved to be a positive move as HAROPA PORT passed 3m teu milestone for the first time and maritime traffic has grown 12%.

In 2021, investment by private-sector actors progressed by over €50m (€350m vs. €246m in 2020), and will rise further to €550m in 2022, reflecting the attractiveness of HAROPA PORT and the confidence felt by investors.

In July 2022, for its half-yearly traffic report, HAROPA PORT announced a growth trajectory. The port is continuing to grow following 2021: maritime traffic progressed by 5% and river container traffic registered a significant increase of 31% in Gennevilliers.

Maritime traffic totalled 42.08Mt of goods, up by +2Mt. Liquid bulk traffic registered growth of 14.5% or +2.62Mt, in line with the restarting of operations at Gonfreville refinery, detailed figures being as follows: crude oil traffic up by +65.8% and refined product traffic down by -17.1%, chemicals traffic up by +19.9% and gaseous hydrocarbons down by– 26.6%. Dry bulk traffic declined by 4.2% despite a positive trend in the cereals segment (+2%) and a 2022-23 marketing year judged to be as good as 2021-2022. Aggregates traffic going to the construction market registered a fall of -22%, down by 260kt, as of the end of June, but up by +8% on average and remaining generally at historically high levels, underpinned by a positive trend in construction projects. This weakening can be put down to unfavourable weather in the early months of the year, which had an impact on worksites and logistics conditions for materials. Container traffic remained at the same level with 1.485m TEU and a 2% increase in inland operations. Market share expanded marginally against the backdrop of a general decline in container traffic across the Northern Range. Ferry freight vehicle traffic continued to be positive at +26% over 2021, and passenger traffic stood at +24 %. Maritime traffic at the ro-ro terminal registered a fall of -19.4% but gained a +10-point variation in June.

In the face of the present crises, HAROPA PORT is asserting its resilience and its ability to withstand national and international pressures

The European ports have been under congestion for a very long time. How has HAROPA Port helped in quick disposal of cargo?

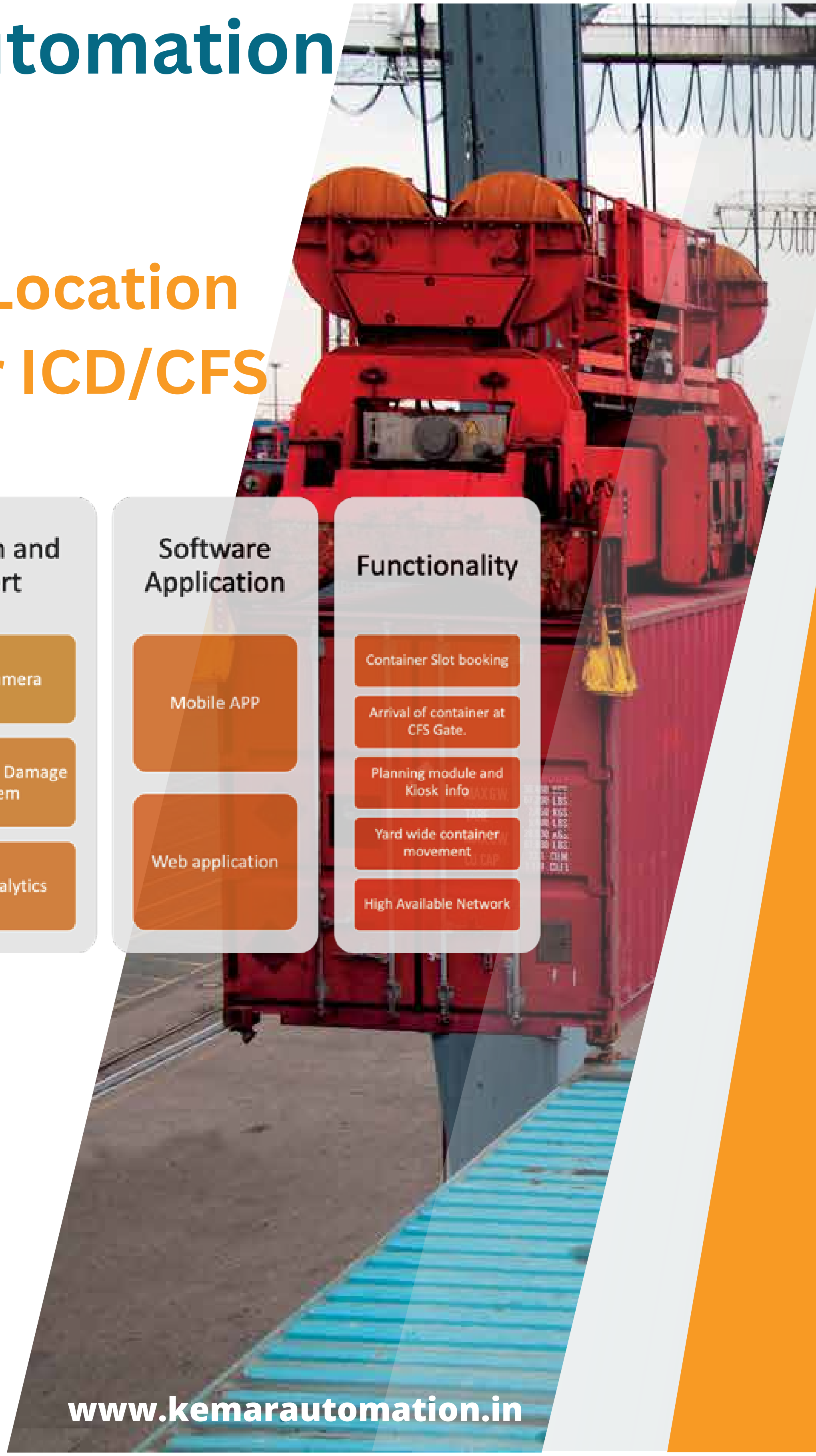
In the context of maritime congestion in the neighbouring ports of the northern range and upheavals in the supply chain have impacted all the actors of the Supply Chain, HAROPA PORT has been able to show resilience and adapt to the situation. HAROPA PORT has welcomed ships that other ports have not been able to do, thanks in particular to nautical capacities.

What has been the impact of the Russia-Ukraine crisis to your business?

The war in Ukraine has had a substantial impact on trade in agricultural products globally, and specifically on exports of wheat, maize and oilseeds, these being largely carried by sea, which means that stocks have been blocked in the Black Sea ports and forthcoming harvests are also compromised. Notwithstanding this, the situation highlights the key role played by France as a supplier of wheat and barley to countries with a structural need for imports, thus opening up new market opportunities.

Kemar Automation

YMS and Container Location System for ICD/CFS



Identification and Capture	Action and alert	Software Application	Functionality
OCR	OCR Camera	Mobile APP	Container Slot booking
RFID	AI – based Damage system	Web application	Arrival of container at CFS Gate.
ALPR	Data analytics		Planning module and Kiosk info
IoT Sensors			Yard wide container movement
			High Available Network

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FLEXING INFRASTRUCTURE TO FUEL ECONOMIC GROWTH

Infrastructure and capacity at land and seaports is being increased. Time and cost of import-export trade clearance will be reduced by 30 to 40 per cent.

Bangladesh has demonstrated remarkable development performance over the past few decades, with consistent growth averaging 6% a year since 2000. The country has attained 'lower-middle income status' in 2015 and is on the run for graduating into a 'developing country' by 2026. The grand vision is to become a 'High-Income Country' by 2041.

Bangladesh's stellar development so far has been primarily export-led. Over the years, Bangladesh has become an important player in the global textile and ready-made garments value chain. Records of Bangladesh's exports show an annual average growth of about 10.25% since 2001. The target is to achieve $100 billion worth of RMG exports by 2030. This requires uninterrupted supply chain in terms of raw material procurement and assured shipping schedules for exports. There is no room for consignments missing shipping targets due to port congestion or disruptions in supply chain.

Bangladesh's port sector is in the cusp of massive expansion that prompts stakeholders to suggest bigger private-sector involvement to ensure efficiency in operation of the seaports. The country's ports have a combined capacity to handle around 4 million teus, which is expected to rise to more than eight-million teus by 2026.

"After the engagement of the private sector, we have seen improvement in operations in Chittagong port," said Dr. Mustafizur Rahaman, Distinguished Fellow, Centre for Policy Dialogue. Presently, Chittagong seaport alone dominates the port sector by handling 97 per cent of the country's export-import cargos. The port's present capacity is around 4.0 million TEUs, and with the construction of the Bay terminal, the capacity will expand by over 2.0 million TEUs. And the commencement of Matarbari deep-sea port will add another 2.5 million TEUs to the capacity. Mongla seaport is also having two modernisation projects under which it is going to have another six jetties for trade handling.

Mongla Port is gradually flexing its capacity to welcome larger ships. MV Tokyo with 8-metre draught (the first of its size) berthed at jetty No. 5 with 289 containers, carrying goods weighing 7,241 metric tonnes. All ships that anchored earlier did not have a draught of more than 7 metres. MV Tokyo is the first ship of its size to anchor at Mongla Port. Mongla is now set to become a key player after the opening of the Padma Bridge, which establishes direct 170km road link between the capital and the seaport. The port is being upgraded to make it a regional trading hub for India, Nepal and Bhutan. The port has a capacity to handle one-lakh TEUs with 50 berthing facilities, 153 cargo-handling pieces of equipment and 38 assisting vessels. Nine development projects are being implemented for upgrading the port's capacity in a phased manner. The port will be able to handle 24.9 million tonnes of goods in 2030 and 47.4 million tonnes in 2040.

Payra Port Authority has also taken up expansion project to increase its 80-metre jetty to 600-metre one.

Completion of the ongoing dredging project would allow ships with 40-50 thousand DWT for berthing in the seaport.

"Chittagong Port was once plagued by labour unrest, but now the same port has advanced three steps in a year and became world's 64th busiest port in terms of annual throughput of containers in 2021. It was ranked 87th in 2014," recalled Mahbubul Alam, President of Chittagong Chamber.

The 2022 edition of Lloyd's List's One Hundred Ports showed the Chittagong port handled a total of 3,214,548 TEUs of containers in 2021, up from 2,839,977 TEUs in the previous year, posting 13.2-percent year-on-year growth in container handling.

Cargo handling by the port posted 13-percent year-on-year growth in 2021 as the port handled a total of 116.6 million tonnes of cargos in 2021, up from 103.2 million tonnes in the previous year.

To increase the capacity of the Chittagong port, last month, Saudi company RGST, which operates the largest-terminal facility in Saudi Arabia at Jeddah Islamic Port, was selected by the government for construction of the Bay Terminal beside the Chittagong Port. The new facility, being built by the Bangladeshi government, will feature a 600-metre quay and will be able to handle three vessels simultaneously, augmenting the ship-handling capacity of the prime seaport.

The Bay Terminal, capable of supporting domestic cargo as well as enabling passage of regional cargo in the Bay of Bengal area, can help increase Chattagram Port's handling capacity from the current 3.2 million TEUs, taking it close to the expected 5.6 million TEU containers by the year 2036.

Streamlining the exim mechanism

The Customs authority under the National Board of Revenue (NBR) is going to introduce 'business process reengineering' mechanism with the support of USAID to curtail the number of import-clearance steps in sea, air and land ports. Time and cost of import-export trade will be reduced by 30 to 40 per cent once the reengineering is completed, officials said.

The aid agency of the United Sates-USAID--is providing technical assistance to the Customs authority of the revenue board and already has submitted a report by sorting out the unnecessary steps occupying import-export process.

A Time Release Study-2022, conducted by Customs officials revealed that importers have to complete the import-clearing process by passing through - 32 steps at Chattogram seaport, 28 steps at Benapole and 25 steps at Hazrat Shahjalal International Airport.

During fiscal year 2013-2022, the number of import bills of entry processed by CCH registered a 161.1-percent rise. In FY 2022, imports worth $ 73.3 billion and exports worth $ 37.6 billion were processed through CCH.

However, manpower and infrastructure have not been developed on that scale to manage such large volumes of export-import goods. Influx of appropriate digitalisation along with skilled human resources will expedite import/export clearance, while bringing down the cost.

Bangladesh has also been in the spotlight recently for emerging as an important transhipment hub for connecting the north-eastern states.

Connecting India's northeast

A transit agreement between Bangladesh and Bhutan has been finalised enabling Bhutan to use Mongla seaport and Banglabandha and Sonarhaat land ports for moving its cargo. Bangladesh will impose a transit fee on Bhutanese vehicles for using the ports as per standard practices.

During a visit of Prime Minister Sheikh Hasina to India in 2019, a SOP (Standard Operating Procedure) was signed to operationalize the agreement for transhipment of good to northeast states via Bangladesh. There are eight approved routes for transit of goods, namely Chittagong/Mongla port to Agartala via Akhaura, Chittagong/ Mongla port to Dawkivia Tamabil, Chittagong/Mongla port to Sutarkandi via Sheola, Chittagong/Monglaport to Srimantapur via Bibirbazar and vice versa on all four routes.

The first trial movement on the route Chittagong-Akhaura-Agartala was successfully conducted in July 2020 wherein four containers, two each of TMT steel and pulses, were delivered at ICP Agartala from Kolkata through Chittagong Port. On September 3, CJ Darcl Logistics flagged of cargo ships from Kolkata Port. The cargo ships are scheduled to follow Kolkata – Chattogram - Sheol & Tamabil-Chattogram -Kolkata route as part of the trial run.

Post unloading at Chittagong Port, the goods will be sent to the state of Assembly road through the Sheola land port in Sylhet. India is eager to begin regular transits between Kolkata and key cities in its northeastern states through the ports in Bangladesh as it would cut the 1,200 KM distance by about half.

A similar transhipment trial was done on September 7 by cargo vessel named Trans Samudera that arrived at Chittagong port carrying an Indian transit container to be transported to the northeastern state of Assam via Bangladesh. The trial run was undertaken by Tata Steel and CJ Darcl Logistics Ltd on the Chittagong-Sheola-Sutarkandi route.

Coastal shipping with Sri Lanka

In 2018, Bangladesh and Sri Lanka had finalized a coastal shipping agreement that would cut transhipment costs and reduce travel time between Chittagong and Colombo. The agreement is yet to be inked by both the governments. "One-fourth of the West-bound ships from Bangladesh conduct transhipment in Colombo Port, while the rest are done in Singapore and Port Klang. The cost of transport can be upto 25% less and transport time can be reduced to three to four days if our ships can use the Colombo Port," says AK Abdul Momen, Foreign Minister, Bangladesh.

Sri Lanka is positioning itself as a hub for multi-country consolidation (MCC) services, where less-than-container load cargo from different origins may be combined into a full container load before being shipped to their countries of destination, said Mr. Malik Samarawickrama, Development Strategies and International Trade Minister, Sri Lanka. MCC optimizes cargo flows and reduces international transport costs, and is useful for both large companies and small and medium-sized enterprises that source or ship a small volume of goods.

METAMORPHOSIS FROM A TRANSHIPMENT HUB TO A MARITIME HUB

Growing beyond transhipment, Sri Lanka plans to evolve into a full-fledged maritime hub where partly finished goods can be developed for re-export, ship repair services and maritime arbitration services can be offered

During the past few years Sri Lanka has been through a double whammy effect of the pandemic, followed by the political and economic turmoil. But the Port of Colombo, which caters mainly to transhipment cargo has always been almost entirely insulated from Sri Lanka's domestic issues, be they political, security or economic. Transhipment volumes over Colombo have grown at a historical CAGR of above 9% over the past 15 years. In this backdrop, the Port of Colombo has clearly charted out its growth plans and intent through the currently ongoing development of the West Container Terminal by Adani Ports led Consortium and the East Container Terminal by the SLPA; transhipment volumes over Colombo will continue to grow, particularly given the significant growth trajectories in South Asian economies led by India.

Disruption at the Colombo Port due to the pandemic and economic crisis saw certain maritime traffic diverting to Indian ports temporarily. The International Container Transhipment Terminal (ICTT) in Kochi, Kamarajar Port Limited and VOC Port had all reported increase in container traffic in the past few months. However, the Sri Lanka Ports Authority was quick to bring the port operations back into sync. **Ted Muttiah, Chief Commercial Officer, SAGT shares**, "The Port of Colombo consists of 3 terminals: CICT, the latest and the only deep draft facility in South Asia, SAGT is the first private terminal that was established in 1999 and of course, Jaya Container Terminal (JCT) which is a government operated terminal. All the 3 terminals, like many in the region and globally did, at the outset of the pandemic, had some disruptions, but the 3 terminals currently are working in close operational collaboration and have now normalized the port operations in Colombo. The disruptions were mainly because containers were not moving as importers and the truck drivers could not clear them, as they were in the lockdown areas. Due to these reasons some container lines also skipped calls at the port temporarily, but all of it is now a distant past." To facilitate trade, the Sri Lanka Ports Authority waived demurrage charges, storage charges and rent levied from shipping lines, consignees, importers and exporters.

With a stable government in place the island nation is busy flexing its maritime infrastructure to get ready for the future cargo growth. "The government wants more public-private partnerships (PPP) to take place enabling the private sector to invest in state sector and earn benefits," opined Minister of Aviation and Shipping, Nimal Siripala de Silva. He added, "In the port of Colombo while we have our own two terminals, another one is being built at the ECT, and then there is this WICT, which we have given to Adani Group as a joint venture. The other terminal is SAGT which is jointly done with John Keells. We have another terminal also of JCT as JCT5. We have to invest $75 million towards Eastern Terminal (ECT) development. We have a road map on how to find Dollars and ensure that the ECT becomes a reality. For the JCT, we are investing another $400 million to expand the capacity and bring in automation."

The sunny days are back in Sri Lanka as business in the last year - 2021 was good with the Port of Colombo (PoC) handling its all-time highest volume of 7.25 million TEUs in the calendar year, a YOY growth of almost 6% over 2020. This increase was mainly on the back of a 5% growth in transhipment volumes, which represented 84% of total throughput, primarily to/from India and Bangladesh and a 10% growth in domestic cargo, driven by a surge in imports.

The 8 months up to August 2022 have yielded a mixed bag, with volumes growing steadily until April 2022 and thereafter beginning to taper slightly on the back of an easing in global demand, which was compounded by some operational challenges with very full yards across all three terminals in the port due to increased dwell time of transhipment containers. September 2022 is also likely to see a decline on the back of declines in volumes on the main Asia/Europe trade lane that have impacted transhipment numbers from India and Bangladesh too.

Feeder services get costly

As freight rates continue to rise with rising oil prices, feeder services get costly. Southern India shippers — predominantly tethered to foreign transhipment in the absence of sufficient direct mainline connections out of home ports — are facing a new challenge: rocketing feeder charges at Sri Lanka's Colombo Port. As reported in February 2022, average feeder fees from Cochin or Tuticorin to Colombo have doubled in recent weeks, hitting $200 per teu, as compared to $95 per teu a few weeks ago. Feeder and short-sea carrier sources attributed the increase to high charter costs because of deteriorating vessel turn times caused by port slowdowns and rising fuel prices. Sources said feeder vessels are incurring an average waiting time of two to three days at Colombo.

Other factors constraining feeder shipments from India and timely removal of containers at Colombo include the tightening foreign exchange situation in Sri Lanka after the local rupee sharply depreciated against the US dollar, while internal remittances — mostly generated by the country's mainstay tourism industry — declined amidst the pandemic disruption.

The same is the scenario with Bangladesh. Raw material from Colombo is shipped to Bangladesh and mostly apparel exports from Bangladesh are shipped to Europe and US via Colombo Port. As the freight charges have shot up the feeder business has become very lucrative.

Ocean Network Express (ONE) has announced the start of a new feeder service between India, Sri Lanka and Singapore. In January this year, the Ceylon Shipping Corporation announced plans to operate a container feeder service between Colombo and Bangladesh and this will be followed by a second service between Colombo and Oman. Ceylon Shipping Corporation (CSC) Chairman Sudhammika Wineendra said they have already approved a MoU to be signed with the Bangladeshi Shipping Corporation soon. Talks are in progress with the Oman Ambassador in Sri Lanka to launch a feeder service from Colombo to Oman for containerised cargo. Two container ships that could carry around 1,000 to 1,500 teus will be hired for this operation. Soon RFP's will be invited in this regard.

Bangladesh-based container ship operator HR Lines Ltd has also launched the Colombo-Chattogram feeder service with two container vessels initially with a capacity of 1,454 TEU each.

Few years back Qatar-based Milaha had started direct feeder service between Sri Lanka and Bangladesh. Called the BCX service, it operates two vessels with a capacity of 1,200 teus, following a Colombo-Chittagong-Colombo rotation with a transit time of five days.

Reforms to lift the economy

As the new government headed by President Ranil Wickremesinghe came into power he focused on debt-restructuring in collaboration with the IMF. A National Economic Policy for the next 25 years is being prepared to bring down the public debt to GDP ratio to less than 100. He said focus on logistics and nuclear energy will be required to revive the bankrupt economy. The FTA between Sri Lanka and India will be revived and upgraded to a comprehensive economic and technological partnership. The Sri Lankan Government has decided to open the fuel import and retail sales market to companies from oil producing nations. The Ceylon Petroleum Corporation (CPC) will be the service provider for logistics, stocking and distribution with a service fee charged from the companies.

With infrastructure upgrade plans in place Colombo Port plans to increase its container handling capacity to 15 million teus in 2025-26. The Cabinet of Ministers of Sri Lanka in 2021 had approved a proposal to operate the East Container Terminal as a wholly owned container terminal of the Sri Lanka Ports Authority. They also approved the proposal to develop and operate the West Container Terminal of the Port of Colombo as a public-private partnership with foreign parties on BOT basis. The China Harbour Engineering Company has clinched the contract to develop the ECT, while Adani Group sealed a deal with SLPA to develop and run the Western Container Terminal (WCT). As the first-ever Indian port operator in Sri Lanka, Adani Group will have a 51 per cent stake in WCT.

The port of Colombo looks forward to position itself as an international flow centre where you can bring partially completed goods and finish them off in Port of Colombo within the customs-controlled area and then re-ship them out. So, this is re-shipping of transit for re-export. The port also has potential for ship repair and maintenance operations, without the need for a ship to get into a dry dock. Maritime arbitration is another aspect, Singapore has done a wonderful job in that regard as to providing maritime arbitration. All of these factors contribute to positioning a location as being an effective maritime hub, and not just a transhipment hub.

TRADE PERFORMANCE TANGLED IN MULTIPLE ISSUES

The foreign trade of Nepal is tangled in multiple issues plaguing since decades – be it inadequate infrastructure, Customs procedures, transhipment issues, trade finance and export product quality concerns.

The exim trade of Nepal has been down last year and through the first half of this year. Generally exports have been very slow and import restrictions by government have also decreased imports from third countries. Import and export with India has been slightly decreased.

Nepal imported goods from 164 countries during the fiscal year 2021/22, valued at ₹1,920 billion. Of this, imports worth ₹1,200 billion were from India alone, while the export was worth ₹155 billion. It means the country's trade deficit with India alone was over ₹1,044 billion last fiscal year.

In the FY22, Nepal handled 61,301 import containers, 1,030 export containers.

The COVID had a big effect to Nepal trade and the situation currently as well is not very good due to increase in logistics cost (specially ocean freights). The effect of pandemic has been very hard as the government was not prepared for smooth operations and easy connectivity at transit points beyond boarders and within.

Recently the logistics cost has increased and there has also been scarcity of empty containers. Such situation has led to cancellation of orders or less placement of orders as regards exports but in case of imports, very little change is seen as demand of imported goods is high and customers are willing to pay the price. The goods imported are all sold as per concerned associations.

The rail transit time has reduced with private railways operating but cost benefits have not been passed on to the Nepalese importers. The decrease in rail freight from Kolkata and Vizag has been enjoyed by shipping lines as terms of import is C and F or CIF and it is beyond the hands of Nepalese importers or freight forwarders. In such terms of dealing the upper hand is on the exporters in foreign countries where as liabilities are for the importers of Nepal.

Nepal is looking to enhance the logistic performance by adopting to Coordinated Boarder Management system as well as standardization of ICPs and ICDs through SOP. It is believed that this will enable all terminal operators remain in the same system and monitoring and evaluation will be much easier. Container terminal in the Western region (Dodhara Chadani) is being worked out and waiting for environmental approval.

Nepal Government is also looking forward to establishing mini logistics centers in some small Customs points like Bhadrapur via Galgalia and Krishnagar etc. Some works on enhancing terminals of Biratnagar for Railway connectivity is also underway. Further study is being conducted to establish warehouses in all 7 Provinces as well as for Agro hubs. Policy for logistic is almost complete and laws and regulations related to logistics like warehouse act, MTO act (amendment) Cargo or Freight Forwarders, Good carriers act, etc are underway.

A number of initiations have been already taken in Nepal to systematize our international trade. The government has decided to set up the Nepal National Single Window (NNSW) and converge it with the regional single window to interchange data and information for paperless trade facilitation. Similarly, the Exim Code has already been implemented. Initiatives in customs modernization such as ASYCUDA World and ASYCUDA++ are also moving ahead side by side. Now all these initiatives need to be integrated with the regional mechanisms in order to ensure a smooth flow of logistics.

Electronic Container Tracking System (ECTS)

ECTS has been introduced to cut down the time and cost of moving containers from Indian ports to Nepal, while ensuring safety. Customs formalities, procedural compliance and paper work are reduced, but at a much higher cost. The device is installed only after port formalities are completed, thus it does not reduce port formalities. The monitoring can be done only when installed by its agent and not the importers. It is functional up to Indian boarder customs and not beyond. It is just a mechanism to permit Indian counterparts to monitor containers and check diversion. Moreover, the containers are carried by Indian rail and loaded with two containers facing the door. As it is, chance of pilferage or diversion should be next to Impossible. The challenge is in linking this simple tracking system to international transhipment.

Growing trade in Southeast Asia

First, we need to identify tradable items in the markets across Southeast Asia. Even if we have exportable items, it will be quite difficult to export our products to markets such as India, Bangladesh and beyond, as their compliance and standards for domestic as well as foreign goods have gone up in recent years. With the changing context in trade and transit, we need to relook the overall strategy and give special focus to address the biggest constraints related to quality compliance and certification of products. Our endeavours in identifying and promoting exportable items through the Nepal Trade Integration Strategy (NTIS) haven't born fruits. The goods exported from Nepal should not be supplied in raw forms. Oranges and betel nut, for example, should not be picked from the trees and supplied right away to the market after little or no value addition. Such items need to be well processed, sanitized, packaged and labelled before they are supplied to the market. The absence of accredited labs adds to our problems in exports.

Customs

Nepali importers have to clear five layers of customs at border points in Bangladesh, India and Nepal if they are to export goods originating from a third country from the Bangladeshi Port. Now there is a need for the countries to adopt automation and start using IT for customs and border clearance processes. This will harmonise the customs procedures eventually reducing the cost of cross border trade in the region.

Trade finance

Three factors play key role in smooth transportation of any logistics with the first being seamless movement of goods followed by flow of information and flow of finance. While we've been emphasizing on seamless flow of goods, the other two factors have been quite neglected. Even among them, the flow of finance is the most neglected one which is particularly due to our existing foreign exchange control mechanism. We often face problems in transferring Indian currency to make payments to Indian suppliers because of the recurring shortage of INR in the domestic banking system. Similarly, we are required to carry out transactions with Bangladesh in US dollars. There is a need for establishing a mechanism which would enable traders to transfer additional money to suppliers and freighters during noticeable fluctuation in foreign exchange rates after receiving permit from the Nepal Rastra Bank.

Transhipment via Bangladesh Ports

It is seen in many parts of the world that any transit providing country tries to have a hold on the delivery of the cargoes to the destinations. For instance, India's transhipment mechanism requires us to use Indian trucks and railways to import goods. The problems are particularly created by the sluggishness in the logistics services being provided by Indian logistics service providers. At present, sometimes it takes weeks for Nepal-bound cargo containers to reach the ICP at Raxaul from the Kolkata Port.

Likewise, we also need to be aware of various other problems related to the transhipment of goods. For instance, we have been importing goods from India on the Cost, Insurance and Freight (CIF) basis. In this type of shipping arrangement, costs associated with the shipment and transit and insurance of goods are assumed by the suppliers. But once we start using the Bangladeshi port, Nepal-bound third country imports might not receive such coverage which will increase risks in our international trade. Also, there is a need to enhance the negotiation skills of Nepali importers to minimise such risks.

Delivery at Terminal (DAT) is one of the 'incoterms' set and defined by the International Chamber of Commerce (ICC) in international shipment of goods. Under this, the supplier is responsible for the clearance of any consignment until it is received by the consignee. If Nepali importers can negotiate with their suppliers in DAT terms, the risks associated with demurrage and detention in transhipment of goods will be minimised to a great extent. Nepali importers need to understand that negotiation with foreign suppliers can be a great tool to reduce delays and costs in the transhipment of goods.

Infrastructure

The major challenges are narrow roads due to hilly terrain, road maintenance issues, low capacity and old bridges. Lack of right vehicles' type, handling equipment, maintenance stations and warehouse dry as well as cold. We also lack the distribution modalities of goods from one station to other, so heavy trucks within the city block roads adding to the pollution as well as congestion .The cities lack intermodal transportation system.

The quality of service at inland ports/dry ports is not up to the standard as regards space management, handling equipment, cleanliness and pollution control, warehousing, labor management etc. Actually the ICDs were made with a very short vision of handling containerized cargo, but are made to handle more of loose or dirty cargo as the volume has increased. The ICP's made with a purpose of immediate clearing with automated system has come into operation in a traditional manner resulting into mismanagement, haphazard parking, lack of equipment like cranes and folk lifts.

The government should provide incentives to logistics and transport service providers to increase their competitiveness. For instance, the customs duties being levied on the import of articulated vehicles should be reduced to enhance the inland delivery capacity of transport companies. The vehicular movement is likely to increase carbon emission concerns that can be addressed by setting standards in terms of axle load and size of wheels of vehicles along with designating trans-loading points and by keeping the roads in proper conditions. I think many such concerns could be addressed by operating the vehicles under the AEO modality.

Towards conclusion, it is high time the corridors of power in Nepal take effective measures to resolve these age old issues from infrastructure, to Customs, transhipment and quality concerns, to ensure the country's trade and economy progress.

A CORRIDOR OF OPPORTUNITIES

INSTC has the potential to reduce the carriage cost between India and Russia by about 30 percent and bring down the transit time from 40 days by more than half. It is the shortest route between India and Russia. For the landlocked countries in Central Asia, it offers a fast transit route to the sea ports.

BY VIJAY KURUP

It is a transit to progress for all the stakeholders involved in the project. The 7200km long North-South Transport Corridor (INSTC) is a multimodal route by ship, rail, and road for moving freight between India to St Petersburg, traversing 7200 km. Despite the obstacles, the INSTC appears to be inching forward, with initiatives from India. This transcontinental corridor will bring radical changes in the Europe - Asia trade.

The project has been the combined brainchild of Russia, India, and Iran. It was conceived in September 2000 in St Petersburg. It is planned to be a multimodal transportation route linking the Indian Ocean and the Persian Gulf in the south to St. Petersburg in Russia via the Caspian Sea in Iran. The INSTC has now expanded to include eleven new members, namely: the Republic of Azerbaijan, Republic of Armenia, Republic of Kazakhstan, Kyrgyz Republic, Republic of Tajikistan, Republic of Turkey, Republic of Ukraine, Republic of Belarus, Oman, Syria, and Bulgaria (as an observer). Other countries that have shown interest are Turkmenistan and Uzbekistan.

The sea journey starts from any of the multiple major Indian ports to the Iranian ports of Bandar Abbas, in the Strait of Hormuz, or to Chabahar, in the Gulf of Oman. And then by rail from Bandar Abbas to Bandar-e-Anzali a principal Iranian port on the landlocked Caspian Sea. From Bandar-e-Anzali port to Astrakhan, the Caspian port of the Russian Federation. Finally, from Astrakhan Caspian Port to St Petersburg and other regions of the Russian Federation by Russian rail.

The second port in Iran, the Chabahar port which India is developing, is in the south-eastern part of Iran, close to the Gwadar Port in Karachi Pakistan. The Chabahar port can serve India to trade with Afghanistan, circumventing Pakistan completely. Chabahar Port consists of two separate ports named Shahid Kalantari and Shahid Beheshti. The Shahid Beheshti Port at Chabahar will be the transit hub linking it to the INSTC corridor. Both the ports at Bandar Abbas and Chabahar fall within the framework of INSTC.

What would be the benefit of this corridor for the various stakeholders particularly India, The Russian Federation, and Iran? The main purpose however is the reduction of carriage costs and transit time. INSTC has the potential to reduce the carriage cost between India and Russia by about 30 percent and bring down the transit time from 40 days by more than half. It is the shortest route between India and Russia. For the landlocked countries in Central Asia, it offers a fast transit route to the sea ports.

Mumbai and Moscow are 16,112 kilometers and would take 32-37 days, whereas the INSTC, would be 4,074 kilometers by sea and 3,000 kilometers by land. INSTC when fully operational will offer a faster alternative mode of transit to the traditional sea route via the Suez Canal.

The INSTC can leverage the railroad system of Iran, Azerbaijan, Turkmenistan, Kazakhstan, and Russia to unlock the hitherto untapped trade potential of these markets.

The Ministry of External Affairs has stated that the connectivity to ports in Iran and the Middle East will not only strengthen India's position in the natural gas and crude oil markets. As per research reports, the INSTC routes could help nations save as much as U$ 2,500 for every 15 tonnes of cargo. This can also enhance the competitiveness of Indian products in several untapped international markets in addition to increasing the volume of goods trade.

For Russia, this corridor would be a vital transport link from St Petersburg to ports in Iran and India, and beyond. Russia is also looking at using the Caspian Sea to cut the transit route from Russia to India.

Iran has land links to Central Asia and its ports offer sea routes to India. This corridor will give them the potential to double their exports to Eurasian counties. This corridor also gives Iran a conduit for European-Asian trade through the Caspian Sea. The country is planning to double its exports through the INSTC corridor.

However, the progress of the INSTC project has been slow and labored. The polemics between Iran and the US has dealt a serious blow to the progress of this project. The unilateral abrogation of the Joint Comprehensive Plan of Action (JCPOA) or better known as the Iran Nuclear Deal Contract, by the Trump administration in 2018, had mired the already tense situation between the two countries. The crippling sanctions that followed have dealt a serious blow to the project.

India's plans to erect four new rail-mounted quay cranes (RMQC's) or ship-to-shore cranes at Chabahar port have come unstuck with stakeholders shying away from participating in a tender, due to the punitive measures imposed by the US government. Though India's operations in Chabahar were exempted from the former president's sanctions against Iran, Indian companies have feared treading Iranian soil, over the uncertainty of a possible backlash from the US government.

The India Ports Global Ltd (IPGL), which was created to participate in the development of Shahid Beheshti Port, Chabahar for the INSTC corridor, had to extend the bid deadline multiple times. Iran was procuring steel from Indian suppliers which have been suspended due to the sanctions. No business entity was keen to tangle with the US, whose punitive measures would make them a pariah in the international business community.

Sanctions have also restricted India's involvement and investment in the USD1.6 billion Chabahar–Zahedan railroad. Iran has gone ahead with the construction of the first section of the Zahedan-Chabahar Railroad which was

inaugurated last month. This section of the railroad 154 km long was part of the INSTC. Heading away from the ocean port of Chabahar, the rail route links Iran and South Asia to the Central Asian and northern countries.

Sarbananda Sonowal, Minister of Ports, Shipping, and Waterways, has appealed to businesses and logistics companies to utilize the incentives of the Shahid Beheshti Port and Chabahar Free Trade Zone. However, the response of the private sector has been lacklustre.

Sanctions notwithstanding, India is going ahead in keeping the INSTC corridor alive and pulsing. Recently the Commissioner of Customs, Nhava Sheva Mumbai Flagged off the first intermodal digital TIR Pilot Transport from India to Iran. This entails a seamless and paperless cross-border transit of goods, across the borders of multiple countries that are signatories to the convention. Speed, reduction of administrative burden for customs, and reduction of delays are assured. India acceded to the United Nations TIR Convention – the Customs Convention on June 15, 2017.

The INSTC countries have also recently stepped-up efforts to improve the soft infrastructure potential of the route. Russia has been looking to establish a joint railway operator for end-to-end logistics in the INSTC.

Oman is a major node on the INSTC route. Recently it inaugurated a special economic zone in Duqm. The economic zone would serve as a manufacturing hub for Indian businesses.

Recently Iran, Azerbaijan, and Russia, in a trilateral meeting have agreed to the development of the INSTC. They had sought increased cooperation in completing the construction of the Rasht (Iran) -Astara (Azerbaijan) Railroad. The 162-km Rasht-Astara railroad is the missing rail link along the route and its completion is vital for rail transit.

The journey starts from an Indian port to the ports of Bandar Abbas or Chabahar. Then by rail onwards to Bandar-e-Anzali on the Caspian Sea, connecting to Astrakhan, the Caspian port of the Russian Federation. Finally, to St Petersburg and other regions of the Russian Federation by Russian rail.

FFFAI Chairman, Shankar Shinde, in an email response to Maritime Gateway, said that the Qazvin-Rasht -Astara railway link is an important missing link of the INSTC between Iran and Azerbaijan for shipments to Russia and Europe. This missing link of Astara 167 km in Iran and 8 km in Azerbaijan was expected to be completed soon. The proposed corridor envisages creating a single railway from Europe through Russia, Azerbaijan, and Iran to India and from there to South-East Asia.

Shinde further added that presently the sections of the INSTC were in operation and there were major containers and goods moving through that route via Rail and Road to the Caspian Sea to connect Iran to Russia via Azerbaijan.

For the INSTC to truly emerge as a transcontinental corridor, the project must reach out to many more countries in Europe. It must integrate with many more intra-Europe rail corridors that spider out to many more destinations. It must reach out to the Baltic, Nordic, and Arctic regions.

For India, INSTC is a counter to China's mammoth Belt and Road Initiative (BRI) project. The BRI connectivity projects, in the Eurasian region, connect Europe to China via Central Asian states and Russia. It gives Beijing access to resources of the Eurasian region. Beijing's plans are ambitious and seek to aggrandize its own mercantile trade.

For India, INSTC is not only an attempt to find an alternative route to Russia and Europe but also to break free from the vice grip that China is threatening to impose on India with its BRI project. China has been making overtures to Iran and other Central Asian countries, possibly to position itself as a defense and security partner, to undermine India's effort in INSTC.

This attempt by China to exert dominance in Central Asia is a replay of The Great Game, a political and diplomatic confrontation that existed in the 19th century between the British and the Russian Empire over Afghanistan and neighbouring territories in Central Asia. Fast forward to the 23rd century, the tenor of the game has essentially remained the same, but the players have changed.

It is a journey of cargo from the land to the high seas through the barren lands of Central Asia and thence to its destination, involving multi modes of transportation. The corridor perfectly encapsulates the definition of intermodal. By any standards, it is a bold venture, involving billions of dollars. The path ahead is fraught with uncertainties due to geopolitical upheavals. But it is a venture that should be consummated, the political obstacles notwithstanding. An alternate route to the traditional sea route via the Suez Canal is a prerequisite for a stable trade corridor for India. For those who dare, a corridor of opportunities awaits.

TRANSITIONING TOWARDS A SUSTAINABLE FUTURE

The 8th SIAM Automotive Logistics Conclave was recently held in the capital. The theme of the conclave was transitioning towards a sustainable future. Head honchos from the logistics sector, across industries, offered their insights on how their company was directly or indirectly responsible for moving towards a more sustainable future. Their contributions to a sustainable future were based on improvements and technological innovations in their products.

Ashtosh Jha, Sales Director Michelin, spurred the conference. He said that today all major companies around the world were committing their resources to find out how they could move towards a sustainable planet. With the emergence of new business avenues like E-Commerce, Hub spoke model, Digital, and IoT, the logistic landscape in India and the world was changing rapidly. It was also the right time to focus on the technological shift happening in the transport Industry, be it through the development of world-class road infrastructure or the growing feasibility of deploying low carbon and emission vehicles using hydrogen, electric, or alternate hybrid fuels. “This evolving trend demanded an inclusive approach from all stakeholders of the logistic/transportation ecosystem,” said Jha. Michelin was actively contributing toward various aspects of future mobility with tires.

Some of the emerging and established trends for sustainable logistics across the world were IoT, Robotics, AI, warehouse automation, last-mile delivery, blockchain, big data and analytics, cloud computing, autonomous vehicles, and elastic logistics. Of these ten emerging trends, Michelin was working on five of them. Michelin was trying to contribute with its partners to attain sustainability.

Michelin was the first company in India to introduce 4-star labelling for tires including truck tires. These special tires had very little rolling friction as compared to traditional tires. The reduction was almost half, which meant there was very little wear and tear. The company has developed an App that indicates the amount of money saved, after every 100 km distance travelled if the vehicle used any of the starred tires.

DK Rai, Director, Automotive CHEP dwelt the significance of road transport.

When a comparison was made with the number of cars per thousand persons in India versus what could be achieved, there was massive potential in the Indian market. “That makes us a different and a challenging country,” he said. The important element in road transportation was the drivers. They needed to be taken care of. During Covid trucks and materials were available, but the drivers were in short supply. They deserved much more and were an important link in the supply chain.

Rai also wanted standardization. In a study that they conducted, they found that the OEMs were receiving more than 1000 different types of boxes. They then found that about 75% of these boxes could be reduced in size if the boxes could be standardized. They were also looking to create standardization in trucks. He strongly felt that There was a need to collaborate and create standards. All these would reduce costs.

R S Kapoor, Senior Adviser, Maruti Suzuki, felt that rail was necessary for

long distances whereas, for a short distances, the road was more suitable and economical.

The first mile and last mile would always be by road, the option left was to use alternative fuel. At Maruti, they have integrated GPS with voice alert systems. The driver is alerted about speed, rash driving, and on entering dangerous zones.

He too felt that drivers were becoming an endangered community. The job of a driver was becoming progressively less attractive. The drivers needed good shelters and comfortable rest areas. Maruti had developed in-house simulators to improve their driving skills.

Umesh Bhanot, Regional Head - South Asia, APL Logistics dwelt on the progression of modified goods wagons. There were 90 rakes on the train. In 2000, railways innovated with BCCNR (single-deck covered wagon) wagons. Then they innovated by using racks in containers to maximize the loading of cars. The Maruti company was an enthusiastic user of this concept. In 2008 the railways came up with another innovation, the BCACM (modified container flat wagons with two tiers developed for carrying automobiles) wagons. This became the workhorse for the transportation of vehicles. Subsequently, two variants were introduced with improvements. Forty-three rakes are currently in operation. Going forward the upcoming speed of trains would be 110 km/hr. The wagons will have greater heights, almost 500 mm taller, to accommodate bigger vehicles like SUVs. Policy moved from special tariff NMG (New Tariff Goods) to Automobiles Freight Train Operator Scheme (AFTO), under the ambit of which there were 43 trains in operation. This policy has been a game changer along with the new wagon that came into existence. What has been the impact? In 2013-14, which was the advent of double deckers, the rail market share was 1% today it is over 16% in FY 21 -22.

Nitin Kulshrestha, COO, Gatex India, also focussed on the design and availability of wagons. The focus was on new designs that Gatx was bringing into the market. It was called the Taller Auto Carrier (BCATGX). These wagons can accommodate bigger vehicles such as SUVs.

Mudit Chandra, Executive Director (Freight Marketing), Railway Board focused on the emerging trends in the IR. One of the major constraints in the automobile sector was the unavailability of terminals. New policies have been introduced for the development of terminals with the help of private stakeholders.

"We have to increase the capacity per train," said Chandra. Efforts are being made in that direction. MMGs were introduced till the 1980s and for almost 30 years the same design continued. They had outlived their life. In around 2017-18, it was decided to modify the design of MMGs. A new version NMG-H was introduced which could travel at 110 kmph in comparison to the earlier train speed of 75kmph. Further a new design, MMG HS came up in the month of September 2022. These coaches will have side doors also, so loading and unloading will be faster and more convenient, especially for the loading and unloading of 2-wheelers. Once capacity is increased stabling will decrease," said Chandra.

Nanduri Srinivas, Director, Dedicated Freight Corridor Corporation of India said that the freight trains in DFC move at a faster pace than the Rajdhanis. The trains that are already moving sections of the corridor had fixed timetables. The value-added assurance from the railways was going to be transit assurance, transit guarantee, safety, and overall better quality of service. Throughput would not be a problem because DFC would have bigger wagons with double-stack trains. IR carried 1400 million tons last year. However, the overall logistic industry in the country

Indian Railways carried 1400 million tons last year. However, the overall logistics industry in the country was about 5800 to 6000 million tons, which meant that IR carried only about 25% of the total market. To increase IR share to 50% by 2030, we have to focus not only on big volumes, but small volumes as well, i.e., less than train loads.

was about 5800 to 6000 million tons, which meant that IR carried only about 25% of the total market. "We are talking about increasing to 50% by 2030, we have to focus not only on big volumes, but small volumes as well, i.e., less than train loads," he said. Any car going more than 150 kms, was a logistic challenge for them to take up.

Capt. Naresh Kundlas, General Manager, Parekh Marine Services, was sold on the potential of inland waterways in India. Out of 14500 km of waterways, only half of it was in operation. We were carrying 44 million MT before covid. The figure now stands at 120 million MT. However, in China, Europe, and Korea, almost 40% of the cargo movement was moved by waterways. The figure in India was only 7%, and that too as a bulk movement. The whole concept of inland waterways was designed around the movement of bulk cargoes. This makes it a challenge for the automotive industry. There was no established automobile movement over waterways. Automotive movement through waterways was still in a nascent stage. Further if automobiles were transported through waterways, there were no facilities on the other side, where the automobiles could be stored safely. Though there was an opportunity for PPP, there were not many takers.

There have been some "key achievements" in inland waterways for the automobile sector. In 2016 Maruti Suzuki moved few cars from Varanasi to Haldia. In 2017 Hyundai conducted coastal movement of vehicles from the east coast of India to the west coast. Ashok Leyland moved their vehicles from the east coast to Bangladesh. However, this did not turn out well.

In 2017- Ro-Pax Ferry services commenced operation between Ghogha - Hazira in Gujarat and Mumbai - Mandwa in Maharashtra. These services have transported more than 7 lakh passengers and 1.5 lakh vehicles, contributing to a clean environment and public welfare.

In 2022- Maersk conducted the first 1st voyage across the border, from Kolkata to Dhaka of 50 TEU through India- Bangladesh Protocol route.

Capt. Kundlas further added that there was a considerable amount of project movement through inland waterways. But the challenges were big because coal or steel movements were done in barges which had a capacity of 1000 to 1500 MT requiring a draft of about 2 meters. Whereas to carry automobiles, the capacity of the barges required was 3500 to 4000 MT with a draft of about 4.5 to 4 metres. Challenges remained for the automotive industry.

Night navigation was key factor because transit time was the main issue when compared to other modes of transit. Since there was no movement at night, 13 to 14 hours of time was lost during the night. The width of the channels, especially at the bends where the barges had to turn was a big challenge; quite a few groundings have happened in the past, which blocked the entire channel. Retrieving the barges becomes very difficult. Strict navigation protocols must be maintained.

Capt. Inderveer Solanki, Managing Director, Spring Professional Services & Consultants (STC), World Bank, felt that IWT will not replace the traditional modes, but will have a supplementary role. There needs to be a commitment from the shippers and manufacturers. Terminals for storage of cars need to be developed so that the dealer was able to sell his products, ex-terminals. Vessels were river specific. Vessels navigating in Goa or Brahmaputra would not be suitable in other rivers. During the rainy season, in the Ganges when the vessel was coming upstream, the water would be flowing downstream at 4 to 5 knots, for which more powerful engines were required. He felt that for carrying automobiles a draft of 2 meters was sufficient. With regard to movement of cargo to Bangladesh, many exporters were not comfortable with Calcutta customs. All these affected movement through waterways.

V. Ramachandran, Assistant General Manager, Hyundai Motor India felt that there was a requirement for clear uniform policies. Each port had its own way of interpreting policies. Car

carriers have important roles to play for the first and the last mile. For them, the challenge was ensuring trailer availability.

Capt Jeetendra Bhatt, General Manager NYK Auto Logistics (India) was speaking of his experience when he was on the ships carrying automobiles. The port conditions in India vis a vis other developing countries exporting and importing automobiles were very different. Together with OEMs, they were in touch with the government to improve the infrastructure in the port. There had to be a green channel with the customs where the cars could be cleared at the plant itself. Clearance at the port was time-consuming.

The session moderator, Jaffrey Thomas Partner PWC, had a few statistics to put the session into perspective. India was ranked in the top five markets for automotive, globally in FY22 and was expected to become the third largest by 2026. In the next 4 to 5 years, India had a lot to do and focus on logistics. To achieve that kind of growth, both the logistics and the infrastructure around it needed to be ramped up to be able to service it. The growth was being driven by favourable demographics, with the median being 29 years. The current penetration of automobiles in India was, however, as low as 50 vehicles per 1000 inhabitants as compared to 200 in China. The government support for the production side in terms of the PLI scheme had attracted 75000 crores of investments. Other policies such as the Scrappage Policy, were also boosting demand for automobiles.

Sanjeev Patil, vice-president (Logistics), National Highway Logistics Management (NHLM) said that the initial plan was to develop 35 MMLPs. This number has now increased to 70. The Rail Vikas Nigam Limited (RVNL) was their partner for developing MMLPs. RVNL would develop rail siding wherever required. NHLM was also collaborating with IWAI. Patil clarified that whenever they were developing a project, all related infrastructure was provided by NHLM. The parks would have a 4-lane access road that would be connected to the national highway. The park would also have a rail siding. The development would be the responsibility of NHLM.

In the case of waterways, the jetties would be developed by NHLM. Only the development of the park would be with the concessionaires. They were at liberty to go for customized warehouses, with robotic operations.

NHLM was also going to provide Ro-Ro facilities for last-mile connectivity. In Patna, they were trying to link with inland waterways. They were providing funds under Bharatmala and Gati Shakti for the development of MMLPs.

In the current financial year, they have a target to award 4 MMLPs in Chennai, Bangalore, Nagpur, and Indore. In the next FY, there were eight more planned. In the next 2 to 3 years NHLM would develop 35 MMLPs approved by the Government of India.

Achal Paliwal, Tower Head – Outbound Logistics, Tata Motors Business Services, said that the MMLPs needed to be environment-friendly, economical, and efficient. The OEMs have not only been competing with them in the markets but have also been competing in logistics. We needed partners who were neutral and who could safeguard the interest of all OEMs and ensure efficiency was delivered.

Bharat Joshi, Director, Trac 1 Logistics, said that private terminals typically had more modern infrastructure but also the pricing was much higher as compared to the Government owned CRTs (Container Rail Terminal). This sometimes became prohibitive and a challenge for the OEMs and the logistic service partners, to surpass. The NMGs which are retrofitted general goods wagons were used for automobiles. They were provided free access at railway hubs, which created a challenge and limited option. The location was critical while there was a vast network in Chennai and Pune, they do not have transport infrastructure that could handle AFTO trains. Cities like Lucknow and Kanpur could have better infrastructure facilities or MMLPs.

Amit Garg, Head – Domestic Rail Business, DP World, believed MMLPs would be the key catalyst in increasing the modal share of rail transportation. "When you look at rail transportation," he said, "the terminal to terminal cost is uniform across India. The first and the last mile cost is what makes the difference. Only if these costs were low, only then could there be the conversion from road to rail."

The challenge has been the land. Why logistics parks could not come to key locations because of land acquisition problems. If one's terminal was in a key location, then it would enable one to lower the first and last mile costs. As a result, these MMLPs will play a key role. Thus, the key factor of MMLPs would be their location and the facilities they would offer. The yard for the auto sector should provide value-added services. These MMLPs could function as hubs, from where the auto cars could be moved to various spokes.

THE FUTURE OF MARITIME TRANSPORT AND ITS DECARBONISATION

From 26th to 30th September, a thousand scientists and private and institutional stakeholders met over conference sessions and debated with the main theme being the future of maritime transport and its decarbonization.

New propulsion systems, maritime transport training and professions, the place of women in the field of marine science and technology, underwater noise, cybersecurity - the thirteenth edition of Sea Tech Week, an international meeting for science players and marine technologies, was a power packed weeklong event at the Penfeld exhibition center in the city Brest on France's Atlantic coast.

From 26th to 30th September, a thousand scientists and private and institutional stakeholders met over conference sessions and debated with the main theme being the future of maritime transport and its decarbonization. Maritime Gateway was part of a small international press group invited by Business France to attend Sea Tech Week.

India and France recently adopted a shared roadmap on the blue economy and ocean governance. India being featured country; this year's Sea Tech Week event provided a tangible contribution to working both countries jointly.

R&D Agreement for Underwater surveillance

One such significant development was Paris-based defence firm Naval Group and Indian Institute of Technology (IIT) Goa extending R&D deal for underwater surveillance and submarine imaging. This agreement will act as catalyst for improving analysis of data collected by underwater sensors through application of neural systems & AI.

The usage of neural systems and AI will increase the resolution of underwater imagery for the needs of offshore applications or for the installation, maintenance, detection of any submerged structure among others.

In addition to the Conference and Expo, the invited editors' team was taken on tour to select maritime institutions which are into education, training, research and innovation.

One such institution, ENSTA Bretagne is providing graduate level academy training to upcoming set of maritime and naval engineers, architects, and computer specialists, graduating about 350 students per year. Research and innovation at ENSTA focus on digitalized modelling, manufacturing and vessel construction covering a range of specialties, from hydro graphics to robotics to security to architecture to renewable energy.

Day one ended with a dinner hosted by CAMPUS MONDIAL DE LA MER where interactions with Brest's expansive maritime network happened. CAMPUS MONDIAL DE LA MER has a network of academic, scientific, economic and institutional stakeholders working on: marine biotechnology, aquaculture and seaweeds, sustainable fishing, marine drones, maritime cybersecurity, sustainable maritime transport, maritime special planning and marine renewable energies.

42,600
Maritime jobs in the Finistere French Department

20%
of all maritime jobs in France

28,350
of all maritime jobs in France

17%
of the total

-1,3%
between 2016 and 2019

6,260
jobs for the port of Brest in 2019

MINISTERE DES ARMEES

2.2 billion euros
worth ofbenefits for the Brest-Lorient naval base

1,770
People work in research in the Finistere French Department and the University Bretagne Sud, out of whom, nearly half are teacher-researchers

159,250
tonnes of fish products unloaded in the Brest area ports in 2020

1,000
publications per year, on average

1,850 students take a course in sea and coastal studies

Day Two: Innovation is the key at Brest

Our press trip on Day two started with a visit to **Ifremer** which is a big French research institute for exploitation of Sea. Under Ifremer, **Bluefins**, a startup inspired by whale fins is working on how to decarbonize ships. The hydrofoil, designed by Bluefins to propel large ships through the swell and reduce their fuel consumption, is inspired by the movements of the fins of cetaceans.

Mr Vincent COQUEN, Head of sustainability and Shipping institutional Relations made a presentation on how innovation is driving **Brittany Ferries** into sustainable transition.

iXblue, is a high-tech company recognised worldwide for the design and manufacturing of high tech components and systems in the fields of navigation, autonomy and photonics. Its expertise includes innovative systems and solutions for inertial navigation, subsea positioning, and underwater imaging as well as construction of autonomous vehicles.

eOdyn has been developing a breakthrough technology since 2016 called omni-situ to observe ocean surface currents by analysing the movements of ships. This technology a world premiere, based on the smart use of maritime traffic data and proprietary algorithm.

This company uses its technology to develop innovative services for the maritime community. One of the innovations is "seawaze" - the very first collaborative routing service makes it possible to select the best routes with favourable sea currents.

India's presence at the event

India being the featured country this year, Federation of Indian Chambers of Commerce and Industry (FIICI) led an Indian Delegation to Sea Tech Week.

Indian Ministry of Ports, Shipping and Waterways showcased Indian Maritime capabilities at the exhibition. Speakers from premier institutions like NIOT (National Institute of Oceanography) and IIT Goa presented papers at the sessions.

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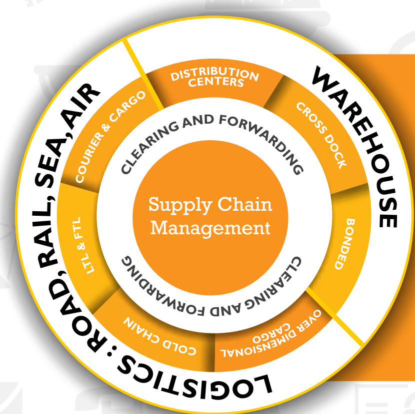

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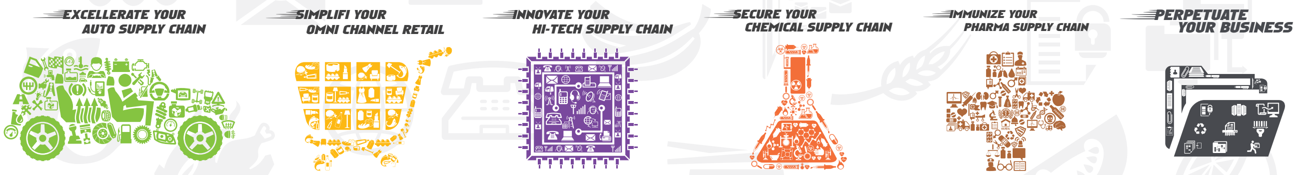

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