A SPECIAL EDITION ON INDIAN MARITIME SECTOR

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# maritime gateway

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MARKET REPORT -2023
SOUTH ASIA CONTAINER TRADE

# INDIA'S MARITIME SECTOR TAKES CENTRE STAGE

In the next two decades, India aspires to be a $35 trillion economy, contributing 15% of the global growth. With global conglomerates making a bee line to connect, trade and invest, India has taken the central stage in global maritime trade and logistics

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Optimal container placement

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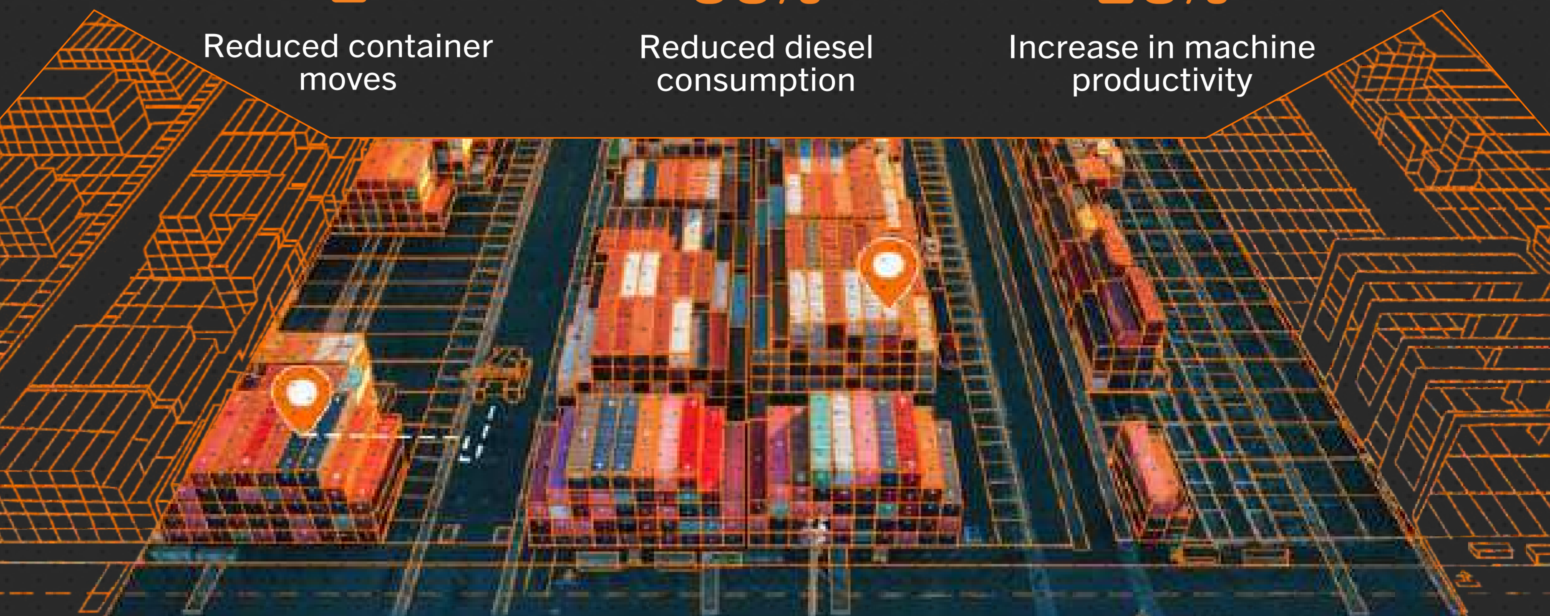
Real-time visibility for yard managers

**2**
Reduced container moves

**35%**
Reduced diesel consumption

**25%**
Increase in machine productivity



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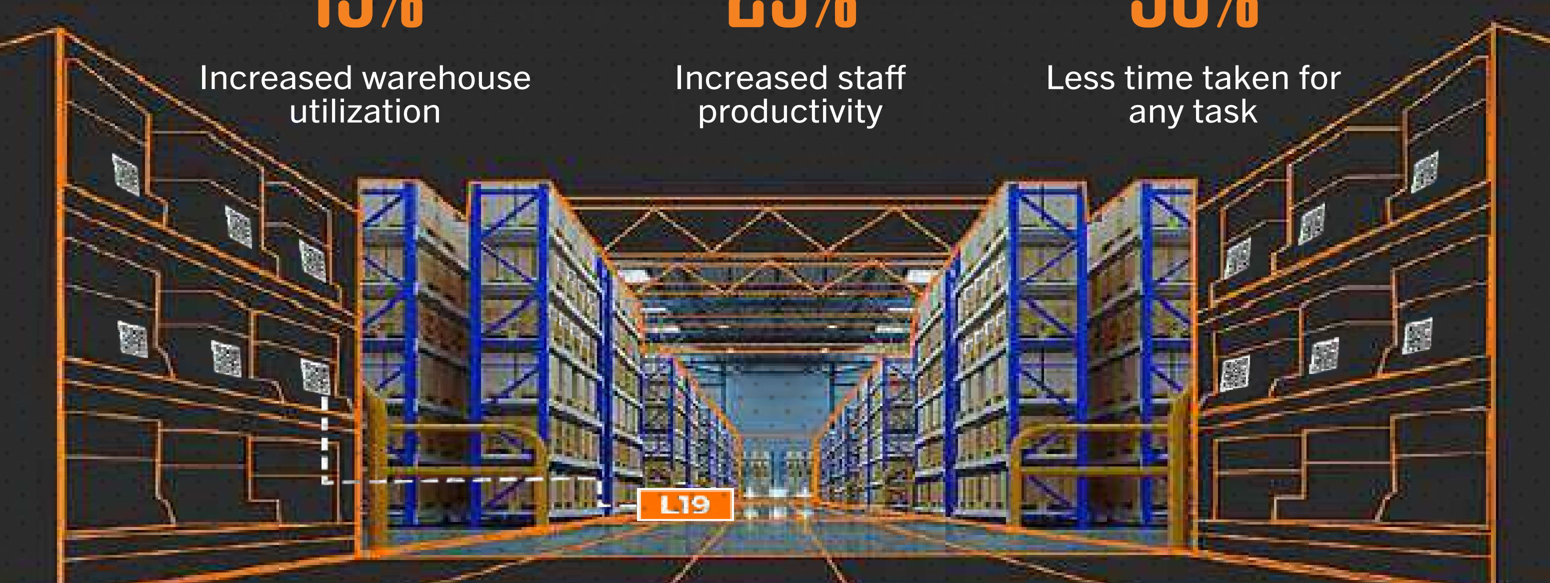
Increased staff productivity

**50%**
Less time taken for any task

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## RIDING ON THE WAVES OF MARITIME INVESTMENT OF INR 10 LAC CRORES

## ACHIEVEMENT (IN LAST 9 YEARS)

### PROJECTS COMPLETED

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**₹16,000 Cr+** Projects awarded under PPP

**₹45,865 Cr+** Port Industrialization projects completed

### PORT DEVELOPMENT

**86%** Growth in Capacity of Indian Ports

**34%** Decrease in Container Turnaround Time

**150%** Increase in the total value of PPP projects operationalized.

**1300%** Growth in Wind & Solar Power capacity at Major Ports

### INLAND WATERWAYS

**320%** Growth in cargo handling

**700%** Growth in operational National Waterways

**180%** Growth in operational NWs for River Cruise Tourism

### CRUISE SHIPPING

**100%** Growth in Number of Cruise Ships

**280%** Growth in the Number of Cruise Passengers

### COASTAL COMMUNITY DEVELOPMENT

**113%** Increase in Indian Seafarers

**₹1,500 Cr+** Coastal Community Development Projects Completed

**60000+** Candidates trained under various skill enhancement initiatives.

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# INDIA'S GOLDEN ERA HAS JUST BEGUN

India's logistics sector is expected to add 10 million jobs by 2027.

When India took the mantle to lead the G20 nations in December 2022, Prime Minister Narendra Modi said that India's G20 Presidency will be "inclusive, ambitious, decisive and action oriented.'' India, through its bold leadership and prudent policies, has been able to successfully navigate the headwinds be it slowdown in global trade, rising inflation or volatility in the financial markets, which otherwise many of the developed and developing nations have found challenging.

The World Bank in its G20 document has praised India's approach in unlocking the potential of Digital Public Infrastructure (DPI), including Aadhar and UPI for financial inclusion. It goes on to say, "The India stack exemplifies this approach combining digital ID, interoperable payments, a digital credentials ledger and account aggregation. In just 6 years it has achieved remarkable 80% financial inclusion rate, a feat that would have taken nearly 5 decades without a DPI approach." The Data Empowerment and Protection Architecture (DEPA) and Account Aggregator (AA) framework have been particularly mentioned by the World Bank as "quick and transformative." The International Monetary Fund (IMF) predicts growth in India is set to rise from 6.1% in 2023-24 to 6.8% in 2024-25.

Going forward, growth in manufacturing is a must if India wants to reach the projected target of $20 trillion GDP by 2047. With the right measures and rigorous execution, India's manufacturing sector can reach $4.5 trillion, taking its GDP share to 22 percent. This growth in manufacturing will be complemented with the capacity addition on the logistics side. In the coming days, logistics sector is forecast to unveil huge job opportunities. The logistics sector, growing at a CAGR of 12%, is expected to add 10 million jobs by 2027, says TeamLease Services. Today, India's maritime trade is growing at a faster rate than the global markets. Shipping firms, formerly based in Dubai or Singapore, are turning their sails towards India to establish subsidiaries in the GIFT City-headquartered International Financial Services Centre (IFSC) Indian conglomerates including GMR, Adani Group and L&T are actively picking up infrastructure projects along the India-Middle East-Europe economic corridor.

After 75 years of independence, India is entering its golden era – leapfrogging the mega economies like the United Kingdom to become the world's fifth-largest economy.

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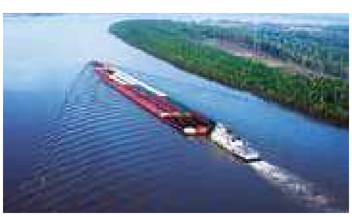



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## Govt amends RoFR Policy as IFSC tonnage starts operations

The government has altered the priority sequencing of right of first refusal (RoFR) accorded to local shipping companies in public tenders for transporting cargo, a move that was necessitated after a new category of fleet owners started operations from the Gujarat International Finance Tec-City (GIFT City), India's first International Financial Services Centre (IFSC) under the Special Economic Zone Act.

With the rejig, the first priority for exercising the RoFR will be given to Indian built, Indian flagged and Indian owned ships followed by Indian built, Indian flagged and Indian IFSC Authority owned vessels. The second priority will be granted to foreign built, Indian flagged and Indian owned ships followed by foreign built, Indian flagged and Indian IFSC Authority owned vessels. The third priority will be given to Indian built, foreign flagged and foreign owned ships.

## Shipping firms prefer IFSC to establish subsidiary

Shipping firms, formerly based in Dubai or Singapore, have established subsidiaries in the GIFT City-headquartered International Financial Services Centre (IFSC), which has received as many as eight applications for ship leasing activities, a senior official said.

He also said that the International Financial Services Centre (IFSC) provides a conducive business environment, a competitive tax regime and effective dispute resolution. "International Financial Services Centre in India enables onshoring offshore financial services.

## Last mile connectivity to Vadhavan Port

The Indian Railways and NHAI will separately fund the last mile rail and road links – estimated to cost some Rs5,000 crores – to the mega port at Vadhavan.
The 12 km-long rail line will link Vadhavan to the proposed New Palghar crossing station of the Western Dedicated Freight corridor which runs parallel to the Mumbai-Delhi Main line of Western Railway. Inside
The Ministry of Road Transport and Highways/NHAI will take up the 25 km-long road linking Vadhavan with NH48 through Tarapur-Boisar or Chinchani-Vangaon or Dahanu, costing Rs2,881 crores, under the Bharatmala Pariyojana project.

## Adani Group on lookout for global expansion

Gautam Adani has moved his port strategy core team led by Captain Sandeep Mehta to Dubai as the tycoon eyes global opportunities in ports and terminals in his quest to become the world's largest port operator by 2030. The team is said to have been asked to scout for opportunities in Northern Europe, Africa and some parts of Asia. That region makes sense, officials said.

The relocation of the core strategy team of APSEZ from Mumbai to Dubai is seen by the port industry as an indication that there is nothing left for Adani to buy in India after amassing ports including Krishnapatnam, Gangavaram, Dighi, Karaikal and Tajpur (greenfield/construction yet to start) in the last 2-3 years to add to the network of ports and terminals he already runs.

## Sri Lanka pushes ahead with construction of Trincomalee Port

President Ranil Wickremesinghe unveiled an ambitious 10-year initiative aimed at boosting agriculture and tourism in the Eastern Province, with a particular focus on the development of Trincomalee. "Today, a new vision emerges as we plan to transform Trincomalee into a thriving city, in collaboration with India, tapping into mineral resources and creating a bustling trade hub.

Trincomalee has set its sights on establishing an expansive 1000-acre investment zone. A systematic development plan for the Trincomalee Port has been prepared by a Singaporean company Surbana Jurong and we are determined to see it through," the President said.

## Paradip Port handles highest ever cargo among Major Ports

Paradip Port has emerged numero uno by clocking 69.137 MMT cargo throughput in the current fiscal. The Port, first time in the history, clocked highest ever cargo handling among Major Ports, during first half of any financial year.

Besides, it has exhibited 8.5 per cent incremental growth over the same period in the previous fiscal, which happens to be highest among all the Major Ports, Paradip Port Authority (PPA) sources said. Iron ore including Pellets handled by PPA has shown the highest incremental growth of 45.56 per cent so far. Since FY 2016-17, PPA has consistently occupied 2nd position in half yearly cargo handling figures of various fiscals.

## UAE to pay $102 million over five years to operate Karachi Port Terminal

Abu Dhabi Ports signed 50-year concession deal with Karachi Port Trust in June for handling port terminal. The joint venture will see an investment of $220 million in Pakistan over first 10 years, the maritime ministry says.

The United Arab Emirates will invest $102 million over five years to develop and operate a bulk and general cargo terminal at Karachi port. UAE's Abu Dhabi Ports (AD Ports), a leading port operator, signed a 50-year concession agreement with the Karachi Port Trust (KPT) in June for the handling of one of its port terminals in Karachi.

Under the agreement, the Pakistan International Container Terminal (PICT) has been handed over to a joint venture (JV) between AD Ports Group, a majority shareholder, and Kaheel Terminals, a UAE-based company, formed to manage, operate and develop the Karachi Gateway Terminal Limited (KGTL) at berths 6-9 at Karachi Port's East Wharf.

## Adani Gangavaram Port achieves a new record in handling rakes

Adani Gangavaram Port set a new record of handling 160 rakes. These are the highest number of incoming coal rakes handled by the port over the last month. The port dispatched the cargo to the power industries of Andhra Pradesh & Tamil Nadu. These are the highest number of incoming coal rakes handled by the port over the last month. The port has loaded 42 wagons of BCN rake in 3 hours 30 minutes for IPL (Indian Potash Limited).

The port has been able to surpass its previous records as management has made strategic investment in infrastructure for efficient cargo handling and railway facilities. The port expects to set further operational records in H2 FY24 and deliver Industry Best Services to its customers.

## Indian Railways levies 10% busy season haulage surcharge on container train operators

The Indian Railways have issued a circular imposing a 10% Busy Season Haulage surcharge on all Container Traffic dated 29th September which went into effect from midnight 30th September. This sudden and effective increase of 10% in all container levies with no pre-intimation or engagement with stakeholders has come as a shock to the sector informs ACTO.

Container Haulage has always been exempted from levy of busy season surcharge as container movements (which are mostly driven by EXIM cycles) are not impacted directly by the Indian Railways seasonal freight cycles. Ever since the privatization of container traffic in 2006, this is the first time that busy season surcharge has been imposed on this traffic. Railways need provide stable policy environment for container train operators to attract more private investment in the sector. Such policy changes will affect the investment in the sector.

## Hindustan Shipyard signs MoU for design, construction of electric tugs

Hindustan Shipyard Limited (HSL) has embarked on an initiative to develop an indigenous ecosystem for the design and construction of electric tugs (e-Tugs), equipment and systems. HSL signed a Memorandum of Understanding (MoU) with Shift Clean Solutions Company, which has been engaged in the design and manufacture of energy storage systems (ESS) and battery management systems (BMS) based on lithium energy technology. The MoU allows the two companies to jointly explore and establish a path for the future supply and integration of ESS to provide cost effective e-Tugs solutions to the customer.

## CIDCO to construct coastal highway to connect MTHL and Navi Mumbai International Airport

The Navi Mumbai town planning authority – City Industrial Development Corporation (CIDCO) – will soon construct a coastal highway from Amra Marg to JNPA in order to provide smooth connectivity to Navi Mumbai International Airport, which is expected to be ready by December 2024. The project will cost over ₹700 crore and will take 24 months to complete. The project basically enables the first dispersal of traffic on the upcoming Mumbai Trans Harbour Link and will act as an entry to Navi Mumbai from Mumbai (Mainland) side.

## Work on the Vadhavan Port project to commence In December


The work on the country's biggest upcoming greenfield port at Vadhavan in Maharashtra, which will also be one of the ports of India-Middle East-Europe Economic Corridor, is set to start this December. The Rs 65,500 crore Vadhavan port will make India fully ready to meet the additional demand that will be generated because of IMEC. The new port has a natural draft of about 20 meters close to the shore, making it possible for it to handle bigger vessels. It will enable the call of container vessels of 16,000-25,000 twenty-foot equivalent units (TEUs) capacity, giving advantages of economies of scale and reducing logistics cost.

## Foundation Stone laid for MMLP in Pithampur

PM Narendra Modi laid the foundation stone for the Rs 1110.58cr multimodal logistic park, which will come up in 112 hectares in Pithampur. The park is located near Pithampur Industrial Area, textile and pharma cluster, close to Indore Tihi-Dahod new rail line as well as the proposed Mhow Ring Road. It will be 30 km away from Devi Ahilyabai Holkar airport.

The land for the park will be provided by the state government and the infrastructure development and construction work related to the project will be done by the agency appointed by the Union road and transport ministry. Villages Jamodi, Kheda Akolia and Sagaur of industrial area Pithampur are included in the multimodal logistics park project. Out of a total of 112.60 hectares of selected land, 106.8 hectares of land will be used for the park and 5.8 hectares of land will be used for construction of railway siding.

## Assam to infuse Rs.700Cr in waterways

Assam Chief Minister Himanta Biswa Sarma announced that the state government is planning to modernise the state's inland waterways at an estimated cost of Rs 700 crore. Launching ten catamaran vessels, three tug boats and a search-and-rescue vessel in Guwahati, Sarma said this was a momentous occasion that marked a significant leap in Assam's transportation infrastructure. These modern vessels will not only revitalise the waterways but will also open doors to economic growth, job creation, and a greener future," Sarma said.

## 60 countries to ban scrap exports

The government has been pushing domestic players to increase the share of scrap in steel manufacturing. "Unlike the Western countries, India's scrap usage in steel making is lower. India had availability of around 25 to 27 MT of scrap and going forward this number will certainly go up," Steel Secretary Nagendra Nath Sinha said. The availability of scrap is going to be challenging as over 60 countries have either banned or are in the process of banning the export of scrap, he said addressing the 'mjunction Indian Steel Markets' conference.

## Bangladesh and Barcelona ports to collaborate

Bangladesh has urged the Barcelona port authority, in Spain to forge collaboration with ports in Bangladesh as exports of containerized goods from the ports of the former have been rising to the latter. The number of containers arriving in Barcelona ports from Chattogram Ports registered a growth of 55% in FY2022-23 compared to the previous year.

Bangladesh has proposed multifarious institutional collaboration between the Port of Barcelona, one of the major international maritime trade hubs of Europe and the Chattogram, the Mongla and the Payra sea ports. Bangladesh proposed establishing direct shipping links between the Port of Barcelona and the sea ports of Bangladesh. Other issues discussed include port performance, operational efficiency, and infrastructure.

## India-Middle East-Europe Corridor to give fillip to Gujarat's potential

The proposed India-Middle East-Europe Economic Corridor will give a "fillip" to Gujarat's "potential" as an investment hub. The coastal state is the gateway to the Middle East, Africa, Eastern Europe, and Central Asia.

Rahul Gupta, Chairman and Managing Director of Gujarat Industrial Investment Corporation said, "We (Gujarat) have a 1,600-km coastline, the longest in the country. We are strategically located, and given the number of ports along our coastline and the fact that we are almost handling more than 40 per cent of India's port cargo, Gujarat, even today, is a gateway to not only the Middle East but also Africa, Eastern Europe, and Central Asia. So, the kind of project you are referring to, I believe will give further fillip to the potential that the state has."

## Mahindra Logistics unveils 6.5 Lakh Sq. Ft. multi-client warehouse In Bhiwandi

This facility spans an expansive 6.5 lakh square feet allows Mahindra Logistics Ltd. to provide flexible, scalable fulfilment and integrated distribution solutions. The warehouse will manage the fulfilment and distribution of its diverse clients in automotive, e-commerce and FMCG industries. It offers easy access to prominent industrial and manufacturing clusters near Nashik and Vapi facilitating efficient logistics operations. With proximity to India's largest port, this facility is poised to play a pivotal role in the supply chain enabling faster and more efficient movement of goods.

The Grade-A warehouse has 84 docks, 13-meter clear height, and a load-bearing capacity of 8 MT/M2, making it versatile and suitable for a wide range of applications supporting MLL's 3PL, Last-mile delivery and Express businesses.

## Syamaprasad Mookerjee Port partners with Besh Firm for multimodal transport

Syamaprasad Mookerjee Port has recently entered into a significant partnership with a prominent logistics company, Besh Firm, aiming to bolster multimodal transport in the region.

This strategic collaboration is set to revolutionize the transportation landscape in and around Kolkata, unlocking immense economic potential. This partnership between Kolkata Port and Besh Firm will streamline the movement of goods and commodities through various modes of transportation, including road, rail, and waterways. It's expected to significantly reduce logistics costs and enhance efficiency for businesses operating in the region. The agreement aligns with India's ambitious infrastructure development plans, further strengthening the country's position as a key player in global trade.

## Traders await for Sittwe-Chittagong coastal shipping to start

In order to increase the Myanmar-Bangladesh bilateral trades, the plan to run a coastal shipping line from Rakhine State's capital city Sittwe to Bangladesh's port city Chittagong was taken, but even after more than a year, it has not been implemented. The traders from both the countries agreed to initiative and they are still waiting since June 2022 for functioning of the Sittwe-Chittagong shipping line. But U Tin Aung Oo, chairman of Rakhine State chamber of commerce and industry (RSCCI), recently stated that Myanmar's inland shipping department is still reviewing the bilateral agreement. Currently, the goods from Myanmar are being sent to Teknaf jetty in Bangladesh through Kanyin

## Phase I of Colombo Port East Container Terminal to start operations In June next year

The Ministry of Ports, Shipping and Aviation stated that the construction of the first stage at the East Container Terminal of Colombo Port will be completed and its operations will begin from the first of June 2024. 20% progress has been made in the construction of the East Container Terminal of Colombo Port. The construction of the East Terminal is scheduled to be completed in the second quarter of 2025. Ministry officials also said that 20% progress has been made in the construction of the Western Terminal of the Colombo Port and its construction is expected to be completed in the second quarter of 2025.

## Adani Group to enter the copper business from March 2024

In March 2024, Adani Group in Mundra, Gujarat, is launching a greenfield copper refinery project called Kutch Copper Limited. Kutch Copper aims to produce copper cathodes, copper rods, gold, silver, nickel, and selenium. Additionally, this integrated facility will also produce sulfuric acid. In India, domestic copper concentrate production is limited, necessitating the import of raw materials from Latin America. This is where Kutch Copper Limited's integrated greenfield copper refinery plays a vital role. The refinery is located in Mundra Port, and the project's energy requirements will be met by Adani Power or the grid, along with the provision of necessary water through desalination.

As India aims to achieve carbon neutrality by 2070, this initiative will boost the demand for copper in clean energy systems. India has witnessed a decline in its copper exports, but Kutch Copper can revitalize it with modern zero liquid discharge technologies and equipment, appealing to global markets.

## Rail, road & shipping ministries must conduct impact tests of their projects

The finance ministry has suggested that the railways, road transport and shipping ministries conduct productivity tests of all their projects after completion. Similar exercises should also be carried for Metro Rail projects, it has said.
Such continuous exercise, sources said, would help the government assess the impact of the projects on the economy and people's lives considering the huge spending for creating such infrastructure. They added that the finance ministry has also asked Niti Aayog to continuously monitor data generated by such tests and recommend measures in consultation with the ministries concerned.

Considering the skewed share of cargo transported by road, rail and waterways, the finance ministry has also asked the Niti Aayog to carry out a study to assess the "optimal freight modal share" and prepare a plan for rationalising this.

# INDIA'S MARITIME SECTOR TAKES CENTRE STAGE

In the next two decades, India aspires to be a $35 trillion economy, contributing 15% of the global growth. With global conglomerates making a bee line to connect, trade and invest, India has taken the central stage in global maritime trade and logistics

India today stands as the driving force that will script the next chapter of maritime history in South Asia. This is evident from the growth Indian maritime sector has posted in FY23. As revealed by market research firm Drewry, while the global port sector has posted just 1% growth in the first half of FY23, Indian ports sector has posted a growth of 6%.

India has indeed emerged as the growth engine for the global economy, shares **Piyush Goyal, Union Minister for Commerce & Industry.** He adds, “A decade ago, India was counted amongst the fragile five economies of the world, and now in such a short span of a decade, we are becoming the world’s growth engine and fifteen percent of world’s growth would be from India. Today we are a three-and-a-half trillion Dollar economy, approximately 250 lakh crore Rupees, so when we look at the targets set by PM Modi regarding what will be done each year vis-a-vis the roadmap for India, we find that in 2047, about 24 years from now, India would swell from 3.5 trillion Dollar economy to thirty five trillion Dollar economy which means a ten-fold increase.”

**“India is again on the rise. The speed with which we jumped five spots, from the 10th largest economy to the fifth largest in less than a decade has conveyed the fact that India means business."**

NARENDRA MODI
PRIME MINISTER OF INDIA

While most advanced economies are facing an economic slowdown, chronic shortages, high inflation, and ageing populations, the Indian economy is acknowledged to be the fastest-growing large economy with the largest youth population. "India is again on the rise. The speed with which we jumped five spots, from the 10th largest economy to the fifth largest in less than a decade has conveyed the fact that India means business," notes **Prime Minister, Narendra Modi.**

India's USD 3.39 trillion GDP overtook that of the UK in the fiscal year ending March 31, 2022, making it the fifth-largest economy in the world behind the US, China, Japan and Germany.

### "China+1" actually happening in India

Taking the lead India is driving the Intra-Asia trade. While the global trade scenario remains gloomy shipping lines have launched a flurry of services driving freight rates from several Asian locations into India. The boom of "Make in India" is driving this growth in imports. Detailing on the scenario, officials at a Chennai terminal explained, "The market had a host of new players betting on the intra-Asia trade lane. Everyone wants to grab a slice of the Asian import pie." Inbound volumes at Chennai port exceeded export loads between April and August, with combined Chennai imports at 347,795 teu and exports at 302,558 teu. This is explained by the rise in manufacturing activity in and around Chennai which has gathered pace, propelled by trade diversification revolving around the much-publicised China plus-one sourcing strategy of western importers.

**"95% of India's trading by volume and 70% by value is done through maritime transportation. For smooth and efficient trading, the most-modern and advanced port infrastructure is of paramount importance. Indian ports will compete with the best in the world"**

SARBANANDA SONOWAL
UNION MINISTER FOR PORTS, SHIPPING & WATERWAYS
GOVT OF INDIA

This was obvious to happen, says **Rajesh Srinivasan, India Country Manager at freight forwarder Dimerco Express Group,** as the government wants to lift manufacturing's share of India's GDP from around 17.7% currently to 25% by 2025.

**Rahul Kapoor, Global Head of Shipping Analytics and Research at S&P Global Commodity Insights**, said, "although India would not replace China as the workshop of the world, it would make market share gains at China's expense in the years ahead as manufacturers diversified production to bolster supply chain resilience. "Supply chain diversification is not a fad anymore, it's actually happening, and it will continue to accelerate."


### Flexing maritime capacity

The corner stone for a robust economy is its maritime and trade infrastructure. "Ninety-five per cent of India's trading by volume and 70 per cent by value is done through maritime transportation. For smooth and efficient trading, the most-modern and advanced port infrastructure is of paramount importance," noted Sarbananda Sonowal. Two of our ports, JNPA and Mundra number among the top 40 global ports. India stands at top 5th position globally in terms of providing skilled workforce to the maritime sector. We are supplying 2.5 lakh seafarers. In global ship recycling we are at number two position, handling one-third volume of global tonnage being scrapped. We are on 38th position in the global Logistics Performance Index, making our way up from 54th position.

India's maritime sector has been the

thriving hub for private investment for the past 25 years, driving growth and innovation with liberal FDI norms. One lakh crore worth of projects have been completed for port development and port-led development under Sagarmala in the past 6 years and a further investment potential of Rs.6.5 lakh crore has been chalked out for the next decade. Bilateral agreements and MoUs have been signed with 34 countries.

"Indian ports are going to compete with the best of the best ports of the world. The ports, shipping and waterways ministry, in the last nine years, have taken so many initiatives and particularly when the Prime Minister has decided to modernise the entire port operation system under the flagship programme of Sagarmala," explains **Sarbananda Sonowal, Minister for Ports, Shipping & Waterways.**

India has a total port capacity of 2,605 MTPA and have posted a cargo growth of 38% CAGR over the past decade. Capacity at major ports has increased from 800 MTPA to 1617 MTPA, a growth of 102% over the past decade. Cargo handled by waterways has increased by 1,734%, from 6.89 MTPA to 126 MTPA, over the decade. PPP projects operationalized in the maritime sector in value terms has increased from Rs.16000 Cr to Rs.40,000 Cr, recording a 150% growth. The number of Indian seafarers has increased from 1.17 lakh to 2.58 lakh, posting a growth of 121%.

A comparison over the previous year reveals that 2022-23 (FY23) saw India's major ports reach unprecedented heights, setting new records across various key performance indicators. Major ports collectively handled a record-breaking 795 million tonne of cargo, registering a 10.4% growth over the previous year. Furthermore, they achieved the highest-ever output per day of 17,239 tonne, marking a 6 per cent increase compared to the last year. Another significant accomplishment was the best-ever operating ratio of 48.54%.

The Jawaharlal Nehru Port Authority (JNPA) set a new benchmark by handling over six million TEUs, reflecting the highest containerised throughput by volume. Lastly, the major ports recorded their highest-ever number of vessels handled, reaching a total of 21,846 vessels in the year. The fleet of ships sailing under the Indian flag has expanded from 1,205 in 2014 to 1,526 by 2023, showcasing the country's commitment to strengthening its maritime presence, according to the minister.

> **"India would swell from a $3.5 trillion economy to $35 trillion economy by 2047, which means a ten-fold increase. We are becoming the world's growth engine and fifteen percent of world's growth would be from India."**

PIYUSH GOYAL
UNION MINISTER FOR COMMERCE & INDUSTRY
GOVT OF INDIA

This growth has been accompanied by a significant rise in gross tonnage, increasing from 10.3 million in 2014 to 13.7 million in 2023, reflecting the enhanced capacity and scale of operations. Furthermore, the number of Indian seafarers has grown from 1,17,090 in 2014 to a remarkable 2,50,071 in 2022, registering an increase of almost 114% in just nine years.

### Policy reforms

Several policy reforms have been implemented over the past decade. On the infrastructure side we have 800 projects being implemented under Sagarmala Programme, which includes port modernisation, connectivity, coastal community development. The National Logistics Portal Marine (Sagar Setu) has more than 20,000 maritime stakeholders registered. This is a national maritime single window platform encompassing complete end-to-end logistics solutions to help exporters, importers, and service providers exchange documents seamlessly and transact business. To facilitate investments in major ports, the model concession agreement has been revised to balance the risk between the concessionaire and port authority. The freedom for fixing market based tariffs has been allotted to all concessionaires. Under the Jalmarg Vikas Project close to Rs.5000 Cr are being invested in operationalizing the waterways.

### PM GatiShakti adds the technological prowess

The PM Gatishakti National Master Plan has been developed as a tremendous tool wherein data layers and tools can be effectively leveraged for data-driven decision-making. It is a GIS data-based digital platform with over 1400 data layers and 50+ tools. It provides visual representation of trunk and utility infrastructure, land use, existing structures, soil quality, habitation, tourism sites, forest-sensitive areas, and more.

One of the notable features of PM Gatishakti is its spatial/area-based holistic development approach, focusing on critical project locations, industrial clusters, tourist sites, and social sector assets. This approach ensures that connectivity infrastructure aligns with the manufacturing value chain, logistics facilities, and social sector institutions such as schools and hospitals.

PM Gatishakti has played a pivotal role in extending India's multimodal corridors, including industrial road corridors, rail freight corridors, and waterway networks, thereby enhancing regional connectivity and trade with neighbouring countries

Major applications include optimized route planning, enhanced visibility of intersections from forest, economic zones, archaeological sites etc for time and cost saving for planning and implementation of infrastructure projects, such as, use of digital surveys on NMP to streamline the preparation of Detailed Project Reports (DPR) with higher accuracy.

"States/UTs are extensively using the PM GatiShakti approach for planning connectivity to Industrial Regions; for selecting the location of infrastructure assets," said **Sumita Dawra, Special Secretary Logistics, DPIIT**. She adds, "States/UTs are integrating their existing development programmes/schemes with the GIS-based NMP/SMP to achieve better planning. For instance, the State of UP, integrated its Pahunch portal with the SMP, for effective decision-making about the site suitability of new schools, based on various parameters like population, connectivity, teacher-pupil ratio, etc. Similarly, the Gujarat Government used the PMGS for planning its coastal corridor to promote tourism. State of Goa planned the disaster management/ evacuation route during floods to minimize loss of life, using the PMGS NMP/SMP portals," she mentioned.

In addition, digital initiatives such as the National Logistic Portal (LP)-Marine and Sagar-Setu app, have created an ecosystem for ease of doing business through seamless integration, which is geared towards bringing all stakeholders onto a single platform, reducing logistical costs and time, and improving overall efficiency. Sagar-Setu has 20,000 registered users.

**"To achieve better planning, states/UTs are extensively using the PM GatiShakti approach for planning connectivity to industrial regions; for selecting the location of infrastructure assets."**

SUMITA DAWRA, IAS
SPECIAL SECRETARY
LOGISTICS, DPIIT
MINISTRY OF COMMERCE AND
INDUSTRY, GOVT OF INDIA

### National Logistics Policy – Rising up the Logistics Performance Index

India recently celebrated one year of National Logistics Policy, which was launched to complement PM GatiShakti's National Master Plan (NMP). While the PM GatiShakti NMP addresses integrated development of the fixed infrastructure and network planning, the NLP addresses the soft infrastructure and logistics sector development aspect, inter alia, including process reforms, improvement in logistics services, digitization, human resource development and skilling.

The targets of the NLP are to reduce the cost of logistics in India, improve the Logistics Performance Index ranking - the endeavour is to be among the top 25 countries by 2030 and create a data-driven decision support mechanism for an efficient logistics ecosystem.

To achieve these targets, a Comprehensive Logistics Action Plan (CLAP) as part of the NLP was launched covering eight action areas including Integrated Digital Logistics Systems, Standardization of Physical Assets and Benchmarking of Service Quality Standards, Logistics Human Resource Development and Capacity Building, State engagement, EXIM Logistics, Services Improvement Framework, Sectoral Plans for Efficient Logistics (SPEL) and Facilitation of Development of Logistics Parks.

A dedicated Unit is being set up within the Logistics Division to develop and implement an action plan for improving India's LPI ranking. In addition, concerned line Ministries are setting up a dedicated cell for a focused project-based approach to improving India's performance across the six LPI parameters.

In line with an approved institutional mechanism for the NLP, an Inter-Ministerial Services Improvement Group (SIG) was constituted on 14 March 2023. Chaired by SS (Logistics), this group comprises representatives from MoRTH, MoR, MoPSW, MNRE, MoP, DoT, MoPNG, MoCA, NITI Aayog, MoEFCC, MoHUA, DoR and DoC.

The SIG has been constituted to facilitate speedy resolution of logistics services and processes-related issues of the industry, in a coordinated manner. Resolution of issues through SIG shall promote interoperability; eliminate fragmentation in documentation, formats, processes, and liability regimes and reduce gaps in regulatory architecture.

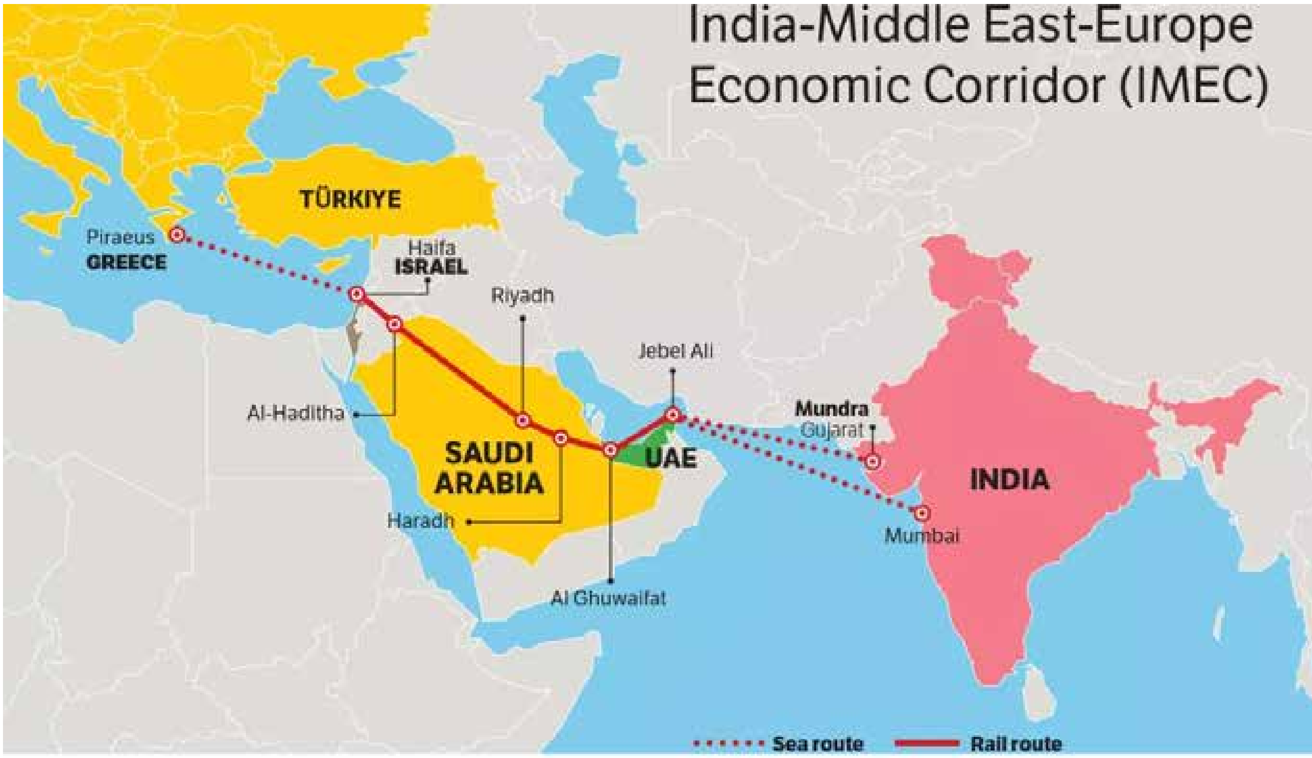
### Unified Logistics Interface Platform (ULIP)

For digital integration in the logistics sector and to provide a single platform to users who are trading goods through multiple modes of transport - the Unified Logistics Interface Platform (ULIP) was launched along with the NLP.

ULIP is an indigenous data-based platform that integrates 34 logistics-related digital systems /portals across Ministries / Departments. It is worth noting that GST data is also being integrated with ULIP.

ULIP provides opportunities for the private sector to develop use cases on ULIP. By signing Non-Disclosure Agreements (NDAs) and after due diligence, data on ULIP can be accessed through API integration and private players can develop apps/use cases, it added.

"Over 614 industry players have registered on ULIP. 106 private companies have signed NDAs,142 companies have submitted 382 use cases to be hosted on ULIP. 57 applications have been made live," it said.




The India – Middle East Europe Economic Corridor (IMEC) announced during G20 Summit underlines a shift in global trade centres with Asia, Africa and the Middle East

## The way forward

The maritime India vision 2047 sees the current port capacity of 2600 million tonnes to increase by 7500 million tonnes. Thus, total capacity after two decades will be 10,000 million tonnes. Clean fuels will be used to power maritime operations and in this process Hydrogen hubs are being developed at major ports. Recently Syamaprasad Mookerjee port has inked an agreement with NTPC Green Energy to set up a Hydrogen hub. In Kandla Port investments of 1.7 lakh crore are being planned for developing a Hydrogen hub. To promote cruise shipping, international quality cruise terminals are being developed in Goa, Mumbai, Mangalore and Visakhapatnam (already operational). A 10 times jump in passenger volumes is expected. India currently stands at 4th position in Asia Pacific region in terms of cruise passenger handling and the vision is to become number one.

These capacity expansions are just in time to meet the surge in cargo traffic that will generate out of the upcoming trade corridors - the India-Middle East-Europe Economic Corridor (IMEC) and the Chennai-Vladivostok maritime corridor. IMEC will make India-Europe trade 40% faster. Indian conglomerates are already grabbing projects along these corridors. The Adani Group has bagged the Haifa Port in Israel.

"The investments in rail and shipping route capacities will bring down cost and transit times and position India well for meeting global product demands. It could not only be a credible alternative but perhaps a more viable and attractive route as compared to other initiatives in the neighbourhood," said **Adarsh Hegde, Managing Director, Allcargo Logistics Ltd.**

Larsen & Toubro is looking to bid for railway projects in the Middle East such as the Oman-UAE Railway Network Project, which will connect UAE's Abu Dhabi with Muscat and Sohar Port in Oman. In Saudi Arabia, L&T is engaged in energy projects associated with the NEOM Project. Across the Mediterranean Sea in Europe, GMR Group, which already has a presence in undertaking development of Crete airport, in Heraklion, Greece, is looking to further expand its presence. "GMR is passionately exploring investment opportunities in the country (Greece), notably at Kalamata Airport," said **Srinivas Bommidala, Business Chairman-Energy & International Airports of GMR Group.** Again, Adani Group is reported to be looking for investments in the ports of Kavala in the European country to strengthen its presence in the Mediterranean region.

These corridors are well timed given the traction around more and more manufacturers willing to move their facilities to India. Exports and imports are bound to go up and Middle East and Europe being amongst our strongest partners. Growing trade relations with all the partners along the corridors has put India in a sweet spot of geoeconomics. The time is opportune for India to take the center stage in global maritime trade and logistics, opine analysts.

# CREATE A LEVEL PLAYING FIELD FOR INDIAN AND FOREIGN SHIPS

"Vessels which are registered in the IFSCA are not subject to GST, they do not have to pay Customs duty on import of the ships like some of the ships have to do in the DTA. These vessels are also granted 10 years tax holiday. These benefits given by IFSCA will attract ships for registering in GIFT City."

**The govt is thinking of relaxing cabotage law, so how do you see this move. On one side the ministry is promising or working vigorously to increase the port capacities, time and again they say Indian tonnage has to go up and then vis-à-vis again they say Cabotage relaxation, which obviously the trade feels that it is in favor of foreign shipping lines. In this scenario, what's INSA's view and your opinion?**

Cabotage is always the elephant in the room. So, it is better we deal with that at the outset itself. The first thing that I keep telling the government, and I am going to use your forum to also spread the word, when people will say, or the governments say and news items say that India will do away with cabotage. My counter question is what will you remove? There is no cabotage in India. What I find sadly is that conversations on this happen without any research and without any effort to look at data.

Somebody in some newspaper gets up to write that government intends to relax cabotage, then everybody else starts following that and nobody takes the effort to go and ask the ministry. So the first question I want to ask you is has anybody seen anyone in the ministry saying that they want to relax some rule that is going to change way the cargo is moving – nobody – there is no statement from the ministry which says that they want to make any changes in any way the transpiration of cargo will happen. Coming back to cabotage, there is no Cabotage in shipping.

Why in the world do people say that Cabotage is being done away? Cabotage exists in our airline trade, for example British Airways cannot move a passenger from Mumbai to Delhi, if they so desire, even if their cost is lower you need to have an Indian Airline company to be able to move people within India – that is Cabotage. Ask yourself does that rule apply to movement of cargo – no. In fact, close to 60 per cent of India's coastal cargo is carried by foreign ships. Is there a restriction to use foreign ships – there is no restriction. All that the government says is that, before using a foreign ship, check if an Indian is available and give them cargo. So all that Indian ships have is a right of refusal and there is therefore, no cabotage.

Now, what are the impacts on the Indian tonnage, the only thing that Indian tonnage gets today is Right of First Refusal. Is there any conversation from the ministry saying that we are going to remove this Right of First Refusal, I have not seen any? In fact, as late as last week, the government has now granted the Right of First Refusal to vessels, which are registered in the International Financial Services Centers Authority (IFSCA). We have been working very strongly with IFSCA to promote offshore entities to come in and invest. As INSA we have been at the forefront to say foreigners must come and invest in India. We have been perhaps the most progressive industry associations, which invite foreigners to come into India.

**How the Right Of First Refusal (ROFR) is helping the Indian tonnage?**

The intention of the ROFR is that if you want to move cargo from location A to location B, you can take quotation from all ship owners worldwide. Let us, assume you get a rate which is lowest rate from a flagship then you require to offer the same rate to an Indian flagship. Then you can ask Indian flagship if it can move the cargo at that rate. If an Indian ship can do that then it will get a right to move that cargo. However, has it helped Indian flagships – to a great extent it has not. Let me tell you why it has not helped us. The whole issue is about the fact you can import a shipping service to India without a payment of any duty or cost. If I want to import steel into India there is a countervailing Customs duty on import of it. If I want to import an accounting service from a foreign company, there is a GST and a tax that makes it non-competitive, and you would rather go to a local company to take that service. However, in shipping you are freely allowed to import shipping services. Now the cost of operation of an Indian flagged vessel versus foreign flagged vessel is what one needs to see. Therefore, if an Indian company was moving cargo from say Abu Dhabi to India and a foreign vessel was moving cargo from Abu Dhabi to India, and the vessels were exactly the same. Then, if the cost of the operation of the foreign flagged vessel is Rs 100, while the cost of operation of Indian-flagged vessel is Rs 119.22 paisa. Now the next question that comes up is what can anybody do if you are inefficient?

Absolutely, I agree, but what this extra Rs 19.22 paisa has nothing to do with operations. These are duties and taxes that Indian companies pay in respect of Indian cost if one can call it so. Therefore, what is important is not just having an ROFR, but to ensure that there is a level-playing field between Indian ships and foreign ships competing for the same cargo.

There is disparity in cost of operations between Indian and foreign flagged ships. So, what needs to be done to bring a parity is to either tax the import of the service from foreign vessels, or free Indian-flagged vessels from the taxation.

There are a lot of taxes which Indian-flagged ship owners pay. If one buys a vessel brings her into India, on the first time she comes into India, a tax of 5% IGST is levied on the value of the vessel, while the foreigner ship can come to do exactly the same business, carry the same cargoes in port do nothing any different and yet they do not pay IGST on the vessel. That is the biggest stumbling block for investment in India vessels.

**You have been voicing these concerns for a long time what is the response from the ministry? What is keeping them not being very proactive in promoting Indian tonnage in true spirit?**

These issues which today cause this disparity in taxation or duties is something that lies outside the ministry of shipping. Within the ministry of shipping whatever needs to be done has been done. Last week I was with somebody who wanted to come in and register a vessel in India. And I am very proud to say this that we registered the vessel in India at Mumbai registrar within 24 hours. I have not seen even foreign-flagged vessels getting registered in that short span of time. So, to that extent a lot of hard work has been done by our ministry, and DG Shipping. The issues which exist are outside the purview of ministry, and the ministry does try to make efforts.

For example, the major issue we did get some benefit was on the taxation of seafarers. So now while taxation outside India is not applicable to Indian seafarers, yet we continue to suffer from the fact that if a seafarer works on Indian flag, then there is a duty or responsibility cast on me as an employer to deduct tax at source. That responsibility is not imposed on foreign ship owner who is employing Indian seafarer. Therefore, an Indian seafarer naturally wants to go and work with a foreign ship owner. And these disparities need to be settled, we have therefore initiated conversations with our own ministry and we have been ensured that they would assist us.

As soon as we take the issue, our ministry swings into action. But at the end of the day, it is the decision of the Finance Minister, which has to see some logical connection between the growth of India, its ability to provide shipping services, and the fact that India needs to make its shipping competitive.

**In your earlier response you mentioned about IFSCA, a new regime which is coming up in the GIFT City. Initially there were apprehensions how this would work. How do you look at these options?**

These are excellent options, the IFSCA has a wonderful structure in respect of ship leasing. My understanding is that three vessels have already got registered through IFSCA entity at GIFT City. These bring a lot of benefits. Having in IFSCA is akin to being a non-resident in a legal fiction way. Vessels which are registered in the IFSCA are not subject to GST, they do not have to pay Customs duty on import of the ships like some of the ships that we have to do in the DTA. These vessels are also granted 10 years tax holiday. These benefits given by IFSCA will slowly help in creating an ecosystem where people instead of registering their vessels in tax regimes and tax-friendly regimes like Singapore or UAE etc will now want to register vessels under the GIFT City. Because there is very little difference in tax if a ship was registered in Singapore versus registered under the GIFT city. We believe that GIFT City holds out a great scope for that, but I think more importantly for the purposes of creating a ship leasing entity they have a wonderful framework, which is equivalent to whatever is available outside the places like Hong Kong and Singapore. I believe there is no withholding tax on lease rents that are paid.

**Does it allow at least to compete or come closer to the foreign ships for getting the cargo?**

Yes, what happens is because these are vessels which are not subjected to any tax or duties etc unlike the Indian ships that I have spoken about. What has been done is that these vessels have been put between the vessels in the DTA – that is the normal ships and the foreign-flagged ships. What we now have is that the DTA vessels. If a DTA vessel does not exercise ROFR the Gift City vessel can exercise ROFR only after both of those have been exhausted then a foreign vessel can get right to that cargo.

This is a great way it is not only making it competitive with Singapore etc. but the govt has also thrown in this thing saying that if you come and invest here, we will give you a right over Indian cargo. Of course, after the DTA ships because at the end of the day DTA ships pay taxes, duties and they employ Indian seafarers, and they provide tonnage tax training to cadets, etc. So lieu of that you get second right of refusal, but they get second right of refusal over foreign-flagged ship. I think it's a great opportunity and people must look at this.

**What is your take on the growth in coastal movement in cargo? Are we really growing at the pace that we intend to do?**

Why is more cargo not coming towards the sea? First thing is that India has a large hinterland; therefore sometimes it is easier to move cargoes straight across hinterland rather than land-sea and land route. The second is economics, even if you see at land-sea-land route today you compete with road and rail, therefore what is important is to ensure that this whole first mile, sea and last mile is cheaper than moving in directly by road or by rail. Today, railways are getting extremely efficient and one is finding that where shipping is carrying cargo along the coast the railways have also jumped in and offered better rates to compete with shipping.

Lack of demand is another point, there is no new cargo that is coming on these routes. We have been traditionally carrying cement, tiles, marble, soda ash, and this seems to be standard cargo that is continuing to move on the coastal route. Few years ago we used to see some wind mills moving that have completely stopped.

The other thing is that shipping has a lot of more burdens on it, in respect of compliance of international rules. Today we are being asked to put energy saving devices, we are being asked to paint our hull all of this we are doing in order to reduce our carbon emission. Amongst the three routes used within India we are the most efficient yet we are taking steps to do all of that. For that there is a need to ensure govt promotes the use of ships because you are extremely low in carbon compared to road and rail.

**Recently ministry of shipping has announced that they would retire some of the aged ships and trade appreciated the move. So, what is the scenario?**

One of the extremely forward-thinking steps taken by the Ministry of shipping and DG Shipping was to announce that we will now welcome younger ships this will ensure that our

own emissions will reduce because younger ships will have energy saving devices. They will also come up with complying with EEXI, EEDI and CII norms. All these things will definitely impact the tonnage positively.

We are engaged with the govt and Ministry of shipping for funding. And the ministry has recently held two meetings to try and work out funding is available to invest on new ships. One important push that we are making is the attempt to get shipping designated as infrastructure.

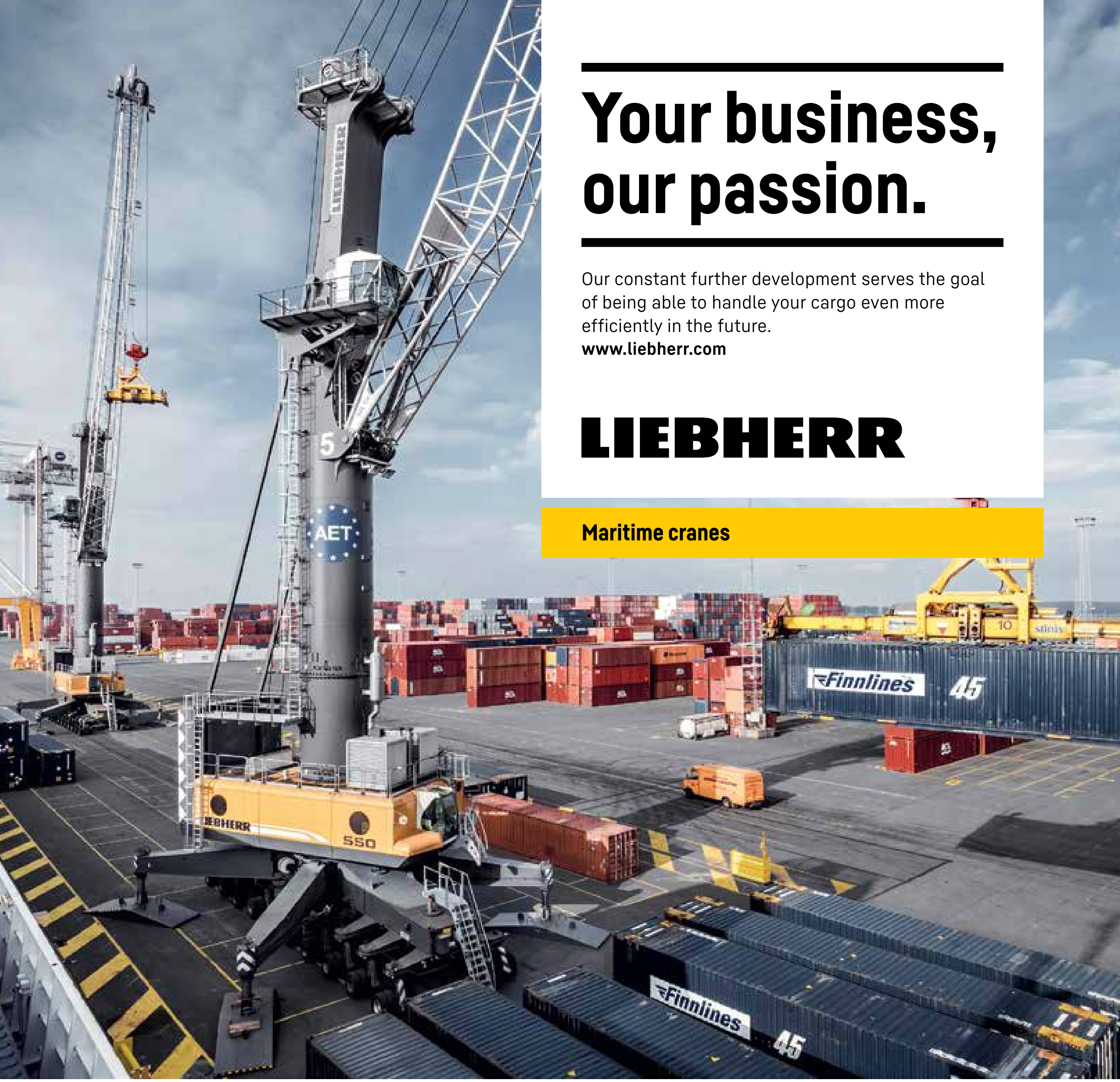
In India ports were designated as infrastructure rails too were infrastructure, but railway wagons and ships are not infrastructure, however recently the govt of India has declared railway wagons as infrastructure. We have made a representation to the ministry of Finance and depart of infrastructure to consider shipping as an infrastructure.

**You have been in thick of matters almost for two and a half decades when you look at a macro level how do you see the growth of Indian maritime industry and what is the future look like in terms of investment?**

As far as investment is concerned the Indian tonnage despite having all these problems has grown steadily. Just to throw some figures as of April 2023 compared June or July of previous year bulk activity has grown by 5 per cent crude takers by about 3 per cent, product tankers have grown by about 4.5 per cent. LPG has shown a healthy growth of 6 per cent. So, you can see there is a growth and there is push to acquiring more tonnage.

We are also proud to say that we have had a lot of investments coming in Mitsu OSK Lines formed a company in India and has flagged vessels in India. BW Gas who are leading gas operators have come into India and flagged vessels in India. So, people are seeing the value of coming in and parking vessels in the Indian fleet. For that a large amount of credit must go to DG Shipping for all efforts that they are taking. Therefore, we believe that we will continue to grow however, what has to be borne in mind is that unlike other sectors shipping undergoes a cycle, and right now shipping is at a heat. So, values are at almost lifetime high and therefore this is a bad time to buy ships. That is why we keep telling the govt that in this period people buy tonnage needed to replace or meet certain direct requirements.

LPG trade is one trade where India is growing and will continue to have a demand. There is a huge demand for FOBs, about 30 per cent of that demand is carried by PSUs, but still there is about 70 per cent of space available for Indian flag investment. There is also scope for investment in bulk carriers to carry coal and fertilizers which have huge demand for import in to India.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# INDIA'S MARITIME GROWTH WILL BOUNCE BACK

The past decade has been exceptionally well for containerised trade. We have seen volumes grow in transhipment and coastal shipping as well. During COVID this growth had tapered, but going forward with a new set of policies, capacity and infrastructure growth, we can definitely look to bounce back.

**How is the current container market situation globally and in India? Since the COVID times we have seen a lot of volatility in terms of pricing, so how is the current scenario?**

The overall market sentiments are bearish, to put in a nutshell. The volumes on the demand side have been quite sluggish. Looking at port throughputs globally in terms of numbers we are not looking at more than 1% in terms of growth in 2023 over 2022. In the coming times things may change for worse with the new numbers coming in. The major markets that we are looking at declining are North America and Europe, because of the economic scenario and the subdued demand, inflationary trends, but there are some bright spots like the sub-continent particularly.

Coming to India, we have seen total port throughput increasing by around 6% in the first half, Y-o-Y. Here it is worth noting that when the entire world is growing at 1%, we are looking at more than 6% growth in the first half. But again, some headwinds are there, in the past 4-5 months we have seen the export numbers are on a decline and imports are also not increasing the way it should be, so overall trade scenario is not very positive.

This scenario is also due to the subdued demand in key markets of US and Europe, so that impact will be eminent on the growth of our exim volumes. In some of the key sectors like textiles we are facing competition from Bangladesh, Vietnam. Some of the units in Tiruppur are closing down as the production has drastically declined. Considering this scenario, the overall forecast for India during the second half of this year will be challenging.

Whatever happens in India will be the scenario for the sub-continent, because even in Sri Lanka the overall volumes are not growing much. If we continue with the current scenario we will see a 5% growth for the year in Indian trade.

**Has the holiday season not given the required fillip to the demand?**

It has not to the extent it was expected. Already we are coming close to the holiday season. Although shipping lines are expecting some improvement in the demand side and therefore the freight rates are showing some improvement. But probably that will not help us to grow beyond 1%, compared to last year.

**Shipping lines seem to be adding capacity, especially on the Asia-Europe trade. How will it impact on the freight rates?**

The tonnage supply pressure will add to the sluggishness in the demand. This is already showing as freight rates are falling in 2023 and this is expected to continue next year as well, as per our estimates. The overall average rates which we take for all the three – four key routes probably will come down by 60% in 2023 and probably by another 25-30% in 2024. The reasons are very simple, as we discussed, poor demand is much lower than what the increase in fleet size would be. In terms of total fleet we are expecting growth of around 5-6%. Then there is a combination of other factors which we term as operational capacity, which is also expected to see further increase.

We were expecting some more aggressive demolitions, especially when the freight rates were under pressure, which is a logical thing to do to get rid of some of the tonnage and try to keep the balance under manageable limits. But the demolitions have not happened to the rate as expected. Probably, the reason is that all the shipping lines are sitting on huge cash and their balance sheets are strong so they are able to sustain. Till some real pressure comes on them, they will try to stick to what they are doing now.

If you see the recent percentage of new orders, all are aimed at new technologies and new fuels, this is also putting pressure on the freight rates, because people want to comply with the new emission regulations. As per our own estimates, Asia and Europe are quite close to their breakeven numbers, so we may see more blank sailings, slow steaming and idling to balance these additional capacities to the extent possible.

**There is an apprehension in the industry that there is a lot of cost involved in meeting the IMO regulations while switching to newer fuels, so is there a chance that the freight charges are increased and the burden is passed on to the consumer?**

At some point it has to be done. This will definitely push up the freight rates as of now, but when the margins come under pressure, then probably the shipping lines will try to cover as much as possible and pass on the rest to the customer. But I do not expect they will try to build a profit margin on this, till the time they are in a position to dominate the negotiations with BCOs. In the current scenario the best thing would be they pass on as much as possible to the customer.

We at Drewry, have also done some calculations to compare what impact it will bring in if you compare some of the new fuels, and the white paper is out in the market. It will definitely increase the cost. Some shipping lines may opt for slow steaming to absorb the extra cost, but it is not always an easy option.

**Are the current policy and concession agreements more congenial to the private investments?**

Over the last few years the government has taken the right few steps to make it more transparent and market driven, removing some ambiguity in the agreements, especially in the major ports tariff setting mechanism. It has now come closer to the market side and this has helped the new bidders to come in. At the same time there are some new capacities being talked about. Probably when we look at their commercial feasibility, whether we are trying to cannibalise each other, so I think that problem remains to a great extent where too many projects will compete for the same cargo. More of the state maritime boards are now going for +30 year concessions. In mega projects where huge capacities are to be built in, I think that gives a kind of comfort to the investor to look for a long term investment and continuity in the business. In 30 years projects, though it is a long term contract, but in the last 8-10 years the investments dry out, because the concessionaire is not sure if he will be able to get an extension for another term. So they look to do whatever best they can in the initial 20 years, here the long-term perspective will help.

**"We have seen total port throughput in India increasing by around 6% in the first half, Y-o-Y. Here it is worth noting that when the entire world is growing at 1%, we are looking at more than 6% growth in the first half."**

**"The government wants to lift manufacturing's share of India's GDP from around 17.7% currently to 25% by 2025. The major port capacities have been improved accordingly. In FY23, Major ports collectively handled a record-breaking 795 million tonne of cargo."**

**"New eco-friendly fuels will definitely push up the freight rates as of now, but when the margins come under pressure, then probably the shipping lines will try to cover as much as possible and pass on the rest to the customer."**

**During post-COVID scenario, a lot of industry experts talked about the China+1 strategy. Can India really take advantage out of it?**

Businesses are trying to follow the China+1 strategy definitely and India should benefit from that. We have made some efforts in this regard, but we have been for a very short period in this scenario, we were in COVID for a short period – till 2021 and now we are in the first half of 2023. Shifting of supply chain is not easy, it takes time, so this is a very short period for us to see whether we have succeeded or failed, but probably the window is short, so we have to do things much faster than we are doing now and take advantage of this opportunity.

Companies in the electronics sector, electric vehicle manufacturers are looking to relocate into India, so the traction is definitely there. But there is a shifting cost and an inertia, which we need to tackle. The shift is happening in Vietnam and other countries, but they are too small to take everything out of China.

**India is improving connectivity with neighbouring countries, but is our trade with Southeast Asian neighbours improving?**

There are two things – one is the proximity which makes us the natural trade partner. Second is the improvement in infrastructure as it helps in reducing the logistics time and cost. It's time we see how we can improve cooperation along with trade. I foresee the intra-regional trades will become the key, again I am trying to link it to de-risking of the logistics chain. If that is one of the ways to looking at it –India can become a supply base for its neighbouring countries.

**The government is planning transhipment hub at Vizhinjam Port. VO Chidambaranar could be another. What is the right strategy for developing a transhipment hub in India?**

The strategy of having multiple transhipment hubs in my opinion is not helping, we may try to develop multiple facilities, but again we should be ready to cannibalise and under-utilise the assets without achieving the economies of scale, as too many ports will try to pitch for the same cargo.

Transhipment is a very price sensitive cargo and low value business, so volumes and economies of scale are key to that. If we are not able to achieve these two objectives then it will not succeed financially and commercially. Then we have Colombo in the neighbourhood. Our transhipment hubs will be competing for sub-continent volumes. These are the key points that any new port development has to keep in mind for transhipment.

Transhipment can succeed in India, because we have seen how Mundra has developed partnership with the shipping lines and they have a significant volumes in transhipment. So it is about forming liner alliance and how much volumes you can attract. Be the King Abdullah Port or the newly formed ports in the UAE – all are liner affiliated, so that is the way to go for developing a transhipment hub. If you are establishing a new business then partnership with the shipping lines need to be adopted. Shipping lines want to use transhipment to reduce their network cost. If they are the anchor customer then they also like to have some stake. Even in Colombo we see lines supporting terminals. This is one aspect we have not explored for the terminals which we are developing.

**Does the strategy really help in overall gain in volumes? If the liner bringing the anchor cargo moves away to another port, then what will be the scenario?**

In totality it may not add much to the volumes because, you are moving one cargo out of another port, but still you can win some cargo from outside the region. Suppose you have a partner and it has operations at another port, so they may try to re-align some of their network and bring volumes to the new hub. To that extent, the additional volumes can come in.

Once you have a hub, you provide direct connectivity of main lines and avoid delivering into another hub. Now you are providing direct and better liner connectivity to the hinterland cargo, so that may give advantage in terms of lower freight rates and transit time. If the liner connectivity can help in developing a free zone which can be used as a distribution hub, just like the one in Jebel Ali. If the transhipment hub helps in development of hinterland as a free zone distribution hub, then it can bring in additional volumes, which otherwise would not come.

**How do you summarise the growth story of ports and terminals sector in India in the last 10 years? What is your forecast for the next decade?**

If we are talking only about containers then the past 10 years have been really good. We have seen volume growth in coastal and transhipment as well. But the growth has tapered towards 2018, 2019 and 2020. The growth momentum has slowed down, except for the year 2022 when the recovery happened. Now we have the base, operators, capacity and not only we are developing at the port side, but also in-land infrastructure like the DFCs. We have people looking for this China+1 strategy, so we definitely have the potential to grow in the next two years. We have to play our cards well and build on this opportunity.

# AN OPPORTUNE TIME FOR PRIVATE SECTOR TO PARTICIPATE IN THE GROWING MARKET

Currently, JM Baxi's total capacity is 4.5 to 5% of total Indian capacity. To be at 4% of the 10,000MMT capacity, we will atleast need to reach a capacity of 400 million metric tonnes. So, we will need to expand infrastructure at different ports just to retain our share of 4%, by investing in the next 10-15 years.

**Being a large player, dominant player in the ports and maritime domain, what is your experience in the recent years, in terms of ease of doing business or in terms of the attitude of the government. What has changed in the recent years and what should change for better?**

I think if you have a look at the last decade, we have seen a sea change and that change has been very effective. I think the first change that we started seeing was a push towards making sure that there was a right type of policy framework. If you just look at what has happened over the last decade and then culminating towards the end of previous decade, we saw a lot of policies in the form of Major Port Authorities Act, whether it was mission-led to a transformation in terms of tariffing and a whole bunch of other bills which then became acts. I think we have seen that combined with a number of guidelines, number of policies issued by the Ministry of Ports, Shipping and Waterways, but also other enabling programs in the formation of the department of logistics under the Ministry of Commerce, the National Logistics Policy, the Gatishakti program. I think you are looking at a government framework which has made policy clear, PPP even more clear and refined. The National Investment Pipeline which creates visibility in terms of the opportunities which are there and which needs to be focused on and therefore there is a lot of transparency and a lot of clarity and lot of visibility in terms of policy, opportunity and I would say the overall working framework. So, I think this has been a huge transformation, today when I look at the overall environment, it is very conducive.

Then look at the enabled bureaucratic environment where a lot of the bureaucrats, officers within the government are working and now we have a very clear runway and a very clear playing field in which I think they can carry out a lot of developments. So, I think that's been a huge plus. There is a lot of private participation happening. I think infrastructure overall has seen a sea change. For instance, look at the railways they have excellently improved in terms of track development and infrastructure creation. Here the government has encouraged private participation with involvement of private players in railway stations and good sheds development, Gatishakti terminals and rolling stock have been privatised. So, combined with investment by the state and the private sector, infrastructure quality has improved.

**Are there any specific areas which you still want to be changed?**

While a lot of improvement has happened, both in terms of policy and infrastructure, be it ports, railways and roadways. We also see it in the form of investment and creation of global level champions in India. The same degree of policy and advocacy is required in the maritime space, i.e., shipping. Here there is still way to go for India to become a global champion in terms of our Indian flagged fleet. We need to create a world class policy framework to enable this. For instance, if you see at the major ports, the government is clearly wanting to exit from operating ports and they want to become more of a landlord. The intent is there but certain services they are still handling like towage, pilotage, energy generation at ports, development of industrial infrastructure, industrial parks or SEZ. Here PPP framework should be created and private players need to come in.

**When it comes to investment, maritime finance is a big challenge. You have been on an expansion spree, so, what is the scenario with maritime finance with all these new investments coming in?**

JM Baxi operates in the infrastructure space, so most of our expansion is into infrastructure. Infrastructure finance for companies in India is quite good. We have private/public sector and international banks with expertise, we have access to the bond markets. But, coming to your question on maritime finance, the banking sector needs to understand maritime finance, they don't understand the nature of the industry. The industry has voiced the need for infrastructure status to the maritime sector and financing services need to be tuned in that manner. But I am sure there are exceptions as well. There are some international banks financing the maritime sector, but lot more needs to be done to create awareness, debts, surety for finance.

We can also look for further regulations like we have in the case of GIFT CITY, where it becomes easier for Indian companies to register themselves, raise funding capital. Another thing is promoting Indian flag, we have to make registration of tonnage under Indian flag to make it as competitive as any other global flag.

**"Infrastructure overall has seen a sea change. The government has encouraged private participation in railway stations and good sheds development, Gatishakti terminals and rolling stock have been privatised."**

**Indian government has set a huge target of reaching 10,000 MMT by 2047. In your opinion is this target achievable? Where exactly is JM Baxi in this expansion space?**

This is a very aggressive target. We are talking of 10 billion tonnes of port handling by 2047. Growth in population and consumption will create this demand, if not 10,000 MMT, it will be close to this figure. Look at the quantum leap, the increase in port capacity of India is about two and half to three billion tonnes. And we need to reach the goal of 10 billion tonnes. It will need a combination of augmentation of current capacities of existing ports and upcoming ports and their connectivity. To start with we need to take the current capacity to 6 billion tonnes through brownfield expansion in the same port ecosystem, which I believe is possible. Then we will need to add further 4 billion tonnes of new greenfield ports. We have seen a lot of development in Uttar Pradesh, Gujarat, Maharashtra, new ports are being planned. Now we need to prepare a national blueprint of where the cargo flows will be and in which locations the capacity addition is needed, it is very important to plan brownfield expansion of existing ports, while new greenfield ports will take time to come.

Currently, JM Baxi's total capacity is 4.5 to 5% of total Indian capacity. To be at 4% of the 10,000MMT capacity, we will atleast need to reach a capacity of 400 million metric tonnes. So, we will need to expand infrastructure at different ports to retain our share of 4%, by investing in the next 10-15 years.

**Growth of cargo on the east coast has not picked up. Another concern is the growth in coastal movement of cargo. What could be the challenges here?**

Cargo development on the east coast and growth in coastal shipping, both have been sluggish for the same reasons. In 2020 when COVID hit, movement of ships and containers became a challenge particularly to serve the European markets. Coastal shipping and the trade on the east coast of India saw a dip. Our terminal at Visakhapatnam Port is a prime example, where growth was flat. Ships were blanking calls and container shortage prevailed. But now when you look at Visakhapatnam Port or Chennai port, they are posting a growth rate of 20% to 25% which is greater than the west coast.

As shipping lines add tonnage, there will be more ships looking to find markets. The most lucrative markets in my opinion will be the east coast of India and coastal shipping.

**You have earlier mentioned about technology and automation, on the ports side what is expected in the days to come?**

The maximum thrust is going to be on sensors and sensor-based technology. Connecting to these sensors will be IoT and 5G technology. These will enable real time data analysis and real time decision making tools. As technology develops automation will become lot cheaper and better in the days to come. We will have fully automated terminals but Indian ports can skip the cost curve that the European ports have gone through. In the next one and half year, you can see companies like JM Baxi boasting of home-made terminal automation systems. There will also be a paradigm shift in how we deal with data with processing automation, which was extremely expensive in the past. So, we will be jumping the curve as compared to the western world in terms of automation, speed and cost.

# PUTTING TECHNOLOGY AT WORK TO BE FUTURE READY

"Our goal is to bring Artificial Intelligence to supply chains in a way that not only eliminates inefficiencies but also allows us to look into the future and predict market behaviour to allow our customers to plan their supply chains and inventories in a more efficient manner."

**How has been the business for Maersk this year?**

This year has been the year of normalisation after the last three years impacted by the pandemic. Despite that, on a global level, we have had a strong first half of the year, where we responded to sharp changes in market conditions prompted by destocking and a subdued growth environment. The volumes and revenue have been lower than the previous year, but our decisive actions on cost containment, together with our contract portfolio, have cushioned some of the effects of this market normalisation.

This has also been the year when we have started strengthening our solutions towards our customers in the space of integrated logistics. Talking specifically about the Indian market, we have continued expanding our warehousing footprint, we launched an industry-first e-commerce logistics solution, we strengthened our fleet in middle-mile distribution, including committing to more than 500 electric vehicles across multiple locations around the country; and all this was done in addition to adjusting and improving the ocean transportation solutions for our customers.

Another extremely important milestone for us in 2023 has been the introduction of our latest vessel that can run on green methanol. We are walking the talk with such actions, and I am proud to say that we have 24 more vessels in the order that will be on the water in the next year, helping us and our customers bring down emissions from ocean logistics.

**The Indian government wants to invite more private sector participation in maritime infrastructure. What opportunities do you see here?**

There is a clear and strong will from the Government to improve the state of logistics in the country. It has also been made very evident through the priorities listed in the National Logistics Policy, some of which include bringing down the cost of logistics, digitalising supply chains, improving multimodal connectivity and infrastructure, reducing the impact on the environment and so on.

We strongly believe that to achieve all these ambitions, it is important to make concerted efforts by the industry and Government together, including the private sector's participation in maritime infrastructure. This way, it is possible for the private sector to bring diverse and multinational expertise to the table. Pooling in resources will also make solutions more accessible to a wider range of customers.

**The global trade has been dull, and Indian exports have also been low during the first half of this year. What are your expectations for the next six months?**

During our last financial results announcement at the end of Q2 (of the calendar year 2023), we anticipated the global container volume growth to be between -4% to -1%, which was lower than our initial estimate of it being between -2.5% to +1%. Our overall ocean transportation volumes are expected to be in line with the market behaviour.

From an Indian perspective, we are a little more optimistic for the coming months. The sentiment in India is improving with the Government focusing a lot on boosting local manufacturing and creating a favourable ecosystem for exports. While the demand from the Western markets has been soft so far, as we draw closer to the end of the year, restocking for the season might give exports out of India a gentle push. There are many multinational companies that have started strengthening their commitment to manufacturing in India and exporting from here. This will also start showing results in the coming months and years.

**What are the initiatives taken by Maersk for emission reduction?**

At Maersk, we have set ourselves to be Net Zero by 2040. Our decarbonisation ambition is also driven by what our customers want. More than two-thirds of our top 200 customers have their own targets to reduce emissions, and we are decarbonising our supply chains that would contribute to their targets, too.

We are taking several initiatives, starting with the in-fleeting of vessels that run on green methanol. Our first green fuel vessel is already on the water now, and we have 24 more in order that will gradually be added to our fleet. The next step for us is to look for and secure the green methanol required to fuel all these vessels in the future.

While the ocean transportation part is one of the largest contributors to emissions in our operations, we are also looking at reducing emissions from other landside sources. For example, all the investments that we are making in building and operating warehousing facilities include the element of using renewable energy for operations. In many cases, the material handling equipment used inside these facilities is battery-operated. We are adding a large number of electric vans to our middle-mile distribution network to reduce our carbon footprint.

In addition to these, we have also been running solutions that help our customers to move cargo by rail instead of road wherever possible, which also helps in bringing emissions down.

**What are your short-term and long-term plans for the Indian market?**

India is extremely important for us from both perspectives as a manufacturing as well as consumer market. This allows us to play a role in both ways – support the manufacturing sector by exporting their goods to global markets as well as distributing to local consumers and making global products available through imports to local consumers.


**"We have 24 more vessels in the order that operate on green fuels that will be on the water in the next year, helping us and our customers bring down emissions from ocean logistics."**

**"In the Indian market, we have continued expanding our warehousing footprint, we launched an industry-first e-commerce logistics solution, strengthened our middle-mile distribution with more than 500 electric vehicles across multiple locations."**

In the short term, we are working towards helping our customers navigate the new normalised global trade with our integrated logistics solutions. We are providing them with solutions that range from ocean transportation to air and landside transportation to warehousing and distribution. We are helping them take complexities out of their supply chains and bring down their cost of logistics.

In the long term, we are focussing on putting technology to use in a way that can help our customers not only get better visibility of their supply chains but actually create recommendations and actions to navigate through unforeseen uncertainties. Our goal is to bring Artificial Intelligence to supply chains in a way that not only eliminates inefficiencies but also allows us to look into the future and predict market behaviour to allow our customers to plan their supply chains and inventories in a more efficient manner. Our ultimate long-term goal resonates strongly with our purpose to improve life for all by integrating the world.

# SKY IS THE LIMIT FOR DOMESTIC CARGO GROWTH

"I put a target for my team, we will bring in revenue share from domestic cargo to 40% and from EXIM to 60% before 2025, we will achieve that, and ultimately it will be 50-50 for domestic and EXIM cargo."

**At the beginning of the year, you were 10% per annum growth for CONCOR. So, when you look back how has been the situation?**

Growth is very good. Actually, in the last seven years, we had all the balance sheets every quarter they were better than the previous quarter. The growth was going on and we picked up the growth from 2017 onwards very well. But unfortunately, two-years of Covid has put a break on this. Particularly the two quarters of covid that affected very badly with entire shutdowns and all those negative effects have put a little break on our growth. But after six months of Covid in the second phase of Covid we started getting V-shaped recovery. Last year we had a good growth as we touched Rs 8,500 crores and this year also the growth is continuing. I am sure that the growth will continue for the time being, because I am not seeing any changes in the sector where we are on.

**When we look at the numbers in terms of volumes where is the growth coming from? Can you give us an insight into domestic and EXIM cargoes?**

The real logistics picture is coming out in our (CONCOR) growth story. As I always tell, for doing logistics India is the best market, we got 140 crore population, and where there is population there you can do a better logistics. We can create a very advanced logistics system, but when there is no population like when you go to a country like Sweden where the entire population is only 10 million what sort of logistics we can do. The limitations will come.

But here we have got major opportunities in line with that if we see in 2016 when I took over as CMD of CONCOR, the receipts from the EXIM operations used to be 80 per cent in our revenue side and from domestic it used to be 20 per cent. If you see last Year's balance sheet it is 65 per cent from EXIM 35 per cent from domestic. So, it's very obvious that domestic numbers are continuously increasing. The domestic growth rate was above 28 per cent a year before and last year in volume it was almost 18 per cent. There is lot of opportunity in domestic, because of the new solutions which we have brought in like business solutions, business support services, and bulk handling solutions. They got huge potential so the sky is the limit for domestic to grow. I put a target for myself and my team, we discussed it, we thought we will bring in domestic to 40 per cent and EXIM to 60 per cent before 2025. I think we are on the target as a company we will achieve that, and ultimately it will be 50-50 for domestic and EXIM cargo.

**Let me come to the bulk handling solutions that you have mentioned. There are three very fascinating very innovative path-breaking solutions that you have designed one is bulk handling of cement, the second one is container as warehousing, and distributed logistics. Can you give us an insight into how these have taken off and how is the market acceptability?**

First, I will start with bulk handling, we targeted first cement, because it is the toughest commodity to handle in bulk. There is a solution available for bulk handling, but that is in a specialised container. So, any specialised stock the main problem is an inbuild empty run will be there. It will be one side loaded and one side empty. So, our solution is using normal GP containers using flexi bags so that once the cement is unloaded the container is available for any other goods. So, this solution we have targeted for cement, because in that particular method of evacuation cement is the toughest to evacuate. We deviced an ecofriendly and low cost system. Cement is produced in bulk used in bulk but only carried in bags just because we don't have the proper means to carry it in bulk. When we looked at market in cement, on the usage front customers can accept in bulk, almost 70 per cent of the customers can accept in bulk. The acceptability of the solution was very great as we could do almost 40,000 containers in the first year itself. We did in south from Jggayyapet to Arkonam and Tundiyapet and in the west from Udaipur to Bombay and Ankleshwar.

Container as a warehouse is also a part of this solution. Cement will be stored in containers and will be supplied directly from containers. If there is a bag cement market, they need not carry bagging equipment. We developed portable bagging equipment in the container, so where ever they are required it can bag up to 20 tonnes an hour. So, the entire solution is storage bagging and distribution.

**"If you see last Year's balance sheet our revenues are 65 per cent from EXIM and 35 per cent from domestic. So, it's very obvious that domestic numbers are continuously increasing. The domestic growth rate was above 28% a year before"**

**"Cement is produced in bulk used in bulk but only carried in bags just because we don't have the proper means to carry it in bulk. Almost 70% of the customers can accept it in bulk. The acceptability of the solution was very great as we could do almost 40,000 containers in the first year itself."**

In container as warehousing, the idea is the goods when stuffed in to a container, they have to be stored into warehouse again. That intermediate handling requires three handlings unloading from container, loading on to a truck and unloading at warehouse, and again picking from warehouse and loading on to trucks for distribution. Every handling is cost as well as wastage, so what we proposed to our customers is to use containers as warehouse and pay us on a dynamic basis. As on date we fixed Rs 200 per day per usage. It's very flexible operation, as one need not hire the container for a longer period. Suppose 90 containers a customer has to move he need not take any warehouse on rent. He is trying to establish a new market keep the goods in containers, we will directly distribute it from there itself.

**At one point of time, we had this major challenge of relocating empty containers which bore a huge cost on the company. Any improvement done on this?**

That was on the EXIM containers. There was a shortage in export import containers, so we gave a scheme. To encourage shipping lines to come to hinterland, we said we will give 50 per cent discount move the empty container to India. So, this was very well appreciated by everyone and the Govt of India. Even now also we are running a scheme we call it one plus one scheme. We try to move empty containers free with one loaded container extra we get.

**Let's talk about digital initiatives you have taken, what do they mean for the customer?**

Our quality policy is three words – customer value creation. First, we started with KYCL – know your container location. It was the first digital initiative we have taken. It took us almost six months to bring it all over India, and it was very successful with the customers. After that we brought in e-fling and along with it we brought e-office. Then we brought in e-billing for vendors and for the contractors. The company with Rs 8,500 crore annual turnover last year has only 1,320 employees. So, per employee turnover is more than Rs 6.5 crore. We are the most efficient compared to any PSU or even any company


private sector in this sphere. We have recently started a container terminal management system. It's completely automated container terminal management system based on AIIM.

**How CONCOR is supporting trade in our neighbouring countries Nepal and Bangladesh?**

We are carrying our operations continuously the containers are moved. All the third country cargo for Nepal from port we are moving and that with ECTS system has become efficient operation. In addition to that bilateral cargo also we are giving our own containers for Bangladesh and Nepal. In our domestic containers we carry the cargo to these two countries and the exporters are getting benefitted. In Bangladesh the Bangladesh Railway has got constraints, they can't deal with more trains. They can't receive more than three trains a day. Their railway system is not as efficient as ours, and to overcome that we have given a scheme to our exporters. We give our containers we move it up to the boarder if they require and from there, they can move it by any other mode can take the container into Bangladesh and bring it back or again like container warehousing charges we fix some charges.

**Any investments into new infrastructure?**

We are trying to make a balanced approach here. We are developing new terminals. New terminals this year one we have already completed and in the final stages at Kalinga Nagar. Our Paradip MMLP at the port side is fully operational now. We are also planning some more terminals in Delhi, Punjab, near Bombay and in Rajasthan. Continuously we are on the expansion mode.

We are also trying to develop some asset land models in the PPP mode, where the asset will be owned by private entrepreneur and we will provide all the systems and the procedures and marketing support.

The major investment in the next five years will be rolling stock. We ordered and our rolling stock programme is quite an impressive one. Last year with all that covid effects we added good number of rakes and this year we will be adding 30-40 rakes. There was some problem with wheels but we overcame all of that. Like containers, we have also developed ecosystem for wheel manufacturing also. Now wheels shortage has gone.

**Any update on the disinvestment process which has been in limbo for long? As the Cabinet has also cleared the land licensing policy, so what's next?**

As of now it is in limbo and may continue. There is a clear divide in the business as well as in the government and that is why a very well-run profit-making PSU is to be privatised. I can't comment on that because it's a govt decision, so as of now yes divestment is still on, but not happening there is no movement at all. Myself and my team we forgot about it and we will carry on our own work, and we feel that we will be able to deliver the best in the industry even as a PSU.

**You have grown within the ranks of this organisation; you are youngest and the longest serving CMD. How has been the experience with CONCOR?**

I had a very nice experience with CONCOR. May be without this I would not have achieved the personal satisfaction I have achieved. I could experiment with many new things right from the time I moved in to railways to CONCOR in 2002 from then onwards I was experimenting many things. Developed lot of terminals, designed new terminals, so all these experiences it wouldn't have been possible without CONCOR. As a person also I think I got matured much working here. Heading this organisation for seven years has given lot of insight to me about the trade and industry of India, EXIM business and what not. My vision has really grown much beyond. I would have been a railway officer continued in railways where I joined, maybe I wouldn't have achieved this much. I am very much satisfied, and in fact, we had some function which they named it as 'Sunehre Yade' (Golden Memories). I too have some golden memories with CONCOR.

# MAKE MULTIMODAL LOGISTICS SEAMLESS

"Multimodal infrastructure should be made seamless, only then will it reduce transit time, reduce wastage, bring in tremendous efficiency and bring down the cost and since each mode will be competing with each other, we will be able to avoid monopolies,"

**Which are the key global trends that are affecting the freight forwarding or rather transforming the freight forwarding business and how do you think the Indian freight forwarding community or their competencies are matching with the changing scenario?**

Freight forwarding is an ever-transforming industry and since I joined in 1981, the change it has undergone is so much that it is almost unrecognizable. What I did when I joined and what I do today has actually no common thread except shipping lines and truckers as vendors are the same and our customers are same; but for that the structure and the business models have changed completely. The changes in freight forwarding predate Covid. Covid may have accelerated certain trends, but the changes predate it. The basic triggers for transformation started in 1991 with globalisation. That is when the industry exploded because it is not just India globalized in 1991, the rest of the world had started globalisation a decade earlier. So, we all could ride the wave of growth. It is said that the decade of the 70s was a Western decade and it was low growth for all economies, but 80s the people started transforming; 90s, India transformed, and that's where really the freight forwarding started transforming in terms of every freight forwarder in local started becoming multi-local, regional, national, and global. You will not find any global freight forwarder earlier than that. But what happened is for last, maybe 15 years, the industry as such has not transformed itself. Some players in the industry have transformed and become a contract logistics player which is different ballgame. I have seen some websites claiming people as contract logistics but they are not doing contract logistics. Second transformation we see is because of digitisation. Digitisation has democratised information; it has facilitated processes and eventually it will lead to disintermediation. And disintermediation in freight forwarding has been happening for a long time. You can take example of a freight broker. If I go back to 80s, every single consignment was booked through a freight broker. Today, you will find hardly any consignment is booked through a freight broker. So, freight forwarder, custom broker have to make note of this. Similarly, we have seen steamer agent. Every location had a steamer agent. Now, shipping lines have their own office, and they are not just representative office, they are operational offices. They do all the operations in that particular city or in that particular country by forming a company. So, all these structural changes have brought the shipping lines closer to the customer. If that was not enough, today ports, terminals, and shipping lines are doing freight forwarding, they are doing trucking, they are running railways, they are operating ports, they have big digital platforms. One of the big terminals or a port company has 250 analysts in Delhi for big data analytics. So, you can imagine the kind of changes the industry is going through.

**This essentially means there is a lot of pressure on freight forwarding because of the operators getting into end-to-end services. Traditionally most of the freight forwardings are family-run businesses. They have been there for many years and you also have been talking on several forums that community has to change, adapt to change, they should get onto the new technologies, their service offerings should be more. So, how is it adopting and do you see that the companies are able to adopt?**

Let us see three dimensions of this question. Number one is the family ownership. Port and terminal are not family owned; they are mostly government or diversified ownership but if you take 4 top shipping lines, 3 are family owned. So, family ownership has not restrained people from growing, and these are shipping lines which are doing now terminal operations, they are freight forwarder, railway operator. So, family ownership, I don't think is a barrier. Coming to changes that we are talking about how the business has changed, I have to go back to first industrial revolution and where railways replaced horse carriage. Now, if I was depending on a horse carriage, I can't complain that railways are faster, quicker, more schedule time arrivals, schedule time departure, costs less, can carry more cargo at one time safely. So, if it brings all the advantages, one has to transform the business or discard the business and move into other. Third point is freight forwarders are survivors. If we take Darwin's theory of evolution, we have been ever evolving and that's why we are survivors. So, we are one of the earliest assimilators of technology. If I look at customers and if I look forward also, freight forwarders adopt technology very quickly which is a less spoken, less known fact but owning a technology and adopting a technology are two different things. People mistake that we create our own platforms or we create our own software for technology assimilation. What we do is use the available technologies of our vendors, of our customers; we build a bridge and we start getting assimilated into their technology and use that technology. So, freight forwarders have been assimilating. What freight forwarders have not been able to overcome is as people became multi-local, we became even more fragmented. Because of container and liberalisation in customs, the specialisation as a concept is a thing of past. Today, everything is commoditised, un-differentiated and we are a fragmented industry. So, those premiums we used to get are gone and people have to work on wafer thin margins or nil margins. So, that we have not been overcome for last 10 years by differentiating ourselves, but if you see what some freight forwarders have done can be role model for others. Now, if we take the segment — Indian subcontinent, Southeast Asia, going up to to near Far East and Middle East, the cargo is controlled by what is called, NVOCC or box operator. It is Indian freight forwarders who have purchased containers and they have slot chartering agreement on the common carriers and these are the carriers which the so-called big shipping lines also use.

Now, you will be surprised and it is very less spoken that it is these NVOCCs and box operators who operate throughout these 3 regions and except for Colombo, they have the nominal market share. So, some of them have overcome, some of them have become contract logistics. I wouldn't say digital freight forwarders have still grown that they can be a role model or they have become a big threat but we don't know ...the world changes very rapidly and maybe digital freight forwarders will transform the picture and we all will be only digital freight forwarders and that is happening because of the digitization of the economy. I am not talking about the digitization of technology. Now, we have digitization of economy. It's happening because of that and India is the biggest assimilation of digital economy where even the smallest person in village now has the UPI payment facility. So, we are very strongly into that arena already.

**Few years ago, we were discussing about a lot of challenges like infrastructural or regulatory, not having transparency or not having self-governance, which have been negatively impacting**

> **"Digitisation has democratised information; it has facilitated processes and eventually it will lead to disintermediation. And disintermediation in freight forwarding has been happening for a long time."**

> **"What freight forwarders have not been able to overcome is as people became multi-local, we became even more fragmented."**

> **"If we take the segment — Indian subcontinent, Southeast Asia, going up to near Far East and Middle East, the cargo is controlled by what is called, NVOCC or box operator.**

**our businesses or our service to customers. So, what has changed in the recent years and what needs to change going forward?**

I would say infrastructure has increased for sure. If we travel to Northeast, you find airports are excellent and we had hinterland travelled in Northeast and the roads are excellent and it is very creditable that roads there are excellent because the terrain is very difficult terrain, and throughout Northeast the terrain is difficult and yet we have amazing roads. Now we have new ports coming up. So, infrastructure has changed...but what has not changed adequately I will just highlight two important factors. One important factor is today India is a 3 trillion economy, little more little less. It is shared that in one decade, we will be 10 trillion economy. We want to be a developed economy, but if I look around the region, any logistics complex or hub in Dubai or Singapore and then rest of the world is much bigger than our locations. So, unless we become global scale and since we are going to become global scale, we have to be super global scale and we can take that example from Reliance refinery - from conception it has been a global scale economy and largest economy in the world. So, our aim now has to be the largest, not just global scale...no global good practices because global good practices are one which people have reached the peak 10 years back, conceived some 20 years ago and today we are going to adopt it when they are have discarded it and they have moved onto something else. Having technologies and ideas and models of tomorrow and global scale infrastructure, manufacturing hubs or logistics hubs is going to be critical if we have to triple our GDP. It won't happen without that. Next point, I would say is we have infrastructure now growing but we still have bottlenecks. No infrastructure should be used beyond 70% and it should be at completion at the point of usage 10 years ahead of requirement. That is the minimum adequacy. When I say global scale, it has to be a lot more than that. The next point is our infrastructure is not seamlessly multimodal. Government wants to reduce logistics cost, and logistics cost can be reduced only by having systems and processes re-engineered or redefined or have a new model itself. Now, we have to disallow any infrastructure which is not multimodal particularly if they are getting a strategic asset like a port or an inland waterways terminal or a railway terminal. These are national strategic assets. You can't say that investor will do its best. No. They will hit their scale of profits and not the economy and I am not against people taking care of their profits. But that ecosystem has to create competition for at least 3 modes. What ICDs we have, are connected either by rail or by road. But if you take a place like Basel in Germany, it has a gateway port of Antwerp or maybe Rotterdam. It has inland waterways barges moving upriver. It has railway coming from the same port and road also is there at the same terminal and same gantry crane works across. It therefore becomes a secondary hub and in one move, they can shift cargo instead of multiple moves that are required in India. Now, that seamless infrastructure will reduce transit time, will reduce wastage, bring in tremendous efficiency and bring down the cost and since each mode will be competing with each other, we will be able to avoid monopolies. We always said government monopolies are bad, but private monopolies are even worst, they are disastrous. So, the way to deal with private monopolies is to create a competitive structure of different modes within the same infrastructure and that will give us the necessary infrastructure with least amount of space being required for it.

> **"Having technologies and ideas and models of tomorrow and global scale infrastructure, manufacturing hubs or logistics hubs is going to be critical if we have to triple our GDP."**

**You have extensively addressed the infrastructure, but I want you to comment on the regulatory framework and how is it today. Do you see a change in the policymakers or the decisions that they are taking. Are they congenial to the trade requirements?**

I am still not satisfied with the change in policies. The liberalisation is not adequate and what is so called trust-based system just doesn't exist. There is no trust. Everywhere, the declarations are very strong and I can say, as far as custom broker is concerned, the number of cases in which custom broker gets charged and then has to struggle for getting exonerated have increased exponentially. In last, I would say, 35 years of 40 years I have been working, in the entire 35 years, we didn't have a single case where we as custom broker were implicated for something. Now, it has become a commonplace whether customer makes any mistake...and these are mistakes. You don't criminalise mistakes and when you start criminalising mistakes, you create criminals. So, this is, I would say, extremely negative, not just mistake by a customer or a port or a shipping line. They implicate everyone and you have to undergo a very traumatic process, and which actually is preventing many of us from investing more. We do have lot of assurances, circular coming up case to case..we can protect ourselves, our associations come to protect us. But according to me, this should not exist at all. So, this point I would say, penalties are severe and they are used mercilessly and you can see in courts, we win in most of the cases. So, it is a case of accountability also. There has to be a significant accountability that you have made an Indian businessman suffer, is actually you are doing harm to the economy and lot of our management time and our independent time for thinking for growth, thinking for innovation is lost in this and it is very demoralising. so, I would say this is true in most laws, the punishments are higher

and I would say when you have imposed conditions on us, when you have asked us to make every transaction digital, at least logistics industry and custom brokers, every transaction is digital, every transaction file goes through a gateway. So, every transaction is captured by one government or other, then we should not be required to file any returns at all. Like, why should I file GST returns? why should I file income tax return. When every transaction of mine is digital and government has data in one form or other and then sign all the declarations in blood? So, what is said trust-based is I have to sign a declaration in blood and then they will raise several objections. What we say is there is no corruption now because of this technology but if you are stuck, there is an extortion. So, I think this system has to change rapidly. People are shy and scared to say about it, but somebody has to say that. And we all have suffered. I can tell you without exception, everybody has suffered but people are scared to speak about it, and the bigger the players...not in our industry, I am talking more about my customers...bigger they are, they are more scared to speak about this.

**But, we have been hearing that Customs has brought lot of changes and they are friendlier, faceless assessments are there....so lot of things we have been changing?**

I would say faceless is retrograde. Faceless is there is someone at the other side, in some other city. The trade all over the world and trade in India was human-less, it was system assessment. So, I wouldn't say faceless is a progress to our being more friendly, and challenges of faceless have been admitted by the Customs also..that the documents going elsewhere has delayed the cargo, and our federation has presented statistics for it. So, faceless was definitely not user friendly and it was going back from system assessment. So, I would say, Customs is one of the early assimilators of digitisation, most transactions are digital, but that doesn't justify the factors I mentioned.

**In freight forwarding, how are we adopting to this transition of having sustainable practices?**

We have always seen that Indians and I would say rest of the world also have been charitable. See all the hospitals, charity hospitals, see all the educational institutes...without somebody donating, will they have come up? Will government have built all the hospitals and educational institutes? It is impossible. It's someone who has donated and contributed to charity, that has brought in lot of things. I would say sustainability, I am constructing a building in Pune for my own corporate functions and we are making it a green building though making it a green building doesn't give me any financial or FSI, means additional space advantage, because that place has other limitations of height and the setbacks I have leave on all the four sides. So, I still am going for the best possible green building because I feel good about it. My colleagues feel good about it that we are in a space that is environmentally friendly, we are making a positive contribution by using technologies that use less water, less electricity. We generate our electricity by solar panels, we recycle air in a better way.

# CUSTOMS BROKER IS A MULTI-TASKER NOW

"The role of a Customs Broker has expanded a lot to perform multi-tasking, but digitisation has made it a lot easy, as a lot of information is available online. Effort is being put into skill building."

**In the past decade, how the Custom Broker role has changed or rather evolved and what are the challenges that you see today, Custom Broker community faces?**

We are working on processing of Cargos across an international border and our basic function would be to ensure proper compliance. When one looks at the obligations in our regulations, they are very heavily based on safety, security and compliance. So, in one manner, I am a compliance officer. It is my responsibility to not only advise my clients, but to also ensure that they follow the advice, which has to be based on legal compliance issues. So, that has not changed at all.

But what has changed is the way the Custom Broker is being forced to look at things which are outside his purview. The definition of a Custom Broker under the Customs Act or under the various regulations under which we are licensed has not really undergone a major change at all. But we are expected now to be real multi-taskers. I have seen this whole industry undergo multiple changes. Earlier my job was to file a document, process it through Customs and give the delivery. Today, I am expected to deal with every other possible stakeholder other than myself. I am expected to finance every of those activities. I am expected to take ownership of every activity that the stakeholder has to do with respect to an individual Customs clearance. So now suddenly I am responsible for transportation, packaging, certification, maybe even fumigation, palletisation, carrier issues, legal issues with the participating government agencies.

**You mentioned there is a lot of multitasking and challenges. So, how do you see the Indian Customs community gearing up to meet this kind of multi-tasking today?**

I see the computer has made it easy for all of us. There is a lot of information that the government has put out in the public domain. So it is a bit easy for somebody who has been able to adapt to understanding the macro issues in the movement across borders, in the trade agreements and as viewed by the foreign trade office. Once I have understood the macro issues for me to implement the micro, I only need to be good at English. Most of the Custom Brokers can answer any questions just by referring to their smartphones.So that sort of a change has come in. In addition to this, FFFAI and the Logistics Sector Council and a large number of smaller institutions also, each of them is working to impart skills to the existing Custom Brokers and in the last 2 to 3 years a very welcome change has come and that is the Custom brokers are now realizing that their offices are not as efficient as the leader of the organization but as the entry level person. And now we are seeing a lot of investment happening in training and up-skilling the entry level people.

**Earlier we have seen there were a lot of trust issues with the**

**Customs Broker either from the regulatory side or even from the shipper side. So what has been done to actually change the image of the Custom Broker? You mentioned about exim community not extending the kind of a respect, So what do you think are the reasons?**

First of all it is important for us as a community to be able to go across and tell people that look I am important, I am relevant and without me you can't work. This is happening across the country. You go to any state, you go to the Chambers of Commerce, the CIIs, ASSOCHAMS, the PhD chambers, everywhere you are now seeing active participation from the Custom brokers. The sad thing is that with so much thrust on contactless activities with the department our earlier interactions with the Customs Officers, where we met regularly and talked across over a cup of tea. We could go across and tell them that this is not happening correct. That has unfortunately only gone up to the Commissioner level and higher.

Access to an Additional Commissioner or a Commissioner level has become very easy, to walk across to him and talk about the issues, but the micro issues which we face on daily basis have to be handled by the lower officers. And that interaction has unfortunately undergone a lot of change which will have to be addressed just in a similar manner that the DGFT has addressed it through a virtual conference. Still, Customs has not reached that stage. Customs will have to reach that stage.

Then comes the Customs department itself. I like to talk about something very different. If suppose an adjudicating authority, a Commissioner takes a decision on a file where the value of the file is more than 50 lakhs Rupees, the whole structure is that a copy of the decision goes to vigilance. Now, this tells the Customs adjudicating authority at stage one that the government is not trusting your decision. Why should a decision directly go to vigilance? It should go to vigilance if there is a complaint, if there is a reason to doubt the integrity or the judgement. But with this mandatory sending of judgments to vigilance, you notice that Custom Officers, Adjudicating Officers don't want to take chances.

**"Custom brokers are undertaking transportation, packaging, certification, maybe even fumigation, palletisation, carrier issues, legal issues with the participating government agencies, and the standard answer one gets from the exporters and the importers is you have to do it."**

**"The Custom brokers are now realizing that their offices are not as efficient as the leader of the organization but as the entry level person. And now we are seeing a lot of investment happening in training and up-skilling the entry level people."**

**"India does today around 53,000 transactions every day on movement across borders. And if India really wants to increase its export by 8%, by rough estimates this 53,000 should go up to at least 160,000 every day."**

And that is why we suddenly see a large number of Custom Brokers being show cause, penalized, suspended or revoked. And one really studies it at the C-stat level. Nearly 90 plus percentage of the decisions are reversed.

**On one side, we understand that Customs Department has become very proactive in adopting digitalization, bringing a lot of reforms, I see many regulatory documents are coming in a quick succession, which says that they have been moving very fast. On the other side, I hear you mention, it has become rather over regulatory and too much of authoritarianism has come in. So, how do you see on both the sides of this Customs department?**

Do we need so much of digitization?

Do we need so much of system driven processing? The answer is a very big yes. We must recognize that India does today around 53,000 - 54,000 transactions every day on movement across borders.

And if India really wants to increase its export, I mean its share of the international trade to maybe a 7 or an 8% by rough estimates this 53,000 should go up to at least 160,000 every day. Now 160,000 transactions spread across 30 to 35 cities in India, being handled by more than 200 Custom stations cannot happen unless we digitize the whole thing.

The question is, are we actually prepared for it? The Custom Brokers took a while, they took 2 or 3 years to accept that yes digitization is the way forward. but on the departmental side, it has been a top down approach, it has been fore sit down. So the average officer, the Appraiser, the Superintendent, the Assistant Commissioner, are they actually ready? They are not ready for this. Yes, slowly their acceptance level is increasing, the systems are getting more and more robust. One can administer something very smoothly by taking every stakeholder into confidence. This is where the government is lacking. They would do a discussion today and say it's being implemented from tomorrow. At least give the stakeholder 7-8 days to understand the processes, do test runs at different places and then implement all of them.

Even the officers need to be trained correctly into doing it. They need to understand that digitization is not taking away their authority, it's only making it more simple and they're trying to do it so that when we move from this 53,000 above, it doesn't become a big mess. Like if you look at it in the good old days the Assistant Commissioners reviewed every query in the evenings. The queries were made, then queries went out to the importers and the exporters, but they reviewed it. But with faceless and other type of formats, there is no review on the type of queries that are being raised. There is too much hurry everywhere. And if you notice implementation of GST, the Customs wallet, everything took 8 to 12 weeks to settle down. So that's too long a period. Instead of that, if they just do a test run on a few things for maybe fifteen days things can happen much more smoothly.

**We have seen a glut of containers and people are talking about a slowdown in Europe and even the holiday season also seems to be not very encouraging. So what is your take on the business prospects for the maybe next couple of quarters?**

See, first of all, we must remember and understand that the cake size of export/import has got smaller. This unfortunately has led to a lot of unhealthy competition amongst the freight forwarding community where everyone now wants to do everything without having understood what is actually happening. Today when you talk to the Freight Forwarders, the Custom Brokers, the shipping lines, the airlines, even the custodians, nobody is talking about groups. Everyone is talking about maintaining their volumes, protecting whatever was their constituency, if I may say, or whatever was their shipment count/ volume count.

**You mentioned about nobody's talking about growth and there is lot of competition, the pie size has become smaller, but on the other side, the government is talking about getting into a five trillion economy and then the ministry is bullish about making let's say 10 billion MT port capacities in the next two decades. So do you think all this is too ambitious when you compare with the ground reality?**

Shipping is a cyclical industry. So with the creation of more infrastructure, the vision to have more probabilities on export is the correct thing. It's only a question of when will the government and the exporting, importing industry actually sit down and be able to find out how they can help each other.

Like the government has come out with something called the manufacturing and other operations in warehouse regulations. One of the best regulations that could ever have come out in India, but there is so much mistrust in the importing community that they have not picked it up with two hands.

The Authorized Economic Operator, wonderful program, but the central government, I mean the board and the international customs division is so confused on that, the AEO program doesn't give anybody a certification in less than maybe 5 to 6 months, sometimes even one year. They don't have a robust renewal system.

You have the AEO scheme where exporters, importers, logistic operators are interested, but the government is delaying giving the certification. If you look at the way the Custom Act and the other enactments have been amended over the last eight years, they are talking about facilitation, sharing of information, bringing everybody onto a common portal. But you look at GST refunds, Customs issue, Custom refunds, it's another big issue which is pending.

**For the Customs broker, which are the skill sets that will be in demand? What is your advice to the Custom broker companies and to the youngsters who want to join this community?**

The skill sets that they require according to me would be a small capsule of domain introduction that these are the terminologies, these are the macro level issues. This is what the law says. They only need that much.

Along with that, they need a good working knowledge of the English language. They need to be very good at assessing that information online.

We use the word compliance very often. So compliance is basically following the law. But compliance for today's worker is his ability to ensure that the correct alphabets, numbers, descriptions are fed in because if he feeds that incorrectly, the computer is not going to stop it at any point in time. The federation is in dialogue with the board to re-look at the way the Customs examinations are conducted because somewhere we are still stuck in the old formats of examinations, but we want to do everything on the computer.

# DIGITISATION IS THE WAY FORWARD

"We are going to digitize our federation where we have a common platform where all India members can network and all the declarations related to Customs or shipping lines or CFSAs, they can do it from the FFFAI portal itself."

**This year, India has improved its ranking on the World Bank's Logistics Performance Index to 30th position. What do you feel has changed in the improvement in logistics and what still needs to change for the better?**

We should analyse what has helped us to rise the ranks in LPI and what needs to be done to sustain and further rise up the ranking.

The government's interest in the logistics sector is very deep, as they have dedicated one single line of ministry under the logistics division, which is headed by the Special Secretary Logistics under the DPIIT, serving the whole logistics industry. Earlier there was never such focal point which could really focus on what is the industry requirement. When you say backbone of the economy and there is no ministry.....earlier for matters concerning to ports, shipping; we had to go to the Minister of Ports & Shipping. If it is related to commerce, we had to go to the commerce ministry. Civil aviation was not in coordination with them. So, all these were working in isolation, and when we tried to join this whole isolated into an equal uniform practice or getting on the common platform, I think that is the biggest step the government has taken, and with this coordination, I think so it has become an easier way. I will just give you a simple example. Like Minister of Commerce under DPIIT, they have initiated e-log. Any association or person, having a grievance with regard to development can come up with a suggestion and if there is any representation to be done to the respective Minister also he may upload it on this, and it is being monitored on regular basis and then we are having a regular meeting with all these ministries on one common platform where we try to assess these developments. So, it may be related to policy, infrastructure, procedural, law, acts....everything comes into the whole system. So, this is how the initiations are started.

So, when you see the infrastructure part, the infrastructure part, everywhere you see dedicated freight corridors coming up, ports and shipping development coming up and not limiting to the ports and development, maybe the international territories like presently the Sittwe Port development where it gives accessibility to the North East also or even the eastern coast. So, all such type of infrastructure is adding value to the whole of system and this is where we find that in whole of the system, each and every sectorial...because if you see overall, the ranking is not by itself in the logistics infrastructure development. The whole system gets developed on some criteria and what are those criteria if you see? One is the customs; policies' level, procedural aspects. Another is the infrastructure; international shipments... how much you are scoring. The logistics have quality what they are tracking; tracking and tracing. Another last one is the timelines. So, all these criteria have been fulfilled, but if you see what I was

really surprised. I thought the Customs was the toppest to facilitate because every day you find something or the other trade facilitation notice coming up, but it was really surprising that Customs has now gone from 42 to 47 ranking in the whole of this criteria. When I was on the IFCBA as the Chairman of the International Federation of Customs Brokers Association, I saw they were trying to adopt India's technology and the procedure in trade facilitation effectively. We just had one Jamaica Customs Brokers Association webinar along with FFFAI to adopt the best practices and they were saying that presently, they were only following Canada and the US to adopt the best practices but after hearing us, they said you are the best. Now we should try to adopt your best practices. And other parts like tracking and tracing, it seems India is leading in digitalisation but in spite of leading on the digital platforms going down from 30 to 41 was not acceptable. If you see the infrastructure, FDI, sectoral development, is really going great. Next thing what you could see, is an integration of all systems working in isolation. Sea and land Customs transshipment, transits, these policies and procedural aspects needs to be checked because this is creating more challenges. In other countries what you find this has become seamless but in India it still needs to be addressed to enable seamless, borderless movement of cargo within the states. Even in ease of doing business, we have moved up from 14 to 6.

**"I should be knowing the cost in advance when my cargo is landing somewhere, which is not transparent in the whole system, and when I am taking into consideration logistics costs, what are the parameters actually that come into this...so this clarity is still not there."**

**"FFFAI has played very important role in INSTC and one of those initiatives in partnership of government which we initiated with the ministry of commerce has really made a lot of difference and has opened up the access to CIS countries."**

**Government's focus is also on reducing the logistics cost drastically and improve the first mile, last mile connectivity. Actually, that will bring the seamless movement of cargo. So, when you are moving the cargo do you see any improvement in this connectivity aspect?**

Actually, the whole system, when you say the logistics cost itself is challenging on basis of how it is arrived at. We should first understand what is logistics cost? Considering the carrying capacity, whether carrying cost is involved into it, the lead time, the advance orders are involved into it, or whether you are taking only the shipments cost and not in destination, the legal policy or the legal aspect plays a very important role. I will just give you a simple example. Anything which comes under the CIF in India, the destination costs are not controllable at all. If you see the present Gazette of Sri Lanka, they have very well prescribed the amount of charges which can be levied by any of the logistics player before handing over the cargo, and it should be cost free. Like you get a courier delivered at home. It should be the same thing. It is a free exchange delivery. If this concept is implemented in India, I think we can have seamless and faster movement and anything reducing the dwell time or expediting the shipments movement can always be beneficial and give an add on advantage to the logistics cost.

Further, the planning and regulations; these are more important. So, logistics cost is not only the shipment cost what is incurred in direct form but is an indirect cost which has to be taken into consideration. Infrastructure can only facilitate trade but the mind set and the quality of services need introspection. For instance, I should be knowing the cost in advance when my cargo is landing somewhere, which is not transparent in the whole system, and when I am taking into consideration logistics costs, what are the parameters actually that come into this...so this clarity is still not there.

Coming to what has improved? Infrastructure, movement of goods, the carrying capacity and also the education and training have improved.

In our logistics industry, it is the next generation which is coming up. The tradition set of mindset of thinking is gone. Mostly system oriented, technology oriented and more of skill development have come, skill based services and logistics are coming up. That is changing the whole focus of logistics.

**Can you briefly give me what are the achievements that FFFAI has done in the last 2 years and what were your experiences?**

FFFAI has played very important role in international north south transport corridors and one of those initiatives in partnership of government which we initiated with the ministry of commerce has really made a lot of difference and has opened up the access to CIS countries like Russia and that has been a challenging road because on the other side we have China and Pakistan, which is challenging in crossing countries. So, our trade movement to this was really restricted and this has opened up new avenues for our trade and that is where we find the role of FFFAI playing very important with government's partnership.

India was in accession to the TIR Convention. Now, no other country in isolation got the TIR Convention. India in just 88 days got this TR Convention and that was our recommendation when we did INSTC. So, this has opened up a borderless Customs for entering into these CIS countries. Now coming back to the FFFAI, we have skill building initiatives engaging with the Ministry of Commerce for various projects to be undertaken. Our Indian Institute of Freight Forwarders (IIFF) is collaborating with IIFT which is the Indian Institute of Foreign Trade or NITIE, now known as IIM. In terms of the Bill of Ladings, our membership with FIATA, and International Federation of Custom Brokers Association, gives us the international perspective.

As an IFCBA International Federation, we have direct access to the WCO under the PSCG (Private Sector Consultative Group), so we also directly act as a private consultant to the WCO. So, this is how we try to develop and now we are going to digitize our federation for our members where we have a common platform with networking and all India members can network within themselves and all the declarations related to Customs or shipping lines or CFSAs, they can do it from the FFFAI portal itself.

**"Infrastructure, movement of goods, the carrying capacity and also the education and training have improved. Skill based services and logistics are coming up."**

**"If you see the present Gazette of Sri Lanka, they have very well prescribed the amount of charges which can be levied by any of the logistics player before handing over the cargo, and it should be cost free."**

**Recently you have introduced this FIATA eFBL program. So, how is it taking shape and what is the response?**

We are only able to issue bill of lading with the multimodal transport operators having registered with DG Shipping and then there is some apprehension about the players like I have to go to the government, file details. There we find that there is no participation. The FIATA bill of lading which is our international body, ICCA approved and widely acceptable in the trade, Indian Chamber of Commerce, and also by the banks. So, we experimented by introducing this bill of lading into our Indian system and empowering our logistics players and it is really doing a wonderful job. Month-on-month we are getting demands for this bill of lading. So, now we are going to take it further in getting it under the e-bill of lading platform. Now, this e-bill of lading platform also, we are ready from our side, but it is to be legalised through the banking channels because unless they do not come under the platform, to have the seamless, paperless, contactless process of the bill of lading, it is going to be difficult.

**What are the key challenges your members face while executing their business?**

The international regulatory environment, nowadays it is becoming such challenging. A simple thing like SCOMET which has come up. SCOMET is one where you cannot predict or you do not know as to how to go about it. It creates a liability, accountability, and without anything you may have a business risk at stake. There are items such it is not only related to chemical or something of the engineering but it is beyond that. Anything which can be used in the source of nuclear would come under this SCOMET NOC. But where is the system which has been created to give this NOCs...like one PGI agency is there. If you are doing something with food safety, you have PGI agency like FSI, where you have drug control. Medicines and all will come under drug control, phytocentric we have an agency. But there is no such agency which has been created for this SCOMET NOC and there is no such application, and even in offices or regulatory system, even they do not have that expertise to identify whether it would be SCOMET item or non-SCOMET item...forget about the trade. So, the government should be sensitising on adopting new regulations, and it should be system based, not human based. The mindset, the training at ground level needs to be changed. If I have to submit one custom declaration, I should be able to know, by when I will get the document pass with me, it will clearly help trade to enhance and plan it in the better way because then you don't lose on the unproductive cost which can be like employment of vehicles for delivery and then you feel, okay the documents are not passed now. You know, in anticipation, you can do a lot of planning.


# OVER REGULATION DEFEATS THE INTEREST OF TRADE

"Digitisation of Customs has brought a lot of relief to the exim community, but over regulation should be avoided as it defeats the spirit of ease of doing business."

**When the DPD and DPE were introduced, initially there was commotion and later subsequently we got in terms with the changing regulatory systems and so now I would like to know what is the status of the DPD and DPE and the impact of both these systems on CFS operations?**

Let's first start with DPD. DPD picked up from 2016 onwards and for the 6 years from 2008 to 2016, it was at 8% at JNPT and today it is at whopping 65%. The change was not gradual; it was sudden because from 8 to 60% and now for three years it just stabilised. I don't think you can have more DPD because 35% of the cargos in India is scrap metal, paper, which will never go into DPD mode. Yes, the volumes were hit. Government also realized that doing a pure DPD is not feasible because ports will get congested, they will have to resort to cherry picking of containers rather than enblock clearance by the CFSs. So, it was decided, let the containers be DPD, let them be cleared and the consignee or the importer can choose to do so either directly or through CFSs. We all found CFSs are more efficient because we could evacuate it in 29 hours, else they could take 50, 60, 70 hours and importers paid penalty to the port further the trucks got stuck. So, things are going on smooth for 6 to 7 years. The income was down, but it is sustainable.

Direct Port Export has affected CFSs in the last one year, especially in JNPA, the reason being, a government strategy to promote more efficiency. JNPA has created a central parking plaza, where the government says all the export boxes which are factory stuffed should come there, do the documentation and move to the ship, ideally it's a wonderful situation and we have no objection to it because in any case, what is coming from the factories was already going into exports, directly to the port and that's why 75% of the exports are already DPD all along. Now, what has happened is the CFSs export volumes continue to be same, stuffed and export order is given, so that is going on fine. Earlier, the exporters used to stuff containers at the CFS and just before the gate closure for exports, they would truck it to the terminal and do the formalities. Now, that has stopped with the Central Parking Plaza and the volumes sent are roughly about 70,000 TEUs per annum between our members. So, that's further loss of income.

**Apart from DPD and DPE, I feel there are a couple of other reasons - one being lot of CFSs around in the JNPA area, so too much competition. Second, I also see there are rising costs from the private ports from**

**the recent example when the charges are suddenly hiked for the export containers. So, can you comment on these two issues?**

I think JNPA is the hub and the costs are definitely going up for the reason... there are 2 things – ground rent was a source of earning for the CFS and the trade has got disciplined to some extent. Secondly, the shipping lines give 7 to 10 days free time and CFS are also required to comply. So, the substantial income was from the ground rent because that was from the lethargy of the trade. With the efficiency coming in, that source of income is reduced. The problem arises when some genuine ground rent for the CFS owners is lost, due to the cargos which are confiscated or put on hold by the Customs. There are many Supreme Court rulings, so, they brought in an amendment by the way of a subordinate rule HCCR 2009, that is handling of cargo in Custom area. So, according to that they say that containers, if they are put on hold by the Customs, it is for some genuine reason, so you are not allowed to charge a ground rent. Here the time limit is not defined -1 month or 2 months. Here, these containers stay for decades, for months and our members keep losing the ground rent. So, that is another unhealthy part of the rule system.

**I hear 2 versions on Customs operations. On one side they are bringing up a lot of policy changes actually beneficial to the trade. But on the other side, there is over regulation. So, from your perspective, can you comment on this?**

I agree with both views. Let me first talk about the good points from the Customs. Yes, the maximum reforms have come in from the Customs. They have moved to paperless transactions benefitting importers, but there are still various issues because with the faceless Customs assessment, there are more delays because the officers are not trained to understand it. There is no face-to-face dialogue, but otherwise, the paperless facilitation gets offset by ICEGATE, the main IT domain of Customs, which is very slow and cannot handle the volumes.

However, for the custodians, it is no ease of doing business but it is more of a pain of doing business because they had started overregulating the custodians especially the CFSs and ICDs and more so in JNPA. They brought in a circular in 50 of 2020 saying that CFSs and ICDs must be examined every year. They asked us to become AEO - you will get lot of facilities, you will get bank guarantee relief, all that was done, and they are supposed to get you an AEO for 10 years but they issue AEO certificate only for 5 years, they issue the CCSP license for 10 years which gets restricted to 5 years, and every year inspection – this is a huge cost. I will give one example; they want you to take permission for every single vendor who works for you. Now CFSs are all ISO certificated, they have the best of the clients, they are regulated by the Customs. We are only supposed to inform them and they say no, you take permission, which again is a sort of overregulation. Too much of digitisation is preventing the shippers from getting the answer or refunds at the right time.

**Can you summarise the key concerns of your members and how CFSAI is addressing them?**

Our first request has been that give us a perpetual license under ease of doing business. I will give you an example, DG Shipping used to give general trading license of 1 year; in 2014, when I was the CEO of INSA, they made it 10 years, and 2015 they made it perpetual. The Customs have also mentioned that too much of interface is not required; it leads to corruption...they have documented this and they gave the Custom brokers perpetual licenses of 2 years, from 23 July 2021. So, we have been seeking for a perpetual license but instead of even 5 years, they restricted to 1 year inspection, where are we heading for.

Next is the cost of insurance. We are supposed to be taking insurance for the Customs cargo. Customs are interested in securing their duty amount. However, they ask us to take an insurance on the full value of the goods plus the duty amount, and we have been representing the trade — the importer and exporter, merchant takes insurance from the time of shipment, right up to the door delivery. So, even if we take an insurance, we will not be able to be benefited by any claim

**"The government realized that doing a pure DPD is not feasible because ports will get congested, they will have to cherry pick containers rather than enblock clearance by the CFSs. So, it was decided, let the containers be DPD and the consignee can choose to do so either directly or through CFSs."**

**"CFSs are more efficient because we could evacuate it in 29 hours, else they could take 50, 60, 70 hours and importers paid penalty to the port further the trucks got stuck. The importers are not used to this system."**

**"Earlier, the exporters used to stuff containers at the CFS and just before the gate closure for exports, they would truck it to the terminal and do the formalities. Now, that has stopped with the Central Parking Plaza at JNPA,impacting CFS revenues."**

from there. So, it's a redundant, CFSs and ICDs are all paying an additional amount of maybe 30 crores, which can come down to 5 to 6 crores. So, this will be one saving.

Another one is about the permission for vendors. All the CBIC rules are very clear, but some commissionerates, especially JNCH, they interpret in a different manner and their interpretation is taken as a gospel truth. Another challenge is on hazardous cargo. All CFSs, when they were built, the fire department and the CIDCO in JNPA, whoever gave the land, they ensured that the construction is not for handling hazardous cargo. We follow the IMDG Code book which is universal. No Commissionerate requires a separate permission for hazardous cargo barring JNPA, and that is again after every 2 years, and this also is subsumed in the yearly instruction. So, you can imagine the pain a CFS operator has to go through with the Customs with overregulation, so these are our major challenges.

**Some of these issues we have been hearing for quite long. Why it is taking so much time for the concerned authority to solve it?**

For the last 7 or 8 years, we must have made at least 20 or more representations. We have met chairman of CBIC, we have meet member of customs, joint secretary of customs. We were assured that this would be done, they get convinced, they issue us the file notings, but apparently nobody takes any decision. We are never favoured with cost recovery waivered. When you set up a new CFS or ICD, they expect you to do minimum so much of threshold limit of the containers as well as the number of BLs. If you fulfil that criteria after 2 financial years, you are supposed to get a cost recovery waiver, otherwise you pay to the tune of 1.7 to 1.8 crores per anum to the government for providing the Customs officers. Now, after 2 years are over, it is a process...the Customs Commissionerate has to get the permission from DGHRD and CBIC and give you cost recovery. Now, our members are facing, for last 4 years, they have spent....3 years they have spent 5 to 5.5 crores additional. Lot of them have gone into litigation. Adanis have gone into litigation; there are clear judgements from 3 High Courts, but customs do not seem to be honouring them and this is another big pain area. One of the members represented to the PMO and they asked what is this cost recovery waiver and they said its customs ...isn't it a sovereign duty, should the government be providing this, that's the question mark.

**With the faceless Customs assessment, there are more delays because the officers are not trained to understand it. The paperless facilitation gets offset by ICEGATE, the main IT domain of Customs, which is very slow and cannot handle the volumes."**

**Let us look at the promoter's side. So, amongst all these challenges, CFSs also have to innovate in their operations. So, you are also talking for the last couple of years, like CFSs can get into several other activities like handling coastal cargo, domestic cargo or even air freight. So, how much has changed in the perspective of the promoters to give value added services to the customer?**

I have been talking on this. We have even demonstrated how a smart yard without creating any physical boundaries with virtual boundaries we would be able to segregate, aggregate domestic cargo and EXIM cargo, how it is being done in the ports, we are extension of the port. We have been addressing this with government and in the logistics policy released by the Prime Minister on the 17th of September 2022, they did make a mention, but that is policy ...it's a policy statement. It is not specific. How this is to be done is not defined, and ultimately, we have to get back to the Customs. So, we asked Customs for 2 pilot projects our members had everything ready. Nothing happened. They said we are also interested and we will get back to you. The chief commissioner changes, the new chief commissioner comes, you explain to him; it just doesn't move because the policy has to somehow say, these are the steps, these are okay... if you are meeting these conditions, please go ahead and start with it. You will see a sea change overnight and all our members will start doing what is being done now, multimodal logistics park, you can't call them multimodal because CFSs are better served with one mode of transport because road transport is good enough for up to 200, 250, 300 kilometers cluster. So, we call them logistics parks or multimodal. Give any nomenclature, but allow us these activities. But it has not moved a millimetre in any part of India so far.

**Government of India has set a very ambitious target of reaching 10 billion metric tonnes per annum kind of a handling capacity that supports maybe by 2047. So, a while ago, we talked about too many CFSs around JNPA but when this kind of growth happens in the terminal capacities, port capacities, do we need more CFSs maybe rationally distributed? What do you see?**

The future of CFSs would depend on what is the size of the port and how much is the capacity available. Probably the model would be that CFSs within the port. Let's take the biggest port which is going to come up is Vadhavan, adjacent to JNPA at Dahanu, it's going to be the biggest port with 26 million teus. We spoke to the Chairman JNPA, he says yes, there will be an opportunity; we cannot develop everything on our own. There is an opportunity but in case port has got very large capacity and has got large import houses and warehouses, the CFSs will be functioning as those warehouses. Cargo will have to be stored somewhere and it is safest either in the CFS or inside the port. Going forward, ports may create adequate land to handle that cargo for which operators like CFS operators would provide the services to the port and ultimately the end user, importer and exporter will be benefited.

# EXPANDING BOUQUET OF SERVICES

"Our short-term focus is on ESG initiatives, gender diversity, but in the long-term we will be looking to expand on the infrastructure side. We also have plans to venture into air freight operations."

**You are present in a lot of segments, how is the business climate globally and in India?**

Post-pandemic, there has been a huge capacity increase by the shipping lines, because shipping lines thought that the only way people will consume is when the goods are delivered at their doorstep and people will not travel and there was a huge demand for movement of goods from all over. So, there was a big gap between the demand and the supply, resulting in price increase. The shipping lines thought this is a good opportunity to increase the capacities. The capacities went up. Then subsequently the pandemic got over and people started traveling. So, the consumption cycle changed, in fact the consumption has reduced and several economies are facing a steady state. Especially the European economies are experiencing a lack of growth and the American economy is reeling under inflation. So, there is a huge increase in interest rates pushing up the costs, so, the consumption going down has affected the logistics sector. So, to answer your question in one line, in the current context, yes, we are seeing that there is a lull in demand, and it will take a year for things to shape up. Another thing we are waiting for is the Ukraine war. I think the Europeans sentiments are a bit depressed because of the war situation. When that gets over, then I think the demand cycle will pick up.

**So, that is, the global scenario but are you positive and bullish about the Indian scenario?**

India is moving from being a 3 trillion-Dollar economy to become a 5 trillion-Dollar economy. We have 1.4 billion population. We are going global, with the geopolitics that has happened at the G20 Summit. We see more and more procurement happening from India, which gives us an advantage in term of keeping the buoyancy of the logistics service and we will have that demand which will go up in time to come but in India, we have that sweet spot and having the benefit of being one of the few or the only large economy which is growing at the rate of between 6% to 7%. So, we have that advantage but we cannot ignore the fact that...talking about international logistics, we still have excess capacity. Although we are at an advantage that advantage is kind of overcome by the excess capacity but we are still better off than lot of other countries globally.

**Going back to the global scenario and being an international player, now what makes more business sense? I think you have already entered into Bangladesh or Africa which seem to be very positive markets. So, can you tell a little bit more about the operations there and what do you see in the years to come?**

These are all growing economies — East Africa and Bangladesh, but in terms of growth opportunities, their base is very low. It is important to have your flag there but the business opportunities are not as big as India, because the growth is not as fast as in India, or the volumes available in terms of absolute numbers are not

as big as in India. It is just one more addition in terms of the opportunities or segments that we operate in.

**You talked about the buoyancy or positivity of the Indian economy. Do you see the same kind of developments happening in terms of our regulatory framework or the approach of the government, because we have been claiming that we jumped 6 spots on the Logistics Efficiency Index. What has positively changed in our industry and what are the specific changes that you would like to see?**

So, what has changed in our industry is basically the hard infrastructure. So, we have continuous addition of new roads, upgradation of the railways, Dedicated Freight Corridors which is on the verge of completion. We have new port terminals which have come up in the last 5 to 10 years and some of the new ones are coming up, like after Vallarpadam, that was one of the last ones, and new capacity has been added at Mundra, the Vizhinjam port is coming up. I think there is some development on the East Coast when it comes to Dhamra and Haldia, etc. So, this has greatly helped us to achieve efficiency in terms of movement of goods. When it comes to the software, as in terms of the processes and systems, I think we still have some opportunity for us to do that better because their whole concept of community system or seamless data flow has still not been achieved because we are still operating in silos. Government did come up with a Gatishakti Portal. But, it has its own teething issues and there will be a time by which things will happen. So, the seeds have been sowed. So, it will be sometime before we get a benefit of that.

**"We see more and more procurement happening from India. In India, we have that sweet spot and having the benefit of being one of the few or the only large economy which is growing at the rate of between 6% to 7%."**

**"East Africa and Bangladesh are growing, but in terms of growth opportunities, their base is very low. It is important to have your flag there but the business opportunities are not as big as India."**

**Years ago, when we talked about the freight forwarding business and especially logistics services, we said a lot of innovation and automation had to come in to differentiate from the competition. So, how are things now. Are the operators still struggling or are they migrating, have they become aggressive, how is the scenario?**

Adoption of technology has been a little slow in our international freight forwarding and logistics industry because I think without implementation of technology, people are still able to sell their services, and there are no disruptions which are coming because I think one of the barriers for disruption to come in are ..you need to have huge investments. Because you are currently carrying a capacity, and people have lesser choices, you still end up selling your services with or without technology. So, there is no real reason for large logistics service provider to up their technology quotient. Even if you are a large service provider like a shipping line or a port terminal or just take for example the Indian Customs, they need to be aligned with all other service providers and everybody has to have the same technological quotient for adoption of technology. So, individually when you implement technology, its impact is much lesser but if everybody adopts the same technology, the impact is higher. So, I guess that's where these initiatives of community service, initiatives of Gatishakti platform will help improving the technology quotient across all the players and that will really benefit the shippers as well as help in bringing down the transaction cost.

**Another challenging scenario what we see is the supply chain**

**services integration like now shipping lines have got into almost every sphere of activity, CFS operations, partnering with container terminals, operating trains and they are into air freight. So, how bad it is for a logistics service provider or a freight forwarder?**

Yeah, it is interesting to see how it will impact. In the Indian context, the market is growing and the impact is not much because even if the shipping lines are offering the end-to-end solutions, there is always new business which is available for freight forwarders. So, if they have lost something to the shipping lines, they have gained something somewhere else, and there is a limitation to the kind of business a shipping line can service. They can only service large shippers, maybe having 50 or 100 containers a month. That's their threshold. Anything below that they just don't have the infrastructure, know-how to handle smaller customers, and that's where technology can be used where customers can go on to their portal and use this. But firstly, they don't have those portals and self-service kind of platforms are not ready to begin with or available and even whatever little is available, there is no incentive for the shippers to do it because at the same or a lesser cost, some other service provider is giving them a service at their doorstep - very individualized service because this is still a very people-oriented industry and people are able to give services at a nominal cost...very personalized services. So, to answer your question very shortly... yes, in Indian context, it has not made much impact as of now.

> **"In the current context, yes, we are seeing that there is a lull in demand, and it will take a year for things to shape up. Another thing we are waiting for is the Ukraine war to stop, as it will open up the European market."**

**In the true sense, where are we achieving the multimodal transportation and what still government has to do to really enable the multimodal transportation?**

Multimodal transportation is actually happening, when you move the container by road and load onto ship it is multimodal transportation or you move it by rail, put it onto a ship is multimodal transportation. I think what is most important in multimodal transportation is that whenever the mode of transport is being changed...rail to sea, sea to road, or road to rail...what is the cost and time involved. I think that's where this IT system, sophistication in terms of handling equipment, good quality infrastructure, all this come into play. So, multimodal transportation is happening... at the same time, there is a huge opportunity for it to be improvised and improved upon. So, the penetration is there, we still have huge amount of shippers who sit in the hinterlands and they are able to seamlessly undertake the activity of import or export. Unless the multimodal transportation did not exist, they would not have been able to do business, and it is growing. So, it is just a matter of achieving a higher level of sophistication which helps to reduce cost and time, is something that we need to concentrate on when it comes to multimodal transportation. So, the modal switch should be smoother, cheaper and faster.

**Coming back to Teamglobal, can you give me an insight into what are your plans for the short-term and long-term?**

Environment is one area that we are very serious about and we have embarked on an ESG initiative. As you know that we run India's first green container freight station, and now we are taking that particular agenda across our offices. So, all our new offices...or whenever we do the furnishings, they are all green interiors, and now we are also working on concept whether how we can help our customers reduce their carbon footprint through green transport solutions. But in terms of green infrastructure, I think that's what we already have in place. How do you offer green transportation solution is something we are very actively discussing and seeing whether we can offer it to our customers, and the other aspect of ESG is the social and the governance out of it. So, be it gender diversity, offering better working conditions, equitable pay is something that we are continuously evaluating our policies and we are ensuring that we are ahead of the curve and ensuring that our stakeholders, be it internal or external are beneficiary of our ESG practices. In the long-term we are looking for growth in infrastructure, whether we can have more presence in which areas? We are also looking at increasing our presence on the air freight side. So, we are looking if we can do some acquisitions to increase our presence in air freight.

# INTEGRATED SOLUTIONS WITHIN MULTIMODAL LOGISTICS FRAMEWORK SHOULD BE OFFERED

: "The integrated solution should be flexible and adaptable to the specific needs and requirements of different industries and types of cargo. Tailoring logistics solutions to meet the unique demands of various sectors enhances efficiency and customer satisfaction."

**As the President of AMTOI, What is your agenda? What are the major concerns of multimodal operators and how is AMTOI addressing them?**

The primary agenda of AMTOI, is to bring value addition to our members by:

1. **Advocacy and Policy Influence:** Representing the interests of its members to government bodies and policymakers. This involves advocating for favorable policies, regulations, and trade agreements that facilitate the growth of multimodal transport.
2. **Promoting Industry Best Practices:** Encouraging the adoption of industry best practices related to multimodal transport. This could involve initiatives related to safety, sustainability, and efficiency.
3. **Capacity Building and Skill Development:** Offering training, workshops, and seminars to members to enhance their skills and knowledge in the field of multimodal transport. This may include specialized training on intermodal logistics, customs procedures, and technology adoption.
4. **Information Dissemination:** Providing members with up-to-date information on industry trends, regulatory changes, and emerging technologies. This can help members stay competitive and adapt to new developments.
5. **Networking and Collaboration:** Creating opportunities for members to network with each other, potential clients, and other stakeholders in the industry. This could involve organizing conferences, trade shows, and other events.
6. **Technology Adoption:** Encouraging the adoption of digital technologies and platforms that can improve efficiency and visibility within the multimodal transport sector.

We have a few major areas of concern as well such as :

1. **Regulatory Compliance:** Keeping up with and adhering to a complex web of regulations, both domestic and international, related to transportation, customs, and safety.
2. **Infrastructure Challenges:** Ensuring that the necessary infrastructure is in place to support seamless transitions between different modes of transport (e.g., ports, railheads, container terminals).
3. **Security and Safety:** Implementing measures to safeguard cargo and ensure the safety of transport

operations, especially in regions prone to security risks.

4. **Environmental Sustainability:** Addressing environmental concerns by adopting eco-friendly practices and technologies to reduce the carbon footprint of transportation.
5. **Technological Integration:** Staying updated with the latest technology trends and integrating digital solutions for tracking, visibility, and operational efficiency.
6. **Market Dynamics and Competition:** Adapting to changing market conditions, including shifts in demand patterns, pricing pressures, and emerging competitors.
   AMTOI would likely address these concerns through a combination of advocacy efforts, knowledge-sharing, training programs, and collaborations with relevant stakeholders including government agencies, industry partners, and academic institutions. They might also work towards establishing industry standards and guidelines to promote best practices.

**While different modes of logistics are being developed, each has its share of woes – waterways are not functional round the year due to draft issues, they complain of high bunker charges, shortage of service providers, coastal shipping has the problem of return cargo and is mostly dominated by bulk cargo. In this scenario, can a seamless multimodal logistics system be developed in our country?**

Developing a seamless multimodal logistics system in our country is certainly possible, but it would require addressing the specific challenges mentioned below:

1. **Waterways and Draft Issues:** This can be addressed through dredging and infrastructure improvements. Regular maintenance and upgrades to water channels can ensure year-round functionality.
2. **Bunker Charges:** Governments and industry stakeholders can work together to negotiate more favorable terms with bunker suppliers. Promoting alternative fuels and energy-efficient technologies can also help mitigate these costs.
3. **Shortage of Service Providers:** Encouraging private sector investment and creating a conducive environment for logistics companies to operate can help attract more service providers. This might include providing incentives, streamlining regulations, and ensuring a level playing field for both domestic and international providers.
4. **Return Cargo in Coastal Shipping:** Innovative business models and incentives can be explored to encourage the transportation of return cargo. This could involve creating strategic partnerships between industries or providing subsidies for specific routes.
5. **Bulk Cargo Dominance in Coastal Shipping:** Efforts can be made to diversify the types of cargo that can be efficiently transported via coastal shipping. This might involve investing in specialized equipment or creating incentives for industries that are more likely to utilize coastal shipping.

   In addition to addressing these specific challenges, there are several strategies that can facilitate the development of a seamless multimodal logistics system:

1. **Infrastructure Development:** Invest in modern infrastructure, including ports, roads, railways, and intermodal terminals. This will facilitate smooth transitions between different modes of transport.
2. **Regulatory Framework:** Create a supportive regulatory environment that encourages competition, transparency, and fair play. This includes ensuring that regulations are clear, predictable, and not overly burdensome.
3. **Information Technology and Data Sharing:** Implement modern technology systems for tracking and managing cargo. This can include digital platforms for booking, tracking, and managing shipments across different modes.
4. **Training and Skill Development:** Invest in workforce development to ensure that there is a skilled

**"Governments and industry stakeholders can work together to negotiate more favorable terms with bunker suppliers. Promoting alternative fuels and energy-efficient technologies can also help mitigate these costs."**

**"Innovative business models and incentives can be explored to encourage the transportation of return cargo in coastal shipping. This could involve creating strategic partnerships between industries or providing subsidies for specific routes.**

**Encouraging private sector investment and creating a conducive environment for logistics companies to operate can help attract more service providers. This might include providing incentives, streamlining regulations, and ensuring a level playing field for both domestic and international providers."**

labour force available to operate and manage the logistics systems efficiently.

5. **Public-Private Partnerships:** Collaboration between government agencies and private sector stakeholders is essential. This can involve joint ventures, co-investment in infrastructure, and shared responsibility for maintaining and upgrading logistics networks.
6. **Environmental Considerations:** Ensure that the logistics system is designed with sustainability in mind. This includes adopting green technologies, optimizing routes, and minimizing environmental impacts. By addressing these challenges and implementing these strategies, it is indeed possible to develop a seamless multimodal logistics system in your country. It will require coordinated efforts from various stakeholders, including government, industry, and the private sector.

**For using multimodal logistics, Customs services and the movement of documentation has to be seamless, else cargo will be stuck waiting for documents to be cleared at some point in transit. Are these issues being taken care of?**

The seamless movement of documentation and efficient Customs services are critical components of a successful multimodal logistics system. These factors play a pivotal role in ensuring that cargo can move smoothly through different modes of transportation without unnecessary delays. Here are some measures that are being taken or are in process to address these issues:

1. **Digitalization and Automation:** Many countries are increasingly adopting digital platforms and automated systems for customs clearance and documentation processing. This reduces the reliance on paper-based processes, speeds up document handling, and minimizes the potential for human errors.
2. **Single Window Initiatives:** Implementing a "single window" system allows for the submission of all necessary documentation through a single platform. This streamlines the process and reduces the need for multiple submissions to different agencies.
3. **Harmonization of Customs Procedures:** Efforts are being made to align customs procedures and documentation requirements across different modes of transportation. This standardization simplifies the process for shippers and logistics providers.
4. **Integration of Customs with Other Government Agencies:** Coordinating Customs services with other relevant government agencies (such as health, agriculture, and environmental agencies) helps ensure that all necessary clearances are obtained efficiently.
5. **Risk-Based Approaches:** Customs authorities often implement risk-based assessment systems, which allow for expedited processing of low-risk cargo, while focusing scrutiny on higher-risk shipments. This helps expedite the clearance of most cargo.
6. **Pre-Arrival Processing and Advance Information:** Providing customs authorities with advance information about shipments allows for pre-arrival processing. This enables authorities to review and process documents before the cargo arrives, reducing delays upon arrival.
7. **Capacity Building and Training:** Providing training to customs officials on modern customs procedures, technologies, and risk assessment methods enhances their ability to efficiently process cargo and documentation.
8. **Collaboration with Private Sector:** Engaging with the private sector, including logistics providers and industry associations, can lead to the development of industry-specific best practices and the adoption of technologies that facilitate smoother customs processes.

**The exim community looks for an integrated solution, rather than having to deal with multiple service providers. Can an integrated solution be offered while using multimodal logistics?**

Yes, an integrated solution can be offered within a multimodal logistics framework. In fact, providing a seamless and integrated experience is one of the key advantages of adopting multimodal logistics. There are various issues which have to be factored in though :

1. **Single Point of Contact:** A central logistics provider or facilitator can act as a single point of contact for the entire logistics chain, coordinating all aspects of the shipment across different modes of transport.
2. **Digital Platforms and Technologies:** Utilizing advanced digital platforms, such as logistics management systems and supply chain management software, can integrate the various stages of the logistics process. These platforms can provide real-time visibility, automation.
3. **Intermodal Terminals:** Establishing intermodal terminals serves as a physical hub where cargo can transition smoothly between different modes of transport.
4. **Standardized Documentation and Procedures:** It reduces the complexity and administrative burden for the exim community.
5. **End-to-End Visibility and Tracking:** Employing tracking technologies, such as GPS, RFID, and IoT devices, allows for real-time monitoring of cargo as it moves through different modes of transportation.
6. **Customized Solutions:** Tailoring logistics solutions to meet the unique demands of various sectors enhances efficiency and customer satisfaction.
7. **Collaboration and Partnerships:** Establishing strong partnerships between different stakeholders in the logistics chain, including carriers, shippers, freight forwarders, and customs authorities, is essential for seamless integration.

# GETTING FIT FOR FUTURE

"APMT Mumbai has been always around 2 million TEU capacity. The intention is we increase that by 10%. So, our capacity will become 2.18 to 2.2 million TEUs with infrastructure upgrade by February 2024."

**Give me a perspective of the container trade in general because I have been hearing from a lot of people that the demand seem to be still subdued and then it's not picking up. So what is your experience as far as the container volumes are concerned?**

I think we have to look at it from a trade perspective and also one part about the terminal is we are very much location dependent, which at times gives you advantage and also disadvantage. North-West India, to be honest, has had the privilege of seeing growth. And that has continued. So if you see the numbers for JNPA as well as for the overall North West India volumes have actually been steady and strong with Year on Year growth being visible from a port level perspective.

We also at GTI of course have been doing very well from our volume perspective, although we have been operating only one berth since February this year. Logically being at 50% would have been a good achievement from our numbers perspective. We have actually been at more than 70% of our numbers.

North West India is a little cocooned, if I might say from what you see in the overall global industrial perspective. From an overall global container trade, as you correctly pointed out, the numbers have softened during the perspective of this year if I'm looking at APMTs global portfolio, then YTD we are around 4 to 5% softer, compared to the same period last year. While things are expected to have normalized, there is hope that we have seen the bottom. And now we will see stability and growth quarter four heading into Christmas is always an important part because then for the Western trade, you get to see whether the demand is picking up or not. That would be important for us to observe whether there's a bounce back or atleast a plateau that we can reach now.

**You just mentioned you have been operating only one berth, is that because a lot of upgradation is happening? Can you give me an insight into what exactly is that fit for future? What does it mean to the end customer and what kind of equipment or a technology advancement is happening at APMTs?**

We started operating in 2006 and our lease agreement started in 2004, as part of the lease agreements there is a lifespan of the equipment agreed upon after which we have to replace the equipment. There is a certain number of our ship to shore cranes and RMGCs that we're operating and we needed to change. Then if we're just changing them, why are we calling it fit for future.

That is because we decided that we will not do a like for like change. We have to look at what is the customers' requirement. Here the customer is the shipping line. Over the period of time, the vessels that are coming in to the northwest part of India have been getting bigger and wider, more importantly. The customers have a very keen interest with all the new capacity and tonnage coming into the market to also deploy bigger vessels in India.

Our old cranes could only handle 18 wide. So they were not capable of handling the biggest vessels that call northwest part of India where you need to be at least 23 wide in order to handle those vessels. They also by default make the cranes taller to at least by 10 meters. Similarly, on the rail front. On the rail side we are moving from being single stack to double stacked. The height of our old RMGC's did not allow, in the future also if we have the option of double stack trains coming in, we did not have the equipment to handle it. So we thought that when we get a chance to replace, we will not do a like for like, but we upgrade it. So that is one of the reason why this project is called Fit for future.

It is an investment of close to Rs. 840 crore that we are putting in this project. It is not just about bringing in all the new equipment that we are talking about, but at the same time, looking at our internal processes to drive higher efficiency and make it even better from our customer experience perspective. In order to accommodate these new equipment, the higher cranes, the wharves are also needed to be upgraded. So we are also changing the fenders and the boulders on the wharf so that the bigger vessels with higher displacement can be accommodated. We will have the capability of handling two large vessels within our 712 meter quay length.

In terms of capacity, what are the expectations once the whole upgradation is completed?

GTI or APMT Mumbai has been always around 2 million TEU capacity. The intention is we increase that by 10%. So, our capacity will become 2.18 to 2.2 million TEUs once we complete the civil work part of the project as well, which is expected to be completed by end of January early February.

And then we are able to accommodate two large vessels simultaneously with high productivity.

There are two parts to the whole project - two key milestones, one we actually achieved last week on 13th of September, when we reopened berth one for operations. So all the new cranes have been put back into operation. We have the first vessel calling on 13th of September. We actually have another one calling starting day after. So now we are getting back into operation.

Right now berth one cannot invite the largest vessels due to LOA perspective, because we still have the civil work ongoing. That civil work will get completed by end of January early February when the additional capacity by default becomes available to us.

**For the last two years, 2022 and 2023, APM terminals has been the best performing terminal in terms of throughput and efficiency. Apart from equipment a lot of things contribute to the efficiency – people, processes. So can you tell me what are the unique things contributing to achieving this kind of efficiency?**

It's down to three things right people processes and systems. We call it our lean way of working, where we are focusing a lot on the people. This is following the old Kaizen concept of identifying waste in any work that we're doing. Waste is anything that does not contribute to a benefit to the customer. So in part of the process if they're doing something which is waste a frontline operator is capable of identifying it. We empower them to identify waste and then problem solve and come up with a solution.

We have something called asset digitization wherein all our assets and equipment are actually connected with a system. So in our planning room, which is like a control room, you can actually sit and observe what's happening on each and every part of the terminal in real time. So for example, if you see the TT's the internal trucks, these are the conveyor belt that is actually providing the containers to the cranes which are working on the vessel. We keep on focusing on the crane moves per hour, gross moves per hour, berth moves per hour, but in order to increase the productivity

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**"We have a number of equipment in the yard today which are diesel operated, like the RTGs, ITVs. This is where we have the opportunity to replace. Last year we worked with Siemens on a project and we hybridized two of our RTGs. So they basically became battery operated. "**


there, the smoother this conveyor belt works, the better will be the productivity and the efficiency. Now, how can we have a track of how much these movements are taking place? Where is the waste in this movement, your yard strategy, your TT movement strategy, all of these actually contribute towards that. Now with this asset digitization, we can see where are the bottlenecks. Is it in a particular block in the yard because a certain RTG has a lot more moves given to them or a lot more work given to them, which is actually disrupting this conveyor belt? How can we make it smoother? That is the constant focus and problem solving that is going on within the office to enable better movement in the front line. So that is the second part and definitely when it comes to system, right, the system is used to also train our operators.

We have probably the best operators in the vicinity because just about one and half month ago, we did something called mission 200 at the terminal. So that is the challenge. It was the middle of the monsoons, right, and we were working only with five cranes. We had a service coming in which had almost 4,300 moves on it. We wanted to achieve 200 port moves per hour. That is from the time the service calls us, the first lock in, first move, to the time the service actually sales out. If you average it out, we will do 200 moves per hour. In order to do that, all our five cranes needed to operate at almost more than 40 crane moves per hour, which meant we could not afford to have any equipment malfunction/breakdown. But all of these conveyor belts had to work supremely, you know, as smooth as possible. And we did it. Kudos to the team.

**Now, green is the buzzword sustainable, the sustainable operations. So, what kind of sustainable initiatives you have at the APMT?**

Maersk as a group along with the APM holding announced the launch of a company called C2x, which will be looking at supplying a huge quantum of green methanol production. And they would be based in a number of countries and India being one of them.

From APM terminals Mumbai or GTI, the way we approach it is on three buckets. The first bucket is “reduce”. There is a huge amount of carbon emission. How does that come? It comes from basically when the equipments are being used. If I can operate my equipment more efficiently reduce the running hours through efficiency reduction of waste in the process, then I will by default also be contributing towards the reduction of carbon emission.

The second is of course, “replace”. We have a number of equipment in the yard today which are diesel operated, like the RTGs, ITVs. This is where we have the opportunity to replace. Last year we worked with Siemens on a project and we hybridized two of our RTGs. So they basically became battery operated.

Then there is the third part – “reuse or renew,” which is where you focus on renewable energy.

We have now partnered with O2 Power to actually set up a captive power plant, which will be supplying us with 21.7 million units annually of green electricity. This will be located in the Vidharba region of Maharashtra. Once this is up and running, it will actually reduce the carbon emission by 44% of all our electrical equipment. Today, we consume almost 26 million units of electricity and that leads to almost 18 metric ton carbon emission. We are looking at reducing that by 44% in 8 to 10 months time.

# PLAN 20 YEARS AHEAD FOR INFRASTRUCTURE

Not many people realize that 10% of the world's sea bound trade is to and from India. Trade is going to pick up and we need a think tank to plan for infrastructure 20 years ahead.

**You have a very wide range of experience in container business, car carriers, energy transportation, and then your current portfolio seems to be more on the land side. So, I am curious to know how you are adapting to the shift in the operations and what is exciting for you now?**

Well, sir, as they often say, one never stops to learn. So, having worked for large shipping companies, I was 23 years with Norwegian shipping company called Wilhelmsen and then about 19 to 20 years with NYK Line in India and having looked after purely shipping part of the business, I am now into the marine infrastructure or logistics infrastructure space as they say. So, yes, it's a learning - it has been 44 years in the shipping and logistics industry, and yes there is a lot more. Frankly speaking, I haven't met a single person in my career who knows it or who has done it all. So, it's interesting, having worked for multinational companies, I am now able to apply my learnings with big companies and help India-centric business to grow, and the idea would be to first grow within India and then slowly try go global, if possible.

**So, if we look at the commonality of both the sides of your professional career, container is one common thing that is in the plate, right. So, how do you see the global scenario of the containers and when you come to India, how do you see the container current market and what are your impressions for the next couple of quarters?**

So, I think I have to break the question up into 2 to 3 parts. The first part is what is container trade? And I said this fairly often at different forums, container trade unlike what most people think is only 17% of the global trade, and in Indian seabound trade, it's only 16%. So, there's a lot more to shipping than


just containers. That's the first point. Now, going forward, we have seen a huge upswing just after Covid, the year 2021 - 2022 was very good. For all shipping companies and all businesses related to shipping and logistics. So, there was a huge upswing, something that was completely unprecedented but in hindsight today we can analyse and say why that upswing was there. But going forward, at this point in time, yes, the rates have crashed. Everybody is feeling the crunch. The market is at its pre-Covid lowest ebb and I don't see a very drastic improvement. What I see is that yes, the season is just starting; September, October is the time when the season picks up for the trade, but till now there has not been a very significant change. What the pundits are saying is that in 2024, the global trade is going to rise about 3% or so. So, yes, next year should be better but I don't think it will be anywhere close to the 2021 - 2022 levels, not in the near future for sure.

**Most of your activities or rather the Group's activities are linked with the landside infrastructure. So, how do you see the landside infrastructure coming up in India and where do you see the potential for the infrastructure part of it?**

I see a huge scope for land infrastructure. What is the differentiation going to be? I think the differentiation going to be who can provide quality services, on-time services, people who have the cutting edge over the competition. Let me take the example of say, you want to set up a warehouse. If it's going to be run of the mill warehouse, I don't think you stand much of a chance but yes if you a state-of-the-art facility, you have good management and crew who can deliver on-time services. There is a new concept which started; earlier they used to call it Just-in-Time, but now it is Just-in-Sequence. So, there is going to be a combination of JIT and JIS, and people who are able to master that will definitely do well in the years to come, because India basically has a very huge scope. You see, India is a developing country. We are looking 5 trillion Dollars, but to be honest, I have seen figures and in fact, I am working on one presentation at this point in time which says by 2050, we will be almost 24 trillion Dollars; anything between 22 to 24 trillion Dollars, which is a very huge, four-folded...if you take the current 3.5 trillion as the base, we are almost talking about 7 to 8 times the current size of the economy. Everything, not only marine infrastructure, logistics infrastructure, all kind of manufacturing services in the service sector is going to flourish. I think it's people who are geared, who have some years of experience behind and who can make the cutting-edge difference are the ones who are going to succeed.

**"There is a new concept which started; earlier they used to call it Just-in-Time, but now it is Just-in-Sequence. So, there is going to be a combination of JIT and JIS, and people who are able to master that will definitely do well in the years to come."**

**You are also on several trade bodies. You have represented them, you have prepared white papers. So, if you look at a decade's time, what has changed in the regulatory framework, whether it is on the Shipping Ministry side or on the Customs side and what still needs to be changed?**

Firstly to start with, yes there has been a huge change. There has been a mindset change where people within the government or administration are thinking international. They are thinking quality, they are looking things from the consumers' point of view, you know which is very positive but on the other side, I have been a part of various committees and there is a lot which is talked about which is put on the paper, it's documented but that shift, the speed of shift or change is not fast enough. We people, having worked for multinationals, it takes us time to decide because we have to gain consensus, we have to bring people over in whatever the objectives are being set for the company. But once we decide, then the implementation is spot on, bang on. Here, something is proposed, ten people will oppose it. Let me take a simple example - very recent. Five years ago I had a huge issue where I was proposing that Cabotage rule should be abolished and coastal shipping should be opened, and there was a hue and cry. But today we have come to the same cross-roads. Now, what was my thinking at that point in time. My thinking in the 90s... early 90s, India opened up to the world everybody said that we are selling the country to the world. Today, after 30 years, look where we are. We are just short of being a superpower. People are listening to us. Our population has become our strength. Our work force has become our strength. So, we have opened up, right. And we have seen the benefits and that is exactly what my thinking was 5 years ago and I reiterate that let us open up. Yes, you want to keep a certain share or a predominant share to Indian business people, no harm. Let the competition come in and the efficiency and the quality will come.

**Since you have brought up the topic of Cabotage relaxation, so what do you feel, will it really help in improving coastal shipping?**

Yes, I feel it will but there are few things which have to be looked at. International shipping is a big game and the cost of international shipping calling India is the same as coastal shipping. For example, pilot cost or a tug boat. Whether it is a big ship or a small ship, the cost is more or less the same. I think somewhere, the administration will have to step in and take care of such things ...the size of business, the size of capability must be taken into account when you levy the port charges to the coastal operators. So, yes, that will have to be looked into.

**Prime Minister has announced a big economic corridor connecting to the Europe through the Middle East. What will it bring in terms of benefit to the trade?**

The India - Middle East - Europe corridor, it has been existing but not fully exploited, especially I would say India - Middle East sector which was started about 2 years ago. Some direct services have come in and with the agreement with the UAE, the trade has definitely improved between India and the Middle East. Further to Europe is a question, I think it is the infrastructure that will have to be coming first before that can be completely exploited to its fullest. The Eastern corridor which is coming up between Chennai and Russian ports of Vladivostok, there I see a little problem. Most of the consumption in Russia is in the western parts of Russia. So, having an Eastern corridor, yes, it will probably give some advantages in trading with Southeast Asia, Interasia partners because that is the biggest trade that India has but the cost of transportation from East Russia to West Russia firstly will increase the transit time and there is a huge rail cost...rail and/or road cost, the last mile connectivity.

> **"What the pundits are saying is that in 2024, the global trade is going to rise about 3% or so. So, yes, next year should be better but I don't think it will be anywhere close to the 2021 - 2022 levels."**

**During post-Covid lot of experts talked about near sourcing. Also, the China Plus One theory came in. Can India take advantage of this?**

For big manufacturing bases to shift from China to India, it is not something that is going to happen in 6 months, 1 or 2 years. It will take 5 to 10 years. There is scope for India to grow in imports and exports, and why is this happening? It is because of the economic stability of manufacturing countries. Logical strategic location of movement of goods at a faster pace and a lower cost and number 3 is there is a tremendous amount of support from the international community for India, whether it is on the business side or cultural side. I would say if it's not the golden era, it's probably the golden period the next 15 to 20 years that Indians are to see. I think going forward, we will be no. 1 or no. 2 economy of the world, there is no doubt about it. By 2040, 73% of the world population will be living in the Asia-Pacific and Africa regions. So, it's not only going to be a manufacturing base but also a huge consumption base, which these countries in India, Far East, and Africa is going to provide to the rest of the world.

**Let us talk a little bit of MSA Global. Now the group seems to be into almost all the verticals, into warehousing, freight forwarding, empty containers, container freight stations. So, can you give me an insight into each of these verticals, how the business is and what is the current business focus? Are there any expansion plans?**

On the CFS front, we are having difficult time, since most of the coastal areas have been declared as red zones, so there is very limited flow. Also, with this DPD deliveries, the market is today being controlled by CHAs, so, it is a tough call. There has been a price swap. It is going to be tough going on the CFS route. Empty container depots, I think there is a huge growth possible over there because lot of imports are coming in and it will be requirement for state-of-the-art empty depots all over the country... so that's a positive. Freight forwarding, a huge scope again. Domestic or bonded warehousing is a huge business and is going to continue growing. Here, I think on the warehousing side, there is one very interesting fact which I can share with you.....is the e-consolidators, people who are working inside warehouses and who have to actually take ...let's say, you wanted a pair of Adidas shoes, size 8. I order a pair of Nikes or something like that. Both have size 8. The e-consolidator is going to take out the Nike packet in Amazon packet and send it to me and the same e-consolidator going to take out the Adidas shoe and pack it in let's say Flipkart or something of that sort and send it to you. Now, this market at this point in time, is 80% unorganized. Going forward, I think tables are going to turn. 80% will be organized and 20% will be unorganized. So, I think that's a huge scope for logistics companies or the warehouse players to change the name of the game Contract logistics with the manufacturing is another huge scope. I would share with you that not many people realize that the 10% of the world's sea bound trade is to and from India.

# CONTAINERISED GOODS WILL DRIVE THE FUTURE GROWTH

"The bulk sector is already better penetrated on rail, whereas there is more scope for deeper rail penetration in the container space. The growth in markets is being driven by the manufacturing sector, which again requires containerized movements."

**How has been the business for private container train operators last year and through first half of this year?**

The business has been healthy with some pick up in volumes on the import front for EXIM cargo and some increase in domestic business as well.

**Sections of the Dedicated Freight Corridors are now operational. What efficiencies are the train operators experiencing?**

The main benefit so far is in terms of transit times and rake turnarounds – while this has helped improve asset productivity, much needs to be done in terms of better coordination between DFC and existing IR networks, as there are still delays at the interchange points where trains move from one network to the other. Also, issues like delays on DFC network when trains are held up for maintenance related issues need to be resolved.

**The Indian government is developing all the three modes – road, waterways and rail for connecting with Nepal and Bangladesh. What is the potential for cross border cargo movement through rail?**

There is a strong potential for cross border movements. Nepal-Birgung is already open for all private rail operators, but there are some limitations for which operators can move to Bangladesh. Just as is permitted for Nepal, the Bangladesh market also needs to be opened to all CTOs. This is in fact a requirement of the MCA document that binds IR with the CTOs.

**More of automotive manufacturers are opting for rail freight as a time and cost effective mode of logistics as compared to road. Which are the other commodities that can be diverted to rail?**

Conventionally bulk commodities like coal, minerals, food grain, fertilizer etc. have moved on rail. The second set of commodities that are also moving already on rail but need to increase their footprint include higher value goods like steel, cement, liquid chemical etc. Finally, the commodity basket emerging from manufactured goods needs to be attracted to rail. Only 2-3% of these goods move on rail today, and for the overall rail modal share to increase to 40-45% as is the target of the Government, the share of manufactured goods must increase to at least 20-25% from the current level.

**Shipping lines are operating block trains as part of their service integration process. How is this impacting the competition?**

Shipping lines are customers for CTOs as most of them do not operate their own rail services, but in fact use CTOs to run such block trains. While the operation of block trains does increase the collective bargaining power of lines and may impact CTO margins, it also provides committed volumes and fill factor to CTO trains offering some form of trade-off.

**Where do you see more potential for volume growth in future – bulk cargo or containerised cargo?**

While the physical volumes of cargo will increase both in bulk and containerized cargo, the real growth potential will come from the containerized sector. There are multiple reasons for this. The bulk sector is already better penetrated on rail, whereas there is more scope for deeper rail penetration in the container space. Second, the growth in markets is being driven by the manufacturing sector, and the manufacturing sector requires containerized movements.

# DIGITISATION HAS BROUGHT IN DEMOCRATISATION OF DATA AND INFORMATION

"India is one of the very few countries where digitalization has been led by the govt. Today, any inspector on the highway can just login to a portal and say this truck is carrying these goods for this place. That system in India is exemplary it has not happened anywhere else."

**Our industry is talking about digitalization especially in shipping and logistics sectors. Today, we have a lot of these technologies coming into operation; there is a big data being used and Artificial Intelligence, and Machine Learning. Can you give me idea of how much of technology and digitalization being used in our industry either for improving operational efficiency, predictive analytics or serving the customer better?**

It's a very relevant question; there are two dimensions to it. The first dimension is what the corporate themselves are doing. The composite of fact that every cargo, which moves from point A has to be tracked all the way till point B, and then also get the relevant proof of deliveries (PODs) in order. So, over many years people were struggling with that very basic. But for over last 8 to 10 years that problem of track and trace has been solved.

India is one of the very few countries where digitalization has been led by the govt. There are not many countries where you have something called e-way bill. E-way bill came as a consequence of GST which was based on consumption. Since that has always been the case some states like UP, Karnataka have a traditional system. There was a need to prove that goods have crossed my state and not being sold there as a provision of tax. When GST came in Pan India first threat was the traditional system, which was a menace earlier, and you would have long queues at all the state borders. This was solved digitally by the government by saying that everything which is going out has to be put on to a portal and based on that portal you then track it. Any inspector on the way can just look at that track and say this one is carrying these goods for this place. That system in India is exemplary it has not happened anywhere else. Look at the European Union despite being so advanced they have not done that. They are still very much relying on internal compliances.

One part of that is by the government and second is the payment interfaces. They are probably the best anywhere in the world, very low cost not like credit companies, and a lot of payment interfaces are there like UPI systems. You also have a lot of others which are supporting the system and these supports are for example bill of lading has become electronic, in terms of an invoice nothing physical needs to be carried. Whatever we are doing we can upload it on a certain portal. So, flow of advice from the banks doesn't come in any more, it is only through their portal. So, the paper has been reduced. If you look at the chain from order from a customer to its fulfillment may be through warehousing, their delivery, then finally to payment. This chain is now almost digitized. This has happened because of something very simple called Application Programming Interface (API).

**At one level we have digitalized the entire mechanism. But how about using the more advanced tools like AI and ML?**

I think in terms of analytics, if you look at a typical curve, what would be there was actually what happened, then it would be why it happened because that would prevent you doing it further. What can happen for example when you are travelling using Google map it shows you where the traffic is, what's your estimated time of arrival (ETA), so what can happen. In our trucking we are also looking at things like which are the historical areas of congestion where we have issues of no entry, so we do that predictive. And the top most is prescriptive – making things happen in that way.

What AI and ML in terms of synergy will do is something that goes beyond the present algorithms. We are still right now evolving on that stage in terms of using a little bit of intelligence on our systems. ChatGPT is used more by the public and by the common man than the corporate now. They are still grappling with it now as to how to make AI a centre piece of this. The bots, algorithms, and a little bit of prediction are being done already. These are not old technologies, they are very new, so it will take some time for companies to go further, but at the latest it is already being used. Maybe in the next two to three years we will see more of it in the common place.

**What is your perspective on the cost of logistics? What the government is doing today is it enough to reduce the logistics cost?**

On the cost of logistics there is a debate and there is no debate. If you look at the data, they were showing that road network is $150 billion and it is 65 per cent of the overall spend, railway was 29 per cent, all together $200 billion. There is simple math to be done $200 billion by GDP which is about $3.8 trillion, so you will get the answer there. But there are some figures branded about which don't have a basis. You know a percentage is based on a numerator and denominator. The numerator every body is saying is a figure of $200 billion the denominator is GDP so the figure is already a foregone conclusion. I always maintained that GDP of a country is a composite of the services, manufacturing and agriculture – three major heads. In our country like US the services are very high, in US the services are about 80 per cent and in India it is about 60 per cent. Services does not use logistics besides public transportation. Logistics is mainly used for manufacturing trading and agriculture. Therefore only 40 per cent of the GDP per say is using logistics services in terms of rate. So, a figure of dividing by GDP itself is probably wrong. $200 billion divided by $3.7 trillion it would be around 7 to 8 per cent.

Now is the government doing enough or not, I think wavelength makes a big difference. The intra modal it will make a big difference there and the inter-modal has already started a lot during the Covid. We have people like ourselves who have 50-odd yard terminals which are multi modal. So today about 20 per cent of our revenue comes from multi modal. So multi modal is in a way combining the best of all the modals. Long distance by a greener transport which is railways using electric, short distance by truck which has got flexibility.

However, the bottlenecks here include speed of the MMLPs, and they have to come in right locations. Other drawbacks include heavy taxes which is about 30 per cent on purchase of trucks and humongous amount of VAT on fuel.

On the shipping side new laws are coming to make ships compliant to certain fuels and age. Which will hamper coastal shipping.

**The experts who are in coastal shipping are saying that the growth is disappointing? What has been your experience and what do you want to change?**

I think in terms of growth it is quite good in right sectors. What do you move in sea something which is heavy and something which is near a coast. If you see the movement today from Gujrat coast something like tiles and steel. It is very high in the western coast. I don't think much of tiles moving from north to south by road or rail. There has been good shift in to sea and that has also picked momentum.

If you look at waterways, I don't think you will ever work in India. For two simple reasons first, the rivers are not straited they are main ring rivers Banaras, Varanasi to Haldia the river is 1.5 times longer than by road. Second the rivers are silting and they don't have enough draught which is just 2.5 feet and you need 8 feet for ships to operate. Waterways are good for tourism and therefore don't need to put much effort and energy on making them ready for shipping.

**Why only some multimodal logistic parks are coming up in spite of govt announcing several MMLPs? Is it the lack of interest or any challenges in it?**

There was an effort by the govt to put them under one umbrella under Gatishakti. There are also some rules which have been set forth for that. To the credit of the govt these are still early days. And the other side is the other agencies be it the Railways, be CWC, be it the private players plus NHAI which is doing MMLPs also they are still not under a common framework. All of them are still not under one umbrella and it is not easy to get work done in different ministries it is not an easy task. That is what we are facing.

**What are your plans for investments and expansions in future?**

TCI has been an end-to-end player across the services. We began as trucking origin to express cargo which is moving the goods faster and on time to logistics and supply chain which is knowing what is in that cargo. We have also forayed into production logistics and warehousing. We felt the need for a multi modal platform and we have tied up with shipping on east and west coast as well. TCI has joined CONCOR for over 14 years. We are incubating cold chain network within the company. We made a separate company in 2018 which is doing very well to serve food and pharma segments. We are also incubation a chemicals portfolio, which we will show case as another vertical.

# HAZARDOUS CARGO HANDLING INFRA NEEDS TO CATCHUP

"Our infrastructure for hazardous chemical handling is improving at snail's pace, although there is a dire need to accelerate. We need a clear assessment of our future needs of appropriate infrastructure for hazardous chemicals, and ensure adequate investment."

**Considering the current global political scenario (Russia – Ukraine war and the US – Iran tensions), how is it impacting the liquid bulk trade?**

A very substantial part of global liquid bulk trade is in energy commodities mainly crude oil, and to a lesser extent vegetable oils and other liquid bulk goods. Soon after the devastating impact of covid-19 inflicted global disruptions, the Russia-Ukraine war has exerted a further disruptive impact on the well-established global liquid bulk supply chain. The Black Sea region was out of bounds for several months. The conflict is now in its 18th month with no end in sight. The western Sanctions on Russia continue. But in the meanwhile market participants have managed to rework their supply chains. Importers are constantly looking to diversify their sources of supply while exporters are looking to find new and hitherto untapped markets. My sense is that the global liquid bulk trade is slowly but surely normalizing within the new paradigm of new global equation. As far as India is concerned our government has taken the most practical view on importing crude oil from Russia. Sunflower oil imports from Ukraine have of course taken some hit.

**How is the infrastructure at Indian ports, CFS/ICDs for storage and handling of hazardous chemicals?**

Infrastructure improvement is a continuous process, especially for the maritime industry. In that sense, our infrastructure for hazardous chemical is improving at snail's pace, although there is a dire need to accelerate. We need a clear assessment of our future needs of appropriate infrastructure for hazardous chemicals, and ensure adequate investment. Importantly, in addition to investment in infrastructure we have to create greater awareness among stakeholders about handling hazardous chemicals. We can surely learn from the experience of other countries.

**What is the current demand/ supply scenario of tanker ships? How are the charter rates?**

After the disruption caused by the pandemic during 2020 and 2021 and substantial slowdown in economic activities, in 2022 there was a rebound in demand for tanker ships with renewed hope for accelerated economic activity and global trade. Last year the world shipping industry was struggling to return to normalcy. But now there is the looming risk of recession. Also, crude oil prices have sharply moved up once again (Brent in the $ mid-80s). China has slowed down so has Europe. Inflation and high interest rates especially in the US are also contributing to slowdown in global commodity trade.

**Which are the commodities that will drive India's liquid bulk trade in the future?**

We have to look at the foreseeable future. India's liquid bulk trade will be largely driven by crude oil import and to a less extent by vegetable oil import. Over time – say 15 years - crude oil import will fall as we move towards energy transition and de-carbonization of the economy. Achieving self-reliance in vegetable oils is possible over a 10 year time horizon, but it calls for strong political will to ensure creative disruption of the status quo and design progressive policies to benefit all stakeholders.

# EXPANDING TO NEW MARKETS

"We are focusing on expansion to newer markets, so as to keep us profitable. For the last 2 months, we have spread our wings in Australia and Africa, looking at special containers, one trip opportunities and container trading."

**You are into several aspects of container trade – used container sales, new container sales, domestic and international leasing. So, could you please tell us how the scenario in each of these businesses is?**

Since the last nine months, the situation in all aspects of the marine container business have been negatively impacted. The lease rates for containers are under pressure due to lower demand, lower freight rates and poor profitability in almost all the segments our customers serve. The new container prices have also been under constant pressure.

**Considering the Government's target of reaching a port capacity of 10,000 MMTPA by 2047 and becoming a $5 trillion economy, do you see a business case for investing into container manufacturing?**

Today more than anytime else , there is indeed a business case for investing in container manufacturing especially as there is a huge growth of exports from the country overall and it could dovetail well with the government push to 'make in INDIA' ( and export from India ) .

The fact remains that even now a very large part of container requirements of India are met by imports from China. We are still finding it difficult to give an economical option to business entities, who wish to procure a non-Chinese origin container.

Over time in many locations, we will have export surplus and therefore leading to an opportunity to use locally built containers.

Take for e.g. – Vietnam, where they are now quickly setting up state of the art container manufacturing to absorb the move away from China . This goes with their renewed general export and manufacturing investments.

**Earlier there were issues relating to the cost of manufacturing containers in India, availability of raw material, etc. Where are we now? Has there been any improvement on these fronts?**

The issues related to the cost of manufacturing in India are still very much relevant. The main component Corten steel is still manufactured by only 2 plants and in very small batches and supply is not assured unless minimum batch sizes are met. The key to develop the container component industry is economy of scale, which can only come from larger container manufacturing capacity and therefore need for the components itself. Ultimately like our domestic car manufacturing – it could end up with exports of components from India

**What are your short-term and long-term plans for VS&B Containers group?**

We are expecting the current business depression to continue for at least a year. We have therefore started to focus more in terms of expansion to newer markets, so as to keep us profitable. For the last 2 months, we have spread our wings in Australia and Africa, looking at special containers, one trip opportunities and container trading. VS&B has also continued to promote its software company, iInterchange Systems Pvt. Ltd., which has now become a brand to reckon with in niche areas of container leasing, trading and depot management spaces. iInterchange delivers end to business management software solutions for the niche shipping segments .

# VALUE CREATION THROUGH SKILL BUILDING AND DIGITISATION

"Electronic Bill of Lading is the future. We as the members of FFFAI and FIATA, are doing our level best to promote programs and common standards for digitisation and training globally."

**How is the human resources landscape in logistics? What are the associations or government doing to bring quality professionals into this industry?**

During COVID the significance of logistics came out. Since then, we have seen not only a great interest among people signing up, but also a lot of people trying to learn logistics as a subject. If not a professional MBA or a degree in supply chain, they tried to read a book on logistics and supply chain, or doing a small, short-term program.

Post COVID, we saw a very interesting uptake among institutions wanting to collaborate with us. And as FFFAI offers programmes through the Indian Institute of Freight Forwarders and a flagship programme is the FIATA Diploma. We saw deep interest in Indian schools wanting to adopt and extend our program.

We are also launching a programme very shortly with IIFT, which is the Indian Institute of Foreign Trade and also NITI. With this increase, we are seeing a great future for logistics. The interest of logistics is building. We as the members of FFFAI and FIATA, are doing our level best to promote programs and common standards for training globally.

**You have mentioned about the efforts of association, but is there enough institutional support available for this industry, if somebody wants to get trained?**

As far as logistics training is concerned, our government is doing a lot for up-skilling. We have now the logistics skill council, which is very active and running programs, workshops, creating job level training.

So we are not only talking about doing a logistics diploma, but even a forklift operator, a person doing data entry, e-commerce documentation can opt for micro programs to build their career in the industry. As far as trade associations are concerned, I will speak about FFFAI and FIATA. We are largely talking about standardization. As trade associations, we ensure that we teach uniformity and also practical training. At educational institution people learn just theory. When they come to us as for training, we bridge that gap and make them industry ready.

The human resources ministry has foreseen in a study, a huge skill gap that is going to take place in the logistics industry by 2030. We are as trade associations and as a government under the National Logistics Policy, trying to bridge that gap.

**What is the demand from the industry and how much of the human resources you are looking at? On one side we have professionals-in-service and up-skilling is one aspect. But you will also need fresh talent coming out of college. So how do you attract them into this industry? What the government and industry should do to attract these young minds?**

We are seeing great initiatives by the government at the grass root level, not only for people who are above a certain category in terms of education, but even people who are below that category, they are seeing people who have not passed their 10th grade, we are seeing governments emphasizing and giving them free education to grow through various programs.

We are seeing people who are in intermediate, so between 12 and their degrees. They are getting opportunities to grow in the space.

Coming to learning with the new generation, as we have seen innovation that took place. At FFFAI, we decided to put and push a regime of e-learning. We launched the e-learning program where we teach the children in pieces. Attention span of someone on their phone is fairly limited.

So what you can do is you can run, learn a topic, we have compressed a topic which was one hour into 15 minutes. Visual aids, we've also used Gamification to a large extent. Personally, I have created a chatbot which we use internally in my organization when we induct people and we use gamification. We are seeing an increase in a balance between online learning and offline learning.

**Most of the businesses in our industry are age old, like six, seven, eight decades old? So, how is the technology adoption now in the businesses? And I heard that FFFAI and other associations are trying to implement Blockchain. So can you give me some insight into that?**

As an association, we realized early that digitalization is the need of the hour. Most of our members are small members. Investing in technology is not cheap. There are a lot of options. We don't know what to choose.

As a trade body, the Custom Broker is at the heart of our digital innovation. The first thing they are going to need is validation. The most interesting update we have seen is the electronic Bill of Lading. During COVID period courier companies couldn't work because documentation was stuck. And this gave rise to the importance of the electronic bill of lading. It is a significant breakthrough due to the speed and efficiency with which you can transfer the goods, transfer the document and also the security and the audit trip.

So these are two primary reasons that the electronic bill of lading is the future. Now if you have a custom broker or a freight forwarder issuing a transport document, we realize that how is it going to be validated? So what we did is we created something called a single sign on. A single sign on is nothing but a single user ID that we have, which can be used in any technology company that connects with us. Now tomorrow there will be 50 players who come in for a digital platform or an organization to onboard 6,000 members to validate 6,000 members is a very difficult and time consuming process. So we said why don't we enable any technology player to connect with us just through an API where we will validate the member.

Further, for our member, again keeping them in mind, security is a big issue. To have 50 different user ID passwords is a risk. So we said why don't we have our user ID password that will work through any digital plan. So all the member has to do is create a single sign on with FFFAI and that single sign on will actually work through any system that's connected with us. This is the first step to Blockchain where FFFAI will validate that you are a user in real time.

The second very important thing is FIATA has recognised the importance of digitalization and created the electronic bill of lading which was launched last year.

We've seen a great interesting uptake. We had 26 associations globally that have signed up for the FIATA bill of lading, and we have about 22 TMSs or software transport management service providers who have come on board. The FIATA bill of lading is so unique because it creates a QR code on every document. So the moment you generate a FIATA bill of lading you create a QR code and you have a document that can be digitally transacted or transferred to any member or any customer that you have. And that customer then can further transfer the document. So as trade associations we are effectively being enablers to companies to ensure interoperability takes place. So FIATA is a part of something called the FIT Alliance which is the future of international trade where we have DCSA which is the Digital Shipping Container Association. We have the ICC which is trade. We have BIMCO which is the largest organization issuing charter parties. And we have SWIFT which effectively works on standards for negotiating partners. We are focusing together to create interoperability and promote the use of digital government. So this is what associations are doing to ensure that we enable members to work digitally.

**Can you give me an insight into how do you see the market, how is the business and what is your vision for this company?**

We have largely been digitally focused. We created a digital platform and focused largely on automation. We saw that using this automation we know we enhanced efficiency almost 36 to 38%. Each individual would perform at a beta of 36 percent so, 30% higher than what they were doing without the use of technology.

So we have grown with our customers. We have chosen customers largely in our know which are first into creating value which is manufacturing or creating value in a segment where even though it's not manufacturing they are in their niche. We saw opportunity in FTAs. FTAs is an area where you know a lot of people as customer brokers or as freight forwarders feel that they are only providing a service. What we did is we provided value. We went to the customer and sat with them and said okay what's your business plan? Why don't you try and import from a particular region or a country or a trading block because that's where you will see opportunity later on. We see trade between you know countries that have free trade agreements increase exponentially.

I was part of the Indo-Lanka free trade agreement launched in the year 2000. One of our clients set up a plant there and also wanted to set up a logistics division. So from very early on we've been involved with three FTAs and you know being on a strategic side with a customer creates immense value. It's not only a price it's also about how you contribute to their success. If you participate in their growth you will grow them.

So that has been largely the vision of the customer. You know with one of our largest customers they asked us to innovate in some ways and some segments. We have actually taken over their complete supply chain. So it has been a very interesting and rewarding experience. It has given us the opportunity to add value.

# RIDING ON ROBUST GROWTH

During FY23, logistics infrastructure achieved 32% growth in terms of imports, and 7% growth in terms of exports and the turnover increased by 18% compared to the previous year. The Logistics Services SBU achieved all-time record turnover of Rs.550 crores for the second consecutive year.

**The global trade environment has been sluggish for the past few months. What has been the impact on your logistics operations?**

The Russia–Ukraine situation continues to weigh on the global economy, disrupting supply chains and adding to inflationary pressures. Sanctions have led to the suspension of virtually all trade links between Russia and the West including rail freight services between China and Central and Western Europe. Owing to the global trade war and China's authoritarian policies, there is a gradual shift of business from China, and India is emerging as a land of opportunities backed by abundant supply of resources, cheap manpower, geographical advantage and Government reforms on FDI etc.

The Indian logistics industry is continuously evolving at an exceptional pace providing necessary impetus to boost international trade through great advancements in infrastructural development and technology to foster its growth. There is continued focus on the part of the Government to convert India into a global manufacturing hub by boosting infrastructure and introduction of the National Logistics Policy (NLP) and Prime Minister's Gati Shakti Programme are some of the few major initiatives in that direction. The growth in E-commerce industry is also driving the need for setting up premium infrastructure facilities backed with effective technological support in India.

During Financial Year 2022-23, Balmer Lawrie's Logistics Infrastructure was able to achieve 32% growth in terms of imports, and 7% growth in terms of exports and the turnover increased by 18% compared to the previous year. However, due to cutthroat pricing and competition from the industry and reduction in dwell times of containers at CFS, the profit reduced by 15% in comparison to last year. The Logistics Services SBU achieved all-time record turnover for the second consecutive year. During the year, it achieved a turnover of Rs. 550 crores and registered topline growth of around 20% whereas growth in bottom line was 22% as compared to previous year. The growth was driven by incremental business in mainly Air Import, Ocean Import, Ocean Export and Express service. The Logistics Services SBU witnessed significant growth in top line as well as in bottom line despite pressure on margins on account of competitive forces. Reduced volatility in freight rates has helped bottom line movement in line with growth in topline.

Balmer Lawrie's major focus has

been to enhance 'Customer Delight' by providing integrated logistics solutions aligning Logistics Services with its pan India Infrastructure assets, Cold Chain and 3PL services. The Company has been servicing customers globally in close coordination with its worldwide Agents and Associates.

**`The logistics infrastructure unit at Balmer Lawrie operates the Container Freight Stations. In which locations do you operate? What is the capacity of each CFS, services they offer and the hinterland served?**

Balmer Lawrie is a one stop Logistics Solutions provider backed by pan India state-of-the-art infrastructure and worldwide network of Global Associates. It takes pride in being amongst the leaders in the Logistics Infrastructure sector in the country. Balmer Lawrie serves an array of corporate clients around the world and offer fast, reliable, and economical end-to-end logistics solutions. It has three state-of-the-art Container Freight Stations (CFS) at Mumbai, Chennai and Kolkata. A Central Warehouse at Andhra Pradesh MedTech Zone (AMTZ), Visakhapatnam. Balmer Lawrie in association with Visakhapatnam Port Authority, through the JV Company Visakhapatnam Port Logistics Park Ltd. (VPLPL) has a Container Freight Station at its Multi Modal Logistics Park at Visakhapatnam.

**What has been the impact of Direct Port Delivery/Direct Port Entry on your CFS operations? The National Logistics Policy has enabled CFS to undertake value added services. Are your CFSs leveraging on this opportunity?**

With Direct Port Delivery (DPD) taking off in India in a big way towards reduction in logistics costs, CFS operators in the country face a grim future. However, the Logistics Infrastructure business of Balmer Lawrie is able to bring together a unique set of value proposition for its customers. The Company is expecting the CFSs to be the major contributor to the bottom line. Balmer Lawrie Logistics is in the process of establishing long term contracts with major Shipping Lines which will garner steady business. All the CFSs are in the course of having long-term association with major Import houses (DPD clients) which will ensure constant business. The Company is also conducting feasibility studies for opening ICDSs, Warehouses in various potential locations and expecting finalisation of projects in due course. Within the asset-centric business, the Company is able to offer a basket of solutions: Container Freight Stations, Ambient Warehouses, and a Multimodal Logistics Hub (through Visakhapatnam Port Logistics Park Limited). The comprehensive services offered across pan-India locations make Balmer Lawrie Logistics a partner of choice to Importers, Exporters, Shipping Lines, CHAs, Freight Forwarders and the trade. So, while there is a wide variety of hurdles for the industry and the Company, it is expected that a combination of diversified service range, pan-India presence, technology-led customer intimacy, and knowledgeable resources will ensure that the Company is able to grow.

**CFS - Kolkata added 43000 sq. ft area of warehouse in addition to the existing 37000 sq. ft, CFS - Chennai added 5000 sq. ft of bonded warehouse for handling Hazardous Cargo and added 20000 sq. ft warehouse space during Financial Year 2022-23 to increase focus on Warehousing activities.**

**During FY23, Balmer Lawrie achieved a turnover of Rs. 550 crores and registered top line growth of around 20% whereas growth in bottom line was 22% as compared to previous year. The growth was driven by incremental business in mainly Air imports, Ocean imports/ export and Express service.**

**In which locations do you operate warehouses? Please share details on their capacity and services offered? What are the trends driving demand for warehousing space?**

The Company's Warehousing & Distribution facilities are presently fully operational at Kolkata and Coimbatore locations. The Warehousing & Distribution (W&D) facility at Kolkata offers modern warehousing and distribution services through its two units (W&D-HRC and W&D-Sonapur). CFS - Kolkata added 43000 sq. ft area of warehouse in addition to the existing 37000 sq. ft, and CFS - Chennai added 5000 sq. ft of bonded warehouse for handling Hazardous Cargo and added 20000 sq. ft warehouse space during Financial Year 2022-23 to increase focus on Warehousing activities. The Warehousing & Distribution facility at Balmer Lawrie plays a vital role in ensuring smooth flow of cargoes and in minimising transportation costs. It helps to improve the overall supply chain performance and optimise logistics operations.

**Kolkata**

The Warehousing & Distribution (W&D) facility at Kolkata offers modern warehousing and distribution services through its two units (W&D-HRC and W&D-Sonapur). While the W&D-HRC is attached to the CFS - Kolkata, W&D-Sonapur is internally connected to CFS - Kolkata via rail / road. Both the warehouses are connected to Kolkata Dock System and Haldia Dock Complex.

**Kolkata - I (HRC)**

- Area of 40,000 Sqft Warehousing Facility
- On-wheel stuffing / destuffing (through dock leveller)
- Modern selective pallet racking facility
- Customized manual cargo storage
- Covered bonded warehousing facility (12,000 sq.ft.)
- Value added services like palletizing, repacking, wrapping, choking, lashing, fumigation etc.

We provide dedicated and shared warehousing and distribution operations to ensure efficient services and timely delivery.

**Kolkata - II (Sonarpur)**

- Area of 4 Acres concreted/Paver blocked floodlit yard
- Rail siding cum stockyard services
- Bonded warehousing (open / covered)
- General / Non-bonded warehousing
- Stuffing / destuffing services
- ODC / project cargo handling / storage etc.

**Coimbatore**

Located in Kanuvai and close to major industries, W&D - Coimbatore offers all essential services for warehousing operations.

- 10,000 sq.ft. of covered warehouse
- 20,000 sq.ft. of open warehouse at Coimbatore
- Temperature-controlled environment
- Easily accessible to Industrial area
- Vehicle parking facility

**Cold Chain Units of Balmer Lawrie**

Balmer Lawrie with its four Cold Chain Units at Medchal (Hyderabad), Rai (Haryana), Patalganga (Navi Mumbai) and Chhatabar (Bhubaneswar) offers one-stop solutions to all cold chain requirements under the brand LOGICOLD. With a fleet of its own temperature controlled vehicles, the Company has the expertise to handle all products in the -25°C to +25°C range. The Cold Chain caters to all industry verticals such as QSR chains, confectionary, food processing, pharmaceuticals, meat or poultry, and fruits and vegetables.

**Balmer Lawrie has four Cold Chain Units with a total capacity of 16,000 pallets.**

Balmer Lawrie in association with Visakhapatnam Port Authority, through the JV Company Visakhapatnam Port Logistics Park Ltd. (VPLPL) set up a state-of-the-art Multi Modal Logistics Hub spread over an area of 53.2 acres at Visakhapatnam. This facility has a Cold Chain Unit with total capacity of 3780 pallets.

**Trends driving demand for warehousing space**

The Indian warehousing industry gathered more impetus and prominence especially during the last 4-5 years with notable triggers being the implementation of Goods and Service Tax (GST) in the year 2017 and grant of recent infrastructure status to Logistics industry. Resultantly, fragmented small warehouses are being replaced with large fulfilment centres in major key markets. Warehousing is mostly concentrated in tier-I cities, with the rising demand for e-commerce and doorstep delivery in the tier-II and tier-III cities, the warehousing sector in India is expected to grow.

**Balmer Lawrie recently signed MoU with Central Warehousing Corporation for utilising their storage/warehousing space. What synergy does this MoU bring for both the organisations?**

Balmer Lawrie and Central Warehousing Corporation (CWC) signed a MOU on 20th April 2023 for utilising warehousing space of CWC for providing Cold Chain logistics, general warehousing and other ancillary services for a period of ten years. The associate with CWC will give a fillip to Balmer Lawrie's Cold Chain Business Unit's aspiration of achieving Rs 100+ crore by 2027 and also setting up Mini Temperature Controlled Warehouses having a capacity of 1500 to 2000 pallet position in Tier II and Tier III cities across the country. The synergy of the expertise of Balmer Lawrie in the cold chain field and the reach / presence of CWC at the most strategic locations will change the dynamics of cold chain logistics in the times to come.

**Balmer Lawrie had earlier announced plans for expanding warehousing, cold storage facilities and entering into new verticals like integrated logistics parks. What have been the developments on this front?**

CFS - Kolkata added 43000 sq. ft area of warehouse in addition to the existing 37000 sq. ft, CFS - Chennai added 5000 sq. ft of bonded warehouse for handling Hazardous Cargo and added 20000 sq. ft warehouse space during Financial Year 2022-23 to increase focus on Warehousing activities. The Company inaugurated its new Cold Chain Unit at Bhubaneswar in July 2022. Balmer Lawrie's Cold Chain Unit has already marked its presence in Southern (Hyderabad), Northern (Rai, Delhi NCR) and Western (Patalganga, Navi Mumbai) parts of India and with its footprints in the Eastern region, along with its Temperature Controlled Vehicles, it is all set to service pan India customers as a one-stop shop Cold Chain solution. The Container Freight Station operations within the Multi Modal Logistics Park of Visakhapatnam Port Logistics Park Ltd. formally commenced on April 24th, 2023 in Visakhapatnam. Balmer Lawrie joined hands with Visakhapatnam Port Authority for setting up the state-of-the-art MMLP spread over an area of 53 acres with the objective of significantly contributing to the Logistics goals of the nation and also meet the growing demands of the region.

**Tell us about your first and last mile connectivity services?**

Balmer Lawrie offers a comprehensive bouquet of services like international freight, customs clearance, door-to-door delivery through local and last-mile transportation and domestic / EXIM warehousing. The Company has its own fleet of Temperature Controlled vehicles and continuously collaborates with the various stakeholders in the supply chain to ensure first and last mile connectivity services to any part of the globe. Balmer Lawrie has all the necessary infrastructure to ensure last mile delivery.

# LEADING THE TERMINAL INDUSTRY TOWARDS SEAMLESS DATA EXCHANGE AND AUTOMATION

We have seen more and more terminals putting requirement for a TIC4.0 interface into their procurement process and require providers to offer solutions supporting the TIC4.0 standard data language. We are starting to move away from a competition based on standards to a standards level playing field where competition can focus on innovation."

**Across the globe, container terminal automation is advancing rapidly. However, when compared with other fields such as automotive manufacturing or the process industries, the standardisation of automation in the container handling business is still in its early stages. What are the reasons? What needs to be done to bring standardisation?**

It is a paradox that the container industry is dealing with highly standardized elements since containers come essentially in 2 sizes, but that the industry itself has been developing exponentially over the last 60 years without managing to adopt common standards. Before we even talk about data interchange, basic definitions in our industry are not even standardised. Take for example the container move, which is the most fundamental activity of a terminal: the meaning will differ slightly from one terminal to another.

This absence of standards is not the only factor, but it is an important factor explaining the slow adoption of automation in the container terminal industry, as automating without being able to rely on solid and tested industry standards means you have to develop your own standards and experiment with them.

You are correct that other fields, and automotive sector is a very good example, have adopted automation much earlier. In the container business, there have been some early adopters of automation (e.g. Rotterdam and Hamburg and some attempts in the US) in the nineties and early 2000's. These where all one-of-a-kind projects that could only be done because the shareholders of the terminals believed in the concept and the ecosystem of the ports supported the automation, but the result of these automation was a mixed bag: investments were significant, productivity was often disappointing, and maintenance costs also higher than expected. Following those it took until the 2010 years to have a larger movement across the industry in different global areas to go for automation, but in most cases we are talking about semi-automation projects which were less costly and risky.

Contrary to the automotive industry, the container terminal industry is not a linear production process where you push a button to start the process and stop it, but a logistics process is dependent on external triggers which are not controlled by the terminal, such as vessels, barges, trucks or trains arriving to the terminal to be serviced, with varying levels of predictability. Additionally the terminals are subject to other factors such as weather conditions that also influence its activity. This complicates automation because an automated process always struggles with exceptions, and I think most of the people in operations would agree that the terminal process is a process of exceptions rather than "happy days" scenario.

However, we can still learn from other industries especially when it comes to electronic standardized data interchange. Here the automotive industry is certainly a front runner where the OEMs have requested for already many years that their logistics providers only communicate in standard EDI formats (e.g. formats based on the German automotive VDA standards). Learning from that also means that the technical format is not the most important part of the standards as VDA standards are also available on different technical standards like EDIFACT or ANSII. The key is in the meaning of the data, as it needs to be understood exactly the same way by any party in the process of exchange across the industry from the OEM, to the supplier, to the logistics provider. Therefore most fundamental is data understanding and a high level of integration across the industry. This is precisely what we as TIC4.0 are focussing on to help the industry be more ready for seamless unequivocal data exchange and to facilitate automation.


**The key is in the meaning of the data, as it needs to be understood exactly the same way by any party in the process of exchange across the industry. Therefore most fundamental is data understanding and a high level of integration across the industry. This is precisely what we as TIC4.0 are focussing on.**

**The competition should not be on who has the best standards, but who is able to innovate best and create value.**

**How much of interoperability exists in container terminal automation? What is the availability of Open Application Interfaces?**

In those earlier mentioned automation projects 20-30 years ago, and the movements in the 2010 years there was often a "standard setup" that was based on suppliers and their individual standard to integrate, while some large terminal operator groups also sought to develop their own standards to implement their data integration projects, and considered that their proprietary standards were a competitive advantage for them. This materialized in a market where there are "de-facto" standards which are actually mostly proprietary standards, which can be compared to the Apple ecosystem: as long as you buy everything from Apple it integrates very well in the ecosystem but incorporating non-Apple products is always more tricky and you face the risk that it does not really works.

This has led to a competition on standards and created a lock-in situation with suppliers because as a terminal you are very limited in choice.

This is problematic for the terminals themselves and has favoured the largest operators able to develop their own standards, and slowed down innovation and the adoption of new 4.0 technologies that require significant data integration when always implementing the same architecture. The competition should not be on who has the best standards, but who is able to innovate best and create value.

So at this point in time there are not real APIs for automation that are vendor or terminal (group) independent, but it is on the agenda of TIC4.0: our members who count the largest terminal operator groups and the largest suppliers and solution providers to the industry have been collaborating for the past 5 years to develop the TIC standard language for our industry and elaborating open API's is on our agenda.

**How willing are the Terminal operators to bring standardisation in their operations? Tell us about the development of standards by TIC4.0 to define the format and protocols for electronic data exchanges?**

The rapid development and growth of our association shows that actors in our industry have recognized the need and importance for common open standards in our industry, and as the development of standards in TIC4.0 is done by the members themselves collaborating in taskforces, it also shows the commitment that the industry players have to ensure that these standards get developed.

When we started in 2018 after a presentation I gave at a conference, it was an initiative of passionate technical and IT engineers from the terminal operator as well as equipment and solution providers, but now we are 50 members from across the globe from all sectors of the industry (terminals, terminal groups, equipment suppliers, technology and software solutions suppliers), and still continuously growing our membership globally.

We define in our standards following a logical roadmap that assigns taskforces composed from relevant experts from terminal operators and suppliers to work on specific topics or areas following a methodology that we have developed, and add the resulting standards to our data models. The result is a flexible data language first that is now available to the industry for free to download and that has the advantage of having been defined and challenged by the top engineers in the industry coming from various suppliers and terminal operators. This also means that the TIC4.0 language takes into account different viewpoints and needs from different operators and suppliers and provide the flexibility to evolve with the development of new technologies, while also being continuously tested in different pilot projects. This eliminates a lot of the cost and risk involved with developing proprietary standards and facilitates a more seamless data integration projects.

**At this point in time there are not real APIs for automation that are vendor or terminal (group) independent, but it is on the agenda of TIC4.0: our members who count the largest terminal operator groups and solution providers have been collaborating to develop the TIC standard language.**

We concentrated first on the container industry and there the main business assets – so our data model supports the CHE (container handling equipment) and the TOS (Terminal Operating System) representing the terminal process. These data models include the definition of the data and content are downloadable from the TIC4.0 website (www.tic40.org).

In the past year we have seen more and more terminals that are putting the requirement for a TIC4.0 interface into their procurement process and require providers to offer solutions supporting the TIC4.0 standard data language. At the same time many suppliers are updating their offering and started to propose the TIC4.0 based interface as part of the product integration. We are starting to move away from a competition based on standards to a standards level playing field where competition can focus on innovation.

**How can real-time data exchanges help to improve the efficiency of the logistics industry?**

It is not just only about real-time but also about the data understanding. Both need to go hand in hand. However, to improve efficiency, terminals will need increasingly to adopt solutions to manage better unplanned events, and this is where technologies making use of real-time data capabilities will become increasingly important. This means that data volumes and data frequency will increase exponentially, but today from a technological view point it is not a problem. Tomorrow's solutions need to be able to digest data in real-time and take decisions based on this. The improvement will be in the uniform data understanding which will allow more and more automated decision making based on data and smart algorithms.

**When it comes to data exchange, the questions of data ownership and security arise. How do you address these concerns?**

TIC4.0 itself concentrates on the data definition itself, however you are right that the adoption of these data standards will also depend a lot on having clarity on the ownership model and the security of data. In terms of data security there will be a higher demand on protecting your OT and IT environment because they will be more interconnected and also more exposed than ever before. The ownership models will probably not be a one-size-fits-all. As often is the case, the larger groups will probably define their own rules of ownership and include this in the selection of the suppliers - and are already doing it. Others might buy into a SaaS model or a Data As A Service (DaaS) model where suppliers are more in the driving seat of the data. As data is the new oil, there will be different commercial models for this.

# CELEBRATING 25 YEARS OF TRADE & TRUST

"The Franco-Indian relationship which celebrated the silver jubilee this July has seen the maritime container traffic between India and HAROPA remain stable in the period 2021/2022, whilst many of our competitors had seen a decrease in figures."

**As the India representative of HAROPA Port tell us about your initiatives to improve trade and connectivity between Indian ports and HAROPA?**

Seahorse ship agencies maintain regular contact with French Embassy in India & work closely with all government offices & trade bodies including Business France and Indo- French Chamber of Commerce etc to develop & further bilateral relation and expand the network between our countries.

Seahorse Ship Agencies also continue in its endeavours to develop business & trading relationships with important Indian professional associations on the port and maritime sector, opinion leaders, shippers, leading freight forwarders and port authorities to share information with them about latest evolutions on HAROPA PORT side to offer an alternative and competitive solutions for all cargo destined from India to France especially to the north continent.

**How has been the trade movement between India and HAROPA over the past 2 years? How can it be improved further? Are there any tariff/non-tariff barriers that need to be addressed?**

The maritime container traffic between India and HAROPA was stable regarding the period 2021/2022.

Whilst many of our HAROPA PORT competitors had seen a decrease in figures, HAROPA PORT maintained volumes

The collective confidence in the exceptional quality of the Franco-Indian relationship, which this year celebrates the 25th anniversary of the strategic partnership that was hailed at the highest level on 14th July in Paris and the ambition we share with India to continue to strengthen this relationship in all areas so that together we can tackle the major global challenges and international crises impacting global economies. Our two countries have adopted a roadmap to set the course for their bilateral relationship up to 2047, the date of the centenary of their diplomatic relations.

To highlight & showcase the importance of the partnership between INDIA and HAROPA PORT, it should be noted, that an important HAROPA PORT delegation (including the mayor of Le Havre, former prime minister of France) was in India, earlier this year in March to communicate latest evolutions and improvements on HAROPA PORT side. The delegation met up with a host of senior members of the Indian government and Indian EXIM Industry leaders and partners.

**Would you like to share any recent infrastructure upgrades at HAROPA, which will be of particular use for Indian exporters/ importers?**

A Host of infrastructural upgrades continue at HAROPA including

a) Completion of Port 2000 (berths 11&12), b) massive investment has been the terminal operators in order to increase and the efficiency (viz:TIL announced a, investment of 1 billion Euros) to triple the capacity of their terminals & operational by end 2024 and c) GMP terminals investments in new gantry crane etc

d) Port 2000 fairway project which enable barge access 24x7 to/from container terminals on Port 2000 to improve reliable and efficient river services encouraging the modal shift focusing to reduce environmental impacts.

HAROPA PORT continue to develop onshore power supply with a gradual deployment on river, cruise and maritime terminals within the period from 2023 to 2028.

New railway service between Le Havre and Tours (Loire region) operated by Naviland & this new service offers logistics providers and manufacturing companies an environmentally friendly alternative to "100% road haulage", thereby contributing to the decarbonization of the logistics chains passing through HAROPA PORT.

Launch of the Bruyères-sur-Oise trimodal hub project to strengthen the green multimodal logistics corridor on the Seine axis.

**Tell us about the green initiatives at HAROPA? How are they replacing fossil fuels with renewable energy/biofuels in logistics and port operations?**

Support for biowaste methanization project Operational by 2025. Establishment of a Paprec plant in Gennevilliers with an annual production capacity of 50,000 tons Production of biogas to supply the Paris region network.

Participation in the ESI Environmental Shipping Index program HAROPA PORT grants a bonus to vessels whose air emission reductions exceed current International Maritime Organization (IMO) regulatory requirements.

Expansion of multi-energy 2023-2025. Progressive installation of latest-generation stations on our multimodal platforms. Production and distribution of carbon-free hydrogen for road mobility and later for river transport.

Enhanced Bunkering capacity of the Seine corridor. LNG bunkering available by truck or by barge. Methanol storage capacities at Alkion and Rubis terminals

ENGIE joins forces with CMA CGM and Air France-KLM to accelerate the decarbonization of sea and air transport by launching the first industrial-scale renewable and low-carbon fuel platform in Le Havre (investment I billion Euros).

**"HAROPA PORT continues to develop onshore power supply with a gradual deployment on river, cruise and maritime terminals within the period from 2023 to 2028."**

**The recently announced India-Middle East-Europe economic corridor, how will it impact the connectivity and trade with HAROPA?**

HAROPA PORT represent the most natural, direct, and privileged entry to Paris, one of the most leading consumer markets in Europe and well connected by rail, road, waterways & short sea connections to rest of Europe

The India-Middle East-Europe Corridor (IMEC), announced during the recent G20 Summit in India, holds significant potential for boosting regional connectivity, enhancing economic integration, trade, investments, and fostering cooperation among the participating countries on multiple fronts. This ambitious project aims to establish a seamless multimodal trade route connecting India, UAE, Saudi Arabia, Jordan, Israel, and Europe, reduce trade costs, by improving transportation infrastructure, cross-border cooperation, energy supply, and logistical efficiencies, promote market access to revolutionize global trade dynamics.

Though at its nascent stage this giga project could, in reality be the game changer with a clear road map for geo- economics and geo-politics co-operating for mutual benefit. Shared economic interests will surely incentivize collaboration for stronger diplomatic relations, security cooperation, facilitating dialogue, and fostering geopolitical equilibrium. reduce trade costs, promote market access.

This corridor envisages for goods to be carried from India to in UAE by sea route, onward by rail via UAE , Saudi Arabia & Jordan up to Haifa port in Israel ( this rail leg envisages a mix of already existing Brownfield projects and fresh Greenfield projects to connect missing links) & From Haifa to Italy and onwards to European hinterland.

Partners to this IMEC & its initial MOU signing confirm that this corridor would reduce the distance between India and Europe by 40%., facilitate electricity cable and a clean hydrogen pipeline to 'foster clean energy trade between Asia, the Middle East, and Europe'.

# SOUTH ASIA CONTAINER TRADE

The largest growing trade is from Asia to South Asia, where 28% and 27% net capacity was added for eastbound and westbound directions respectively from Asia.

Global Supply-demand situation

Consumer demand across the globe has been persistently weak since 2022 and the same is reflected in container throughput. As per the data compiled by Drewry, container handling at global ports grew just by 0.5% in 2022. The global throughput declined by 2% during the first six months of 2023 compared to 1H22. On the supply side, the effective fleet supply increased by 4.2% in 2022 (demolition and new delivery adjusted). Even though the demand is dwindling, ship owners continued ordering for new ships. Owners bought approximately 7.2 million teu worth of containerships in the two-year window 2021-22, more than they had combined in the previous six years. The noteworthy, trend in recent orders is that about half of the orders are for dual-fuel ships due to the forthcoming stringent environmental norms.

As per IMF economic data, the outlook for the world economy is murkier than ever as a disparate slew of economic data from key economies were released. While the UK is tipped to dodge a recession, the eurozone economy slipped into a technical one. The US labour market continues to be red hot, confounding naysayers' predictions of recession but Chinese factory output contracted sharply in May and Japan's also unexpectedly declined in April. Brazil's economic growth slowed in the first quarter (for the third quarter), whereas India's economy remained rosy, expanding around 6%.

Following are some of the recent trends observed:

**Global Trends**

1. Blanked sailings on the Asia-Europe trades are at a two-year low this summer. Only 8.7% of the total capacity was cancelled in July and 7% in August. The lack of an aggressive capacity management approach by carriers can prove to be fatal as newbuild vessels will be added soon. We expect 2.5 mteu of capacity to be delivered before the end of 2023.
2. On the global operations front, the Panama Canal Authority has introduced multiple restrictions including drafts and transit numbers due to drought and low water levels in the region. At present, the restrictions are imposed at least till June-July 2024. Since peak season is approaching this might become a bottleneck for various routes, affecting rates and transit times.

**South Asia**

1. Among all South Asian routes, trade with the US has significantly decreased in the last year; thus, net capacity decreased by 18% westbound and 11% eastbound between August 2022 to August 2023. The largest growing trade was from Asia to South Asia, where 28% and 27% net capacity was added for eastbound and westbound directions respectively from Asia.

2. The number of weekly calls for dedicated loops also increased from Asia to South Asia. Three new weekly services were added to Asia-South Asian routes and two new weekly loops (13,500 weekly nominal teu) were added on the South Asia-Europe route which offers direct connectivity from the South East Coast of India to the North Europe region.

**Ship calls and congestion**

The congestion pressure on the global supply chain eased and better productivity is observed at container ports in all regions. Average turnaround time improved significantly over last year in recent months. Average pre-berth waiting shows a 35.2% y-o-y decline whereas total call duration shows a 18.2% slump over July 2022.

**Freight rate fluctuations**

After peaking in late 2021 to mid-2022, container freight rates continued to erode through 2Q23, though the pace of retreat of East-West spot rates slowed as average pricing approached pre-pandemic levels in a much-anticipated process of market normalisation.

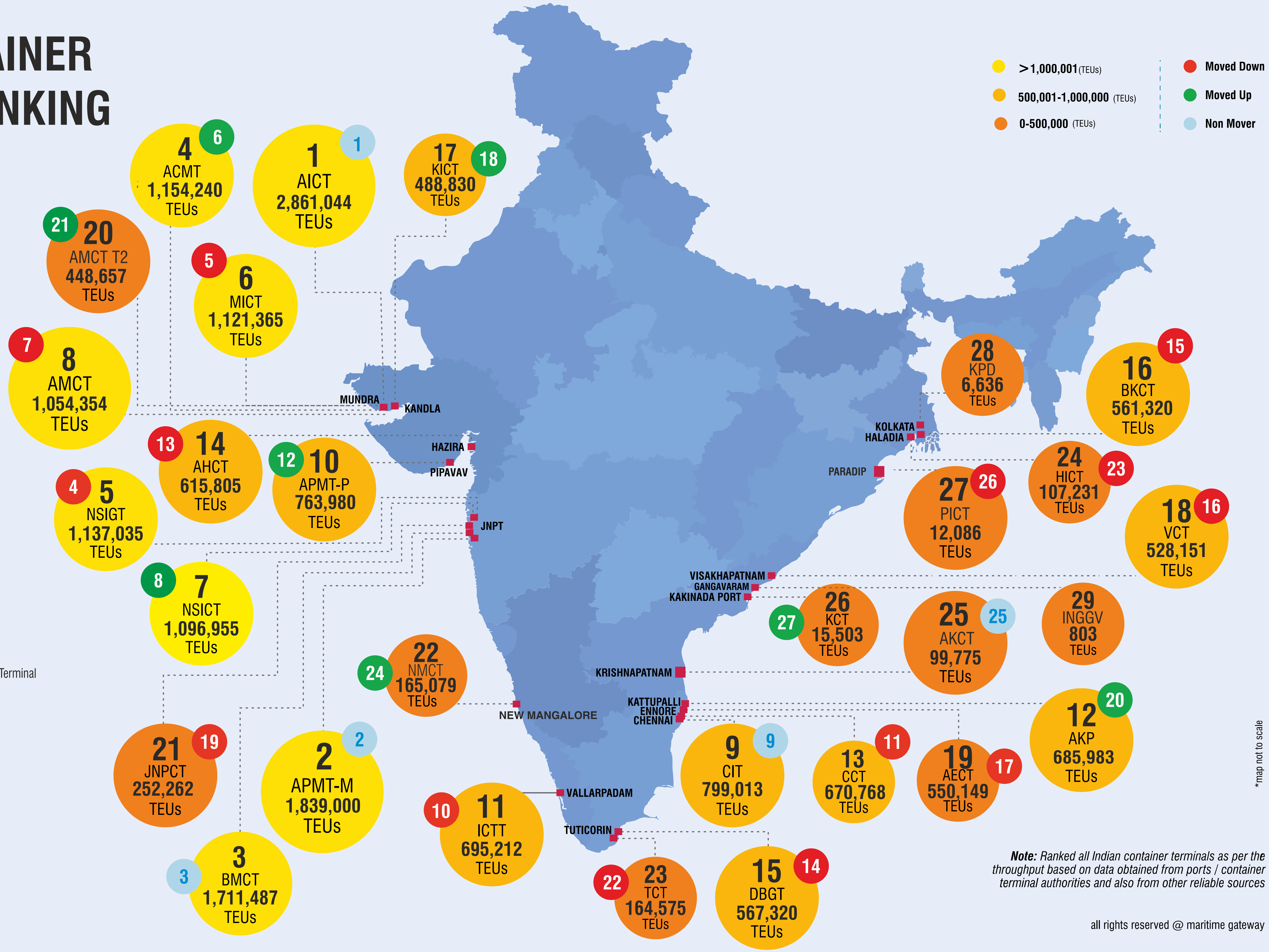
# INDIAN CONTAINER TERMINAL RANKING 2023

Total Installed Capacity

**29,690,000 TEUs**

Total Throughput

**20,174,618 TEUs**




**AICT:** Adani International Container Terminal
**APMT-M:** APM Terminals Mumbai
**BMCT:** Bharat Mumbai Container Terminal
**ACMT:** Adani CMA Mundra Terminal
**NSIGT:** Nhava Sheva India Gateway Terminal
**MICT:** Mundra International Container Terminal
**NSICT:** Nhava Sheva International Container Terminal
**AMCT:** Adani Mundra Container Terminal
**CIT:** Chennai International Terminal
**APMTP:** APM Terminals Pipavav
**ICTT:** Vallarpadam International Container Transhipment Terminal
**AKP:** Adani Kattupalli Container Terminal
**CCT:** Chennai Container Terminal
**AHCT:** Adani Hazira Container terminal
**DBGT:** Dakshin Bharat Gateway Terminal
**BKCT:** Bharat Kolkata Container Terminal
**AECT:** Adani Ennore Container Terminal
**VCT:** Visakha Container Terminal
**KICT:** Kandla International Container Terminal
**AMCT T2:** Adani Mundra Container Terminal 2
**JNPCT:** Jawahar Nehru Port Container Terminal
**NMCT:** Mangalore Container Terminal
**TCT:** PSA SICAL Tuticorin Container Terminal
**HICT:** Haldia International Container Terminal
**AKCT:** Adani Krishanapatnam Container Terminal
**KCT:** Kakinada Container Terminal
**PICT:** Paradip Port - Containers
**KPD:** Kolkata Port Dock
**INGGV:** Gangavaram

**Note:** JNPCT data includes Nhava Sheva Free Port Terminals (NSFT) throughput.

***Note:*** *Ranked all Indian container terminals as per the throughput based on data obtained from ports / container terminal authorities and also from other reliable sources*

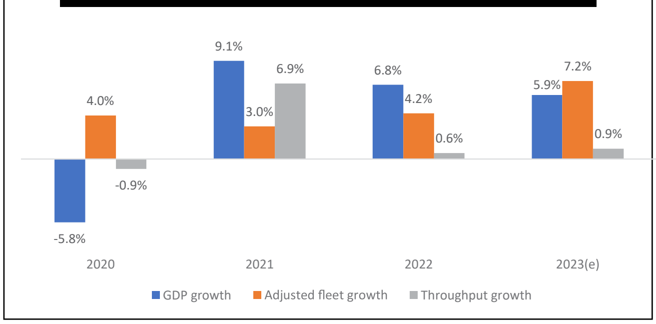
# INDIAN CONTAINER TERMINAL RANKING 2023.

With extensive interest from the trade, Maritime Gateway consistently publishing the Indian container terminal ranking based on volume handled in every year. This ranking sheet is widely used as a ready reckoner to understand growth trajectory of each terminal while keeping the trade abreast with the updates on total Indian container trade volume vs total installed capacity. As per the numerous requests coming from the trade, we have a plan to expand the rankings to South Asia in the future.

Despite global economic uncertainties, Indian EXIM trade grew positively with uptick in box movement includes building new capacities across Indian Coast. For example, one of the largest port in India, Jawaharlal Nehru Port is on expansion spree driven by incremental growth of volumes with high capacity utilization at terminals. Especially APM terminals Mumbai consistently registering high capacity utilization of more than 100%. In order to cater the ever increasing demand, infrastructure expansion is underway. Investment at PSA Mumbai and Nhava Sheva freeport terminal are also adding new capacities with upgraded infrastructure to ease the overall trade.

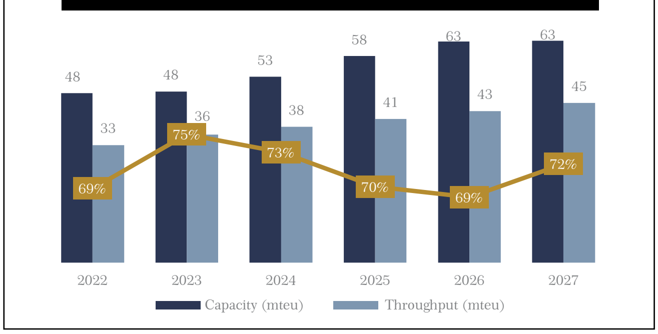
In line with previous ranking map, we believe this year ranking will also help trade to make informed decisions.

#### GLOBAL ECONOMY AND SHIPPING SUPPLY-DEMAND GROWTH



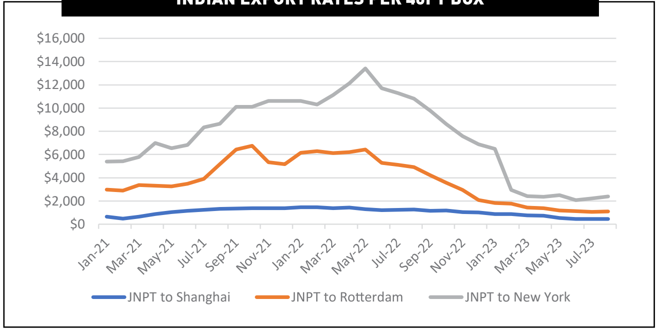

Source: World Economic Outlook, IMF and Drewry Maritime Research

#### CONTAINER PORT DEMAND-SUPPLY PROJECTIONS TILL 2027

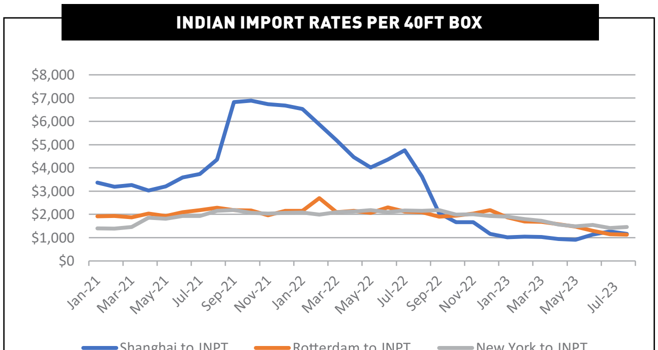



Source: Global Container Terminal Operators Annual Review and Forecast, 2023

#### INDIAN EXPORT RATES PER 40FT BOX

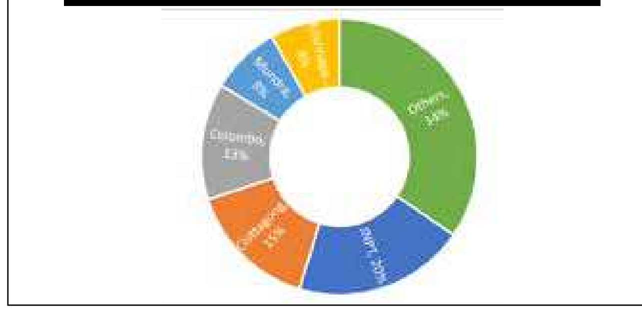



#### INDIAN IMPORT RATES PER 40FT BOX




Source: Container Freight Rate Insight, Drewry Maritime Research

#### PORT-WISE SHARE OF SOUTH ASIA'S TOTAL CAPACITY EXPANSION 2022-2027



Source: Global Container Terminal Operators Annual Review and Forecast, 2023

Strangely, despite waning cargo demand and an increasing surplus of tonnage, carriers show little appetite to take the necessary corrective action to prevent further rate destruction. Liner balance sheets remain strong, which explains the lazy attitude to capacity management. Adding downward pressure on pricing, upcoming changes to alliance formations appear to encourage more predatory action among carriers. As the global rates are declining, rates for India origin/destined cargo have also declined during the 2H22 and 1H23. The Global Freight Rate Index has declined to $1,954 from its maximum level of $10,100 in September 2021. A huge variation was observed between the export and import rates for India-based routes. Export rates to the USA were 70% higher than import rates from the USA. Import rates from China are 158% higher than exports to China while the variation is less in trade to/from Europe.

### Container port capacity in South Asia

In south Asia, capacity utilization is hovering around 70% in 2022 and projected to continue the range of 75% in 2023. However, with new capacity additions, the utilization is expected to taper down till 2026. Installed capacity is expected to grow by CAGR of 5.6% during 2022-2027, whereas throughput is forecast to increase by CAGR 6.3% in the same period.

- Jawaharlal Nehru Port expansion driven by investment at PSA Mumbai , APMT Mumbai and Nhava Sheva Freeport Terminal
- Greenfield projects at Chittagong (Patenga, Karnaphuli and Bay Terminal) expected to add 2.3 mteu capacity by 2027
- SLPA's East Container Terminal and Adani's West Container Terminal projects to increase Colombo's capacity by 2.0 mteu.

*The South Asia Container Market Report 2023 offers an indepth insight into the containerised trade happening in this part of the globe. To obtain your copy of the report please contact:*

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# A TIME, COST AND ENERGY EFFICIENT MODE

Several steps have been introduced to make coastal shipping more accessible and cost effective, such as priority berthing, freight subsidy to vessel operators, green channel for fast evacuation of coastal cargo, discount on vessel related charges and last-mile connectivity.

BY **VIJAY KURUP**

The coastal shipping has come of age. There has been an increase of 1.6x in terms of cargo moved through coastal shipping. In 2021-22, 109 million metric tons of cargo was moved through National Waterways. Out of this volume, 80%, the cargo had originated from port-based cargo and moved through coastal routes. The figures indicate that the coastal movement is gaining traction not only as a viable mode of transport, but also showed the potential for integration with inland waterways.

The finance minister Sitharaman, in her budget speech, had proposed that coastal shipping would be promoted as an energy efficient and low-cost mode of transport, both for passengers and freight, The projects would be through PPP mode with viability gap funding. Under Sagarmala, the ministry had undertaken several initiatives not only to promote coastal shipping in the country, but also to streamline the various procedures that had earlier bedevilled the system. The Ministry of Ports, Shipping and Waterways and the Ministry of Rural Development has undertaken skill development programs in coastal states and union territories, training more than 5000 candidates.

As of 2020, India has about 1,463 vessels, of which 68 per cent of vessels are engaged in coastal trade. The Indian shipping fleet has grown at a CAGR of 3.3 per cent and the coastal shipping fleet at a CAGR of 2.7 per cent over the period of 2015–2020.

**Several steps have been introduced to make coastal shipping more accessible and cost effective**

Various initiatives and projects have been undertaken under the Sagarmala Programme to promote shifting of cargo from conventional land-based transportation to coastal mode of shipping. IWAI has created a department called the Trade Facilitation Centre for Inland Waterways. This facility has been created on the single window concept wherein all data to facilitate cargo trade, through multimodal facilities, will be available on this portal.

There has always been an issue of non-availability of berths for coastal vessels. EXIM shipments, due to its high value, were routinely given preference over coastal cargo which traditionally were of low value. But now, priority clearances have been granted to

**The freight subsidy, which was earlier only applicable to the movement of fertilizer by rail from the plant or port to various destinations, will now apply to the primary movement of fertilizers through coastal shipping and inland waterways.**

cargo for coastal shipments. Priority berthing policy for coastal vessels has been notified to reduce turnaround time for coastal vessels and improve their utilization. The availability of berths would address the longstanding grouse of customers. There has been a reduction of GST on bunker fuels used in Indian Flag Vessels, from 18% to 5%.

Further the Government is looking to construct and upgrade platforms, jetties, and mechanization of coastal berths. The government is also toying with the idea of granting exclusive berths for coastal vessels. Five coastal berths have already been operational in the last 2 to 3 years. Six are under construction which was expected to become operational in the next two to three years. Currently there are seven major ports which have viable connectivity with the different waterways moving different types of cargo including EXIM cargoes to hinterland destinations.

In the last five years the number of ports connected to the railways and the national highways have significantly gone up, making the cost of accessing coastal ports much cheaper, and easier.

### Incentives and policy reforms

The freight subsidy, which was earlier only applicable to the movement of fertilizer by rail from the plant or port to various destinations, will now apply to the primary movement of fertilizers through coastal shipping and inland waterways. The applicable rate would be lower of the equivalent railway rates or actual freight paid.

The Inland Vessel Act which came into force in 2021, is a major improvement over the previous Act which was more than 100 years old. This Act specifically harmonizes and adopts a uniform approach to the inland vessels across the country. A vessel registered in any State can now move across the country and even on the coastal routes. Earlier this required extensive and time-consuming paperwork and registration with different States.

Licensing relaxation under Section 407 of the Merchant shipping Act has been granted to container vessels for carrying agricultural, fisheries, horticultural, fertilizers and animal produce commodities, provided these commodities constituted at least 50% of the cargo on board the ship at the beginning of the coastal leg.

The projects for improvement in the first and last mile road and rail connectivity with all the major and non-major ports have also been identified for faster cargo movement. The Ministry of Ports, Shipping and Waterways is working with the Ministry of Railways and Ministry of Road Transport and Highways to implement these projects.

Green channel clearance introduced for faster evacuation of coastal cargo at ports. A discount of 40% is offered by major ports, on vessels and cargo related charges, for coastal cargo vessels. Foreign flag vessels have been allowed to operate at Indian coast, without license from the Director General of Shipping (DG).

### Draft Coastal Shipping Bill 2020

Another improvement in the coastal movement is the introduction of the Draft Coastal Shipping Bill 2020, which has been uploaded on the Ministry of Ports, Shipping and Waterways site for public consultation. Some of the highlights of the Bill are as under:

1. The definition of coastal shipping and coastal waters has been expanded.
2. It is proposed to do away with the requirement of trading license for Indian flag vessels for coastal trade.
3. The Bill seeks to create a competitive environment and reduce transportation costs, while encouraging Indian vessels to increase their share in coastal shipping.
4. The Bill also proposes integration of coastal maritime transport with inland waterways. Ensuring two-way cargo movement will have the potential of reducing the cost of coastal transport. Inland Vessels have been allowed to operate within five nautical miles of the baseline in fair season and fair-weather conditions.
5. There is a provision for a National Coastal and Inland Shipping Strategic Plan.

**What does the future hold for the coastal movement?**

The movement of commodities through the coastal route are mainly steel, cement, POL, fertilizers, coal, sugar etc. Currently about 2 million tons of fertilizer move through coastal shipping which could be increased to 6 million metric tons by 2025. Some routes have been identified for possible movement of fertilizers to hinterland destinations like Bihar, West Bengal, Varanasi and other northeast destinations. Dedicated container liner services and CFS was to be established at important ports along the coastal route for fertilizer traffic.

The Sagarmala programme has identified that the total opportunity for coastal movement of fertilizers is 6-7 mmtpa by 2025, with an estimated savings of around Rs 900 Crore to Rs 1,000 Crore per annum.

R Lakshmanan, Joint Secretary, Ministry of Ports Shipping and Waterways, said in a conference that the movement of cement through coastal routes had considerable potential. Currently the total movement of cement amounted to 6 million metric tons. The cement movement through coastal shipping could be further augmented by building cement silos along the coasts. "The port and the cement companies can work together in this venture. The port authorities are keen, since this would bring more cargo for the ports. IWAI and the ports are working with the state PSUs," said Lakshmanan.

Lakshmanan further stated that currently there were 298 connectivity projects targeting 87 operational ports across the country. The IWAI ministry had regular interaction with Railways, Roadways and with the Department for Promotion of Industry and Internal Trade (DPIIT). A Comprehensive Port Connectivity Plan (CPCP) has been formulated to bridge last mile gaps to ports. The CPCP consisting of 107 Port connectivity projects has been notified, of which 47 projects pertain to Ministry of Railways and 60 projects to MoRTH. All these moves he felt were conducive to bring down the logistic costs and the time involved in the moment of coastal goods.

The Ministry of Road, Transport and Highways is developing 35 MMLPs under Bharatmala Phase 1. Of these, 6 MMLPs are undertaken by the Ministry of Road Transport and Highways in port cities of Cochin, Chennai, Visakhapatnam, Mumbai, Kolkata, and Kandla.

IWAI is looking to invest Rs 8000 crores into these waterways. Lakshmanan said that they could either proceed on their own or invite private players, through viability gap funding of 30%. They were working with the ministry in exploring ways to enhance the movement of fertilizer through coastal shipping. During peak season the fertilizer companies are unable to find sufficient rakes to move their commodity. They were keen to look at the alternative route. The coastal cargo traffic in 2019-20 was 127 mmtpa. In 2021-22 the traffic was 132 mmtpa an increase of mere 3%. One of the challenges the shipper faces in coastal shipping is getting the permission for movement from the various authorities.

**In 2021-22, 109 million metric tons of cargo was moved through National Waterways. Out of this volume, 80%, the cargo had originated from port-based cargo and moved through coastal routes.**

**The Indian shipping fleet has grown at a CAGR of 3.3 per cent and the coastal shipping fleet at a CAGR of 2.7 per cent over the period of 2015–2020.**

The shippers need to get permission from DG Shipping and The Indian National Shipowners Association (INSA) which currently is a time-consuming process. The big shippers can muscle their way to get the requisite permissions. However, the smaller shippers who are more numerous, are left by the wayside.

The cargo owners in coastal shipping must put up with dual Customs inspection, both at the exit port as well as at the entry port. This kind of double inspection should be done away with.

There was also a tendency to ask for more safety equipment, manning, inspections etc, than warranted. All this adds to compliance cost and delays.

Despite various subsidies offered in terms of port charges and tax benefits offered, the costs are still on the higher side. Further there is no uniformity in the interpretation of laws between ports. This adds to confusion and delays despite the officials work under same central ministry.

The shipping ministry has instituted paperless logistics solutions to help exchange documents seamlessly. It caters to various stakeholders. But despite being paperless, customers have complained over frivolous questions being raised for clearance of cargo.

The shippers feel that there is a need to establish more minor ports with container handling facility along the coast to reduce transhipment and last mile connectivity costs. Further there should be more industrial clusters around these minor ports that would reduce last mile connectivity.

The focus is back on coastal shipping. There are serious efforts by the government to woo potential exporters, importers, and private enterprises to use coastal waters. The Government of India is keen to integrate the inland water system with the coastal waters, a move that would further contribute towards reduction of logistics costs. There must be minimum intermodal transitions to dial down the total logistics costs. Issues will continue to crop up, the challenge would be to resolve it sans delay. Afterall at the end of the day, it is all about cost, time, and certainty in the movement of coastal shipments.

# AI POWERED TERMINAL AUTOMATION PLATFORM FOR SMART PORTS 5.0

India's maritime sector stands at the threshold of a profound transformation, driven by the convergence of IT and automation. The world's fastest-growing economy relies on its maritime industry to facilitate international trade, catalyse economic growth.

**Navigating India's Vast Maritime Landscape**

With 13 major ports and a fleet of over 200 minor ports, India deftly manages a substantial chunk of its international commerce via maritime routes. However, as the nation's economy burgeons and the global logistics panorama evolves, the imperative for modernization and automation became undeniable.

**The Catalyst: Suraj Informatics**

A trailblazer in the realms of IT, Artificial Intelligence (AI), and automation, Suraj Informatics has emerged as a formidable force propelling India's maritime and logistics industry into the future. Through strategic collaborations with industry leaders and a relentless commitment to innovation, Suraj Informatics has successfully executed transformative projects for renowned companies such as JNPA, Adani, CONCOR, JSW Infrastructure, JM Baxi, DPW, PSA, Coromandel International, Bothra Shipping, and many more.

The company offers AI and IoT driven Automation Platform to automate complete Terminal/ Ports including Gate Operations , Rail Operations, Yard Management, Warehouse Management, Crane Management System, Traffic Management System, Real Time Visibility of CHEs and other Assets, Digital Twin, Optimization of Resources, PDS, AR & VR based remote maintenance and planning etc.

These cutting-edge solutions, including Business Process Transformation, AI Solutions, Automation Solutions, Intelligent Surveillance, Wi-Fi, and Mobility Solutions are all aimed at driving operational excellence. With an in-house team of experts, Suraj Informatics ensures not only superior performance but also expeditious implementation, aligned with their clients' vision.

The Platform has ready plugins for TOS, ERP and various 3rd Party applications. The AI based Automation Platform is vertically and Horizontally scalable to take care of the business' future requirements. It has redefined operations, elevating efficiency and productivity while minimizing capital expenditure. It is a testament to Suraj Informatics' enduring commitment to the advancement of India's port industry.

**The Power of AI and Automation**

The integration of IT, AI, and automation into India's maritime infrastructure has delivered tangible benefits:

- Enhanced Efficiency: IT systems have ushered in an era of operational efficiency, reducing congestion and wait times at ports.
- Sustainability: Automation is pivotal in reducing emissions, curbing energy consumption, and minimizing the environmental footprint of maritime operations.
- Safety: Automation diminishes the risk of accidents, making maritime travel and cargo handling markedly safer.
- Competitiveness: India's modernized ports have emerged as formidable players on the global stage, enticing more shipping lines and fostering robust economic growth.
- Real-time Visibility: Stakeholders now enjoy access to real-time data, equipping them with the tools for better decision-making and a transparent supply chain.

# UNLOCKING NEW OPPORTUNITIES AND COLLABORATIONS

India is Nepal's largest trade partner and the largest source of foreign investments, besides providing transit for almost entire third country trade of Nepal. India accounts for about two-third of Nepal's merchandise trade, about one-third of trade in services

Nepal, a landlocked state in South Asia, is now gearing to transform into the status of a middle-income country from the current least developed country (LDC) in the next three years. The major concerns for the Himalayan state are inflation and trade deficit. The CPI-based inflation remained 8.56 per cent on y-o-y basis. Imports increased 27.5 per cent, exports increased 53.3 per cent and trade deficit increased 25 per cent.

Nepal's Trade Balance recorded a deficit of $891.5 million in July 2023, compared with a deficit of $1.0 billion in the previous month. In the latest reports, Nepal's total exports reached $103.1 million in Jul 2023, a decrease of 16.8 per cent YoY. Total imports recorded $994.6 million in Jul 2023, a decrease of 16.8 per cent YoY. Trade balance of Nepal with India in July 2023 stood at India $-20,670.0 million.

**Nepal's trade with India**

Nepal and India share a long history of trade and commercial exchanges. India is Nepal's largest trade partner and the largest source of foreign investments, besides providing transit for almost entire third country trade of Nepal. India accounts for about two-third of Nepal's merchandise trade, about one-third of trade in services, one-third of foreign direct investments, almost 100 per cent of petroleum supplies, and a significant share of inward remittances on account of pensioners, professionals and workers working in India.

The ports of Kolkata/Haldia and Visakhapatnam are designated for

Nepal cargo movement. In addition, India and Nepal share 26 border crossing points for cross border trade. Two rail heads in Nepal - Birgunj and Biratnagar handle the exim cargo movement. The trade movement is further supported by six dry ports including 2 rail-based and 4 road-based.

During the last financial year that ended in March 2022, bilateral trade between India and Nepal saw a 41 per cent increase over the previous financial year. Further, Nepal's exports to India increased more than 100 per cent over the previous financial year, and constituted three quarters of Nepal's total exports. By comparison, Nepal's 2nd largest export destination was the United States with 10% share, followed by Germany (2.3%), the UK (1.1%), Turkey (0.9%), France (0.8%) and Australia (0.7%). Nepal is also India's 11th largest export destination, up from 28th position in 2014. Main exports from India are POL, iron & steel, automobiles, machinery, cereals, etc. Nepal's exports mainly constitute edible oil, coffee, tea, spices and jute.

### Infrastructure projects in Nepal

Nepal and India have been continuously working on developing trade and commerce between two countries by ramping up infrastructure facilities. Several rail, road and waterways infrastructure projects have already been established to facilitate trade between the nations and umpteen projects are currently in the pipe line. Nepal has also been developing several trade infrastructure projects with other countries like China and Bangladesh to boost its exim trade.

**Biratnagar:** An Integrated Check Post at the India-Nepal border area in Biratnagar is being connected with a railway line. Indian Public Sector Enterprise IRCON is building a railway line connecting Jogbani in Bihar, India, to the industrial area of Biratnagar in Nepal. Once operational, this 13 km railway line will significantly cut transportation costs for trade between Nepal and the Indian seaports of Kolkata and Haldia and it is on the verge of regularizing the movements

**The freight subsidy, which was earlier only applicable to the movement of fertilizer by rail from the plant or port to various destinations, will now apply to the primary movement of fertilizers through coastal shipping and inland waterways.**

as soft opening has been done.

**ICD Birgunj:** The Birgunj ICD is located in the Parsa district of Province 2. The nearest city, Birgunj, is at a distance of 8 km from the dry port, and the nearest Simara airport is 23.4 km away. The ICP is located right next to the ICD at the Nepal-India border. The Birgunj ICD is connected by road and rail to seaports in India. It operates as a centre for transshipment and import of cargo to inland destinations across Nepal. The Birgunj ICD at Sirsiya is the only dry port in Nepal that is connected to Indian seaports in Kolkata and Visakhapatnam by railways via Raxaul, India.

**Bhairahawa ICD:** Bhairahawa ICD provides smooth connectivity to the Indian town of Raxaul that handles high volume of heavy transportation and trade. Through Raxaul, Bhairahawa is connected by rail to almost all major cities in India. It is spread over 8 hectares and has a capacity to handle 800 vehicles per day. Parking area for 250 trucks, goods appraisal shed of 36X24 meters with 1.2 meters high platform. Space available for warehousing and 3PL operations.

**Dodhara Chandani ICD:** The ICD is being developed in Chandani Dodhara Municipality, about 725 kilometres west of Kathmandu, paving the way for the development of the trade infrastructure. The ICD could handle cargo from and to Mundra Port in Gujarat, which is the shortest route to the Middle East and Europe. The first phase of construction will cost Rs.7 billion.

**Kakarbhitta:** Kakarbhitta ICD is is the main entry point from India on Nepal's eastern border. Kakarbhitta is the 7th largest border crossing point, with 2.72 per cent share of total import value. The port was built to boost Nepal's exports to Bangladesh. The port is 600 km / 15 hours truck travel time from the port of Kolkata. It is spread over 7.5 hectares of land. Currently, the major imports are clinker and gypsum needed for cement manufacturing.

**Tatopani:** Tatopani ICD is located on Nepal's northern border with China, 114 km North East of Kathmandu. Tatopani and Rasuwa in Langtang are Nepal's two main border crossing points with China. The ICD connects to the 112-meter-long bridge over the Bhotekoshi River and a 6.5 KM road to China.

**Korolla dry port:** The Korolla point lies at a distance of 176 kilometers from the Myagdi district headquarters Beni.

**Nepalgungj:** Nepalgunj is a significant border crossing point in East Nepal that is closest to the Indian capital, New Delhi. There is a four-lane highway on both sides of the border. The Nepalgunj Customs Office is situated in Nepalgunj Sub-Metropolitan Ward No. 16. The Government of Nepal and India are currently constructing an Integrated Check Post (ICP) and Inland Clearance Depot (ICD) in Nepalgunj, which is expected to be completed in 2020. The Inland Clearance Depot will be connected by road to dry ports in India and operate as a centre for transhipment and importation of cargo to inland destinations into Nepal.

### Customs cooperation

A mechanism of Director General Level Talks on Customs Cooperation and exchange of information between the Customs Administrations of two countries is in place since 1994. This mechanism enables to discuss issues on enforcement, trade, transit and cooperation. 20 rounds of talks have been held so far, the last of which was held virtually on 19-20 April 2021. India with its act east policy and neighbourhood first policy will be handholding Nepal throughout its journey to join the league of middle income nations.

# MAJOR PORTS LEAD BY EXAMPLE

India is set to transform all major ports to operate 100% on renewable energy. World shipping will go green within around 10 years and we have to emerge as refuelling destination for all green ships.

India has been the green crusader all along, promoting and propagating sustainable development at global platforms. It is a less known fact that India is the first country worldwide to ban usage of single use plastic in the maritime sector, through order by the DG Shipping. India is again the first country to bring in age norms for vessels, which will ensure that we have reduced emissions. All this means that we are embracing technology openly and doing all things necessary to reduce our carbon footprint.

India's new "Harit Sagar" green ports initiative is, therefore, a step towards more responsible maritime transport by reducing carbon intensity. The country is among the first in the world to have all state-owned ports generate renewable energy. At the G20 Summit India has announced the Global Biofuels Alliance (GBA) – a confluence of Governments, International organizations and Industry to facilitate adoption of biofuels, bringing together the biggest consumers and producers of biofuels to drive biofuels development and deployment. GBA Members constitute major producers and consumers of biofuels. USA (52%), Brazil (30%) and India (3%), contribute about 85% share in production and about 81% in consumption of ethanol.

India has set a 5 million tonnes a year green hydrogen production target by 2030 to strengthen the country's energy security and also help reduce about 50 million metric tons of carbon emissions and save more than $12 billion on fossil fuel imports. The cumulative value of the green hydrogen market in India could be $8 billion by 2030 and $340 billion by 2050. Electrolyser market size could be approximately $5 billion by 2030 and $31 billion by 2050.

Adoption of green hydrogen will also result in 3.6 giga tonnes of cumulative $CO_2$ emissions reductions between 2020 and 2050. Energy import savings from green hydrogen can range from $246 billion to $358 billion within the same period. Beyond the financial savings, the energy security that green hydrogen provides will translate to less volatile price inputs for India's industries as well as strengthen India's foreign exchange situation in the long run, the report added.

"World shipping will go green within around 10 years. So, we have to

emerge as refuelling destination for all green ships, since we can provide them green hydrogen or green ammonia or whatever fuel they want at the lowest cost. We have to prepare bunkers at shipyards and also have pilots for green shipping on our own. We are in talks with the Ministry of Shipping, to take this forward," said RK Singh, Union Minister for Power, New & Renewable Energy.

Many of the major ports are already on their mark, generating most of their energy requirements from renewable energy.

**"World shipping will go green in 10 years. So, we have to emerge as refuelling destination for all green ships, since we can provide them green hydrogen or green ammonia at the lowest cost."**

RK SINGH
UNION MINISTER FOR POWER, NEW & RENEWABLE ENERGY, GOVT OF INDIA

### Jawaharlal Nehru Port Authority

Leading from the front is India's largest containerised cargo mover. About 80% of the power consumption at the port goes into terminal operations. Average power requirement at the port is 14.6MW, of which, 28% is supplied by solar power installations of 4.10 MWp. About 2.5MWp of solar capacity will be added in the coming days, of which, 1.5MWp with battery storage facility will be ready by Q2 2024. Thus solar power capacity will be increased to 52% of average power demand. BMCTPL has entered into an agreement for 6.52MWp solar plant under open access regulation. These initiatives will bring the renewable energy installed capacity at the port to 65% of the requirement by 2024. Expected savings from these green initiatives will be 10600 tonnes per year.

Though container handling was the highest in 2021-22, power consumption from grid was lesser than 2018-19 due to renewable energy use.

PSA Mumbai develops solar farm: The terminal operator has linked up with O2 Power to develop a 6.25 MW solar farm to be commissioned by the end of 2023. It will provide nearly 70% of PSA Mumbai's power requirements, reducing the terminal's $CO_2$ emissions by a projected 10,000 tonnes annually. PSA Mumbai is targeting a 50% reduction in its carbon emissions by 2030. Other initiatives underway include electrification of its equipment fleet, including all-electric RTGC fleet.

### Shore power supply

The major port is currently supplying shore power for tugs and port crafts. Feasibility study is being conducted for supplying shore power to exim vessels. Application has been submitted by MERC for obtaining orders to supply power to ships. Required infrastructure is to be developed through PPP mode. Tariffs for shore power are to be decided.

### Electric vehicles

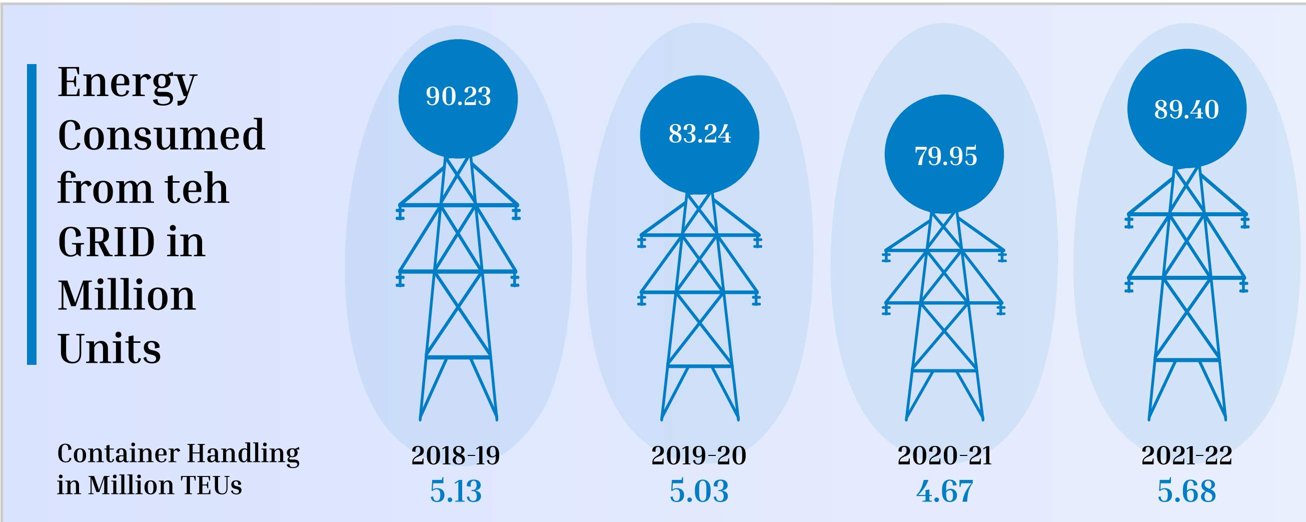
12 electric vehicles are used for movement within the port that save 47 tonnes equivalent of $CO_2$ per year. More 41 such vehicles will be added to the fleet by FY 25. The port is in process to consult PPP operators for acquiring E-vehicles except tractor trailers.

Container handling

Container loading/unloading is done through 31 E-RTGCs which save a carbon footprint of 1500 tonnes/year. Presently 44% of container handling equipment operate on current/hybrid, which will be raised to 84% by 2025-26. About 4000 LED lamps are being used around the port that save 7,12,058 kWh of energy per year.

### Syamaprasad Mookerjee Port

India's oldest riverine port,




Syamaprasad Mookerjee Port is partnering with major public sector companies to have green Hydrogen, solar power and shore to ship supply of power. The port is heading towards installing a total of 4MW of solar power generation capacity. The vision is to meet the complete power requirements of the port through renewable energy. In this context tender for solar power plant, smart lighting and energy efficient fitting in the dock area is in progress. The port is also taking measures to protect the river Hooghly from natural erosion. Measures are in place to safeguard the river banks and also safe navigation of vessels.

To reduce emissions from ship engines while it is docked at the port, the Kolkata Port has decided to gradually augment its capacity in providing shore-based electricity to vessels. The 'Shore to Ship' facility presently exists at two tug jetties for port-owned vessels at Haldia Dock Complex. Port authorities said that one more berth is targeted to be equipped with this facility by 2023-24. It is learnt that at Kidderpore Dock System (KDS), shore-based electricity is provided to port-owned vessels, and small coastal vessels in dry docks of KDS and Netaji Subhas Dock (NSD), and at the Indenture Memorial. The facility will be extended for all kinds of vessels of both KDS and HDC by 2030. The port also intends to electrically operate all its cargo handling equipment, in phases, by 2030. Additionally, the port will install a new 150KW solar plant in 2023-24. It plans to generate 2.25MWp at KPD-II by March 2024 for which a detailed project report is under preparation. CESC has agreed to the port's proposal to purchase generated solar power from the solar PV plants. To reuse wastewater, Kolkata Port will set up a modern sewage treatment plant (4MLD) in collaboration with IOC, costing Rs 14.5 crore, at Haldia Township by 2024-25.

### Syamaprasad Mookerjee Port uses biodiesel in port operations

Emami Agrotech Ltd has its Biodiesel Plant in Haldia with a production capacity of 350 tons of Biodiesel (B-100) per day. It is one of the major suppliers of biodiesel (B-100) to the oil marketing companies (IOCL, HPCL, BPCL) in India who further blend and sell B7 through their retail outlets. Emami Agrotech is the lead supplier of biodiesel (B-100) to Indian Railways for their use of B5 in Diesel Locomotives.

Emami Agrotech Limited is the first organization to supply biodiesel for use in marine & loco applications in Kolkata Port, Haldia Dock Complex and also to the State Transport Corporation (West Bengal Transport Corporation). At Haldia Port, cranes and trucks operate on biodiesel. The port has also made shore power supply to vessels available in 13 berths and for river cruise vessels, at the Indenture Memorial Jetty operational.

### VO Chidambaranar Port announces green Hydrogen hub

VOChidambaranar Port in Thoothukudi is poised to become a green hydrogen hub. In fact this is the first port in India to allocate land for production and export of green Hydrogen. An investment to the tune exceeding ₹50,000 crore is expected in Thoothukudi, informed T.K. Ramachandran, Secretary, Ministry of Ports, Shipping and Waterways. In July this year, the port authority has issued a letter of intent to ACME Cleantech Solutions Pvt Ltd to lease 222.79 acres of port land for setting up a green Hydrogen and green Ammonia project. The ACME plant will produce 3,000 tonnes per day of hydrogen.

The Port Authority has also leased 10 acres of land to ReNew Power Ltd for storage and export of green hydrogen and ammonia. As round-the-clock availability of adequate renewable energy is key to the production of green hydrogen, the port authority has also lined up a 5 MW solar plant, a 2 MW wind farm, a 60 MW hybrid wind solar plant, a mega offshore wind plant and a desalination plant on public-private-partnership (PPP) mode to support the project. The port authority is also in discussions with state owned firms such as Indian Oil Corporation Ltd and NTPC Ltd to cater to their green hydrogen ambitions.

The ACME facility will be one of the largest plants in India and potentially the largest in the world. The project will comprise 5,000 mw of solar PV plant, 1.5

GW of electrolyser and 1.1 million tonnes of ammonia synthesis loop.

### Visakhapatnam Port

The port has laid out a comprehensive vision for going green, which includes generating 15 MW of solar power, implementing the shore to ship project, and introducing green tugs. The port plans to use LNG/CNG/Ethanol/Methanol/Green Hydrogen for operating port equipment. The port has tied up with IOC for CNG bunkering with an investment of Rs.10Crore.

Over the next two years, Visakhapatnam Port aims to replace traditional bunker oil-operated tugboats with electricity-operated green tugboats. All diesel and petrol-run vehicles within the port will be gradually replaced with CNG alternatives.

The port has started construction of 4 coved storage sheds to store bulk cargo with a capacity of 2,94,000 MT at a cost of Rs. 116.04 crores. The port is having 221 water sprinklers spread across 8 cargo storage locations covering 100 Acres for suppressing the dust from cargo stacks. A 10 MLD Sewage Treatment Plant (STP) is being operated by the port to treat the city municipal waste entering the port area. Another 5 MLD STP is under planning. Dusty cargo transported in trucks and trains is covered with tarpaulin.

### Chennai port

Chennai port has a target to generate 500 kW of solar energy and 14.5 MW of wind power. Phase – I of the solar energy project with 100KW capacity has been awarded to Alectrona Energy Pvt. Ltd. Further, Continuous On line Ambient Air Quality Monitoring (CAAQM) stations have been deployed to ensure dust free handling of cargo. Three CAAQM stations are located inside the port at marshalling yard area at the south, central berth area and Gate No 2a.

### Mormugao Port

The Mormugao Port Authority has roped in Goa Energy Development Agency (GEDA) to set up a 3 MW solar generation plant in the port to meet its power requirements. “If everything goes well, we will be able to implement it in the next year so that the bulk of the power requirements of the port can be met through solar energy,” said Dr. Vinod Kumar, Chairman, Mormugao Port. “We have also drawn up a future plan to provide solar power to the ships calling at the MPA port. Right now, we are doing so for the Naval and coast guard vessels. In the future, we will provide power from the shore to the ships after issues relating to frequency conversion are addressed,” he added.

### Paradip Port Authority

Among the several projects lined up, the Paradip Port Authority plans to set up facilities for handling green Hydrogen/Ammonia with a capacity of 4.3MTPA. This facility will be among the first in the country. An investment of Rs.500 crores will be allocated for the project, which is expected to be awarded on EPC basis in the year 2025-26. This involves development of an exclusive green Hydrogen/Ammonia berth for exports and bunkering. By 2030, the port plans to have 350MTPA capacity.

The port also plans to have a 100MW solar power plant, shore to ship supply of renewable energy for all the ships coming to Paradip port. A green filling station will be installed for all the trucks – be it LNG, CNG. Dry fog dust suppression system at mechanical rake unloading system to reduce air pollution, along with Sprinklers and myst cannons at stack yards. Rail electrification will phase out diesel locomotives.

### Gopalpur Port

About 2 million tonnes of green Hydrogen/Ammonia generation facilities are being developed close to the port. Gopalpur Port has signed an agreement with Petronet LNG for setting up a 4MTPA, FSRU based LNG terminal in phase 1, which will be expanded to handle 5MTPA capacity in phase 2. Discussions are in progress for setting up of an interim storage facility for export of green Ammonia. ACME has already inked a MoU with Tata SEZ for setting up 1MTPA capacity for handling green Ammonia.

### New Mangalore Port

The New Mangalore Port is the recipient of “Green Tech” Award for six consecutive years. It is also recipient of environmental award for safely handling hazardous cargo. It is among the few major ports that have gone 100% solar. All the vehicles operating in the port premises are electrically powered. The port meets its complete power requirements from solar power. It will be introducing multi-clean fuel vehicles into the port operations by 2026.

It has developed an oil spill response plan. Oil pollution drills are conducted regularly in compliance with NOSDCP and NMP is the first port to record the approval of its OSCP in 2017 by ICG complying with Tier-I OSR facility.

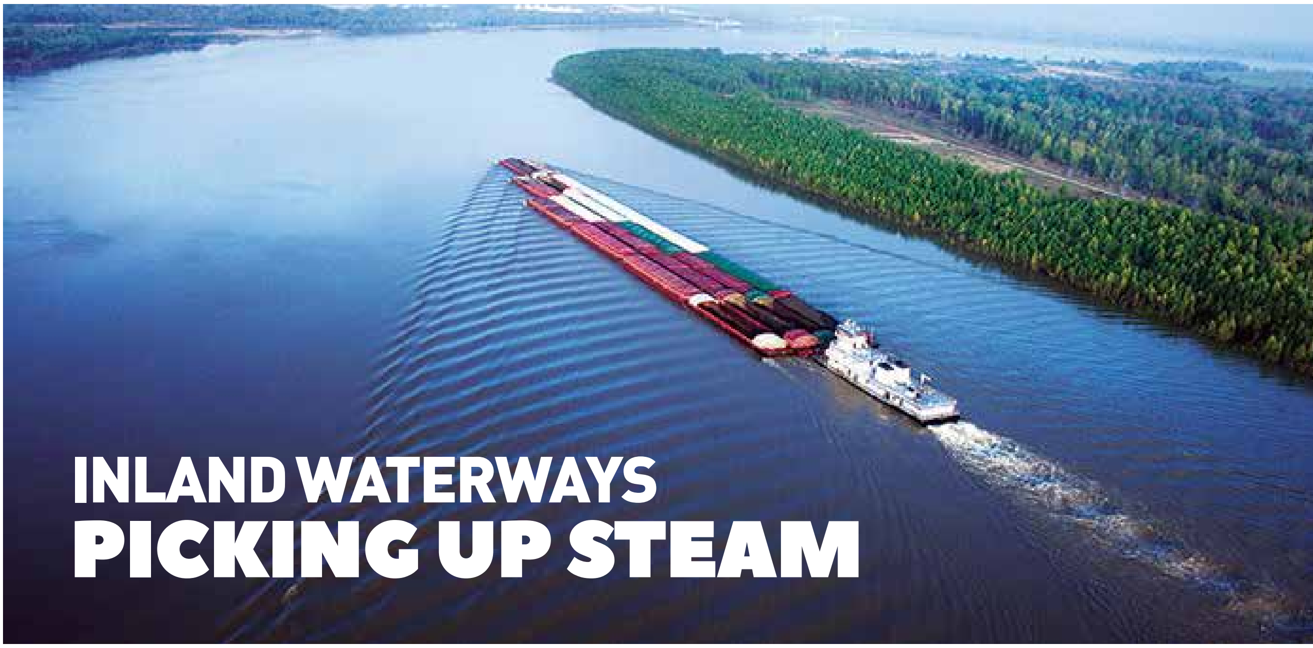
The Port has installed 5.2 MW solar plant in addition to roof top solar panels on buildings and storage sheds. It has switched over to LED lighting and has mechanised almost 90% of its operations so as to mitigate dust pollution as per the Green Port initiatives under MIV 2030. Handling of coal, IOP, cement, etc are now fully mechanized. The Port is also exploring the possibility of setting up a LNG Terminal for bunkering of vessels.

### Cochin Port

Cochin Port Trust has taken up a slew of green initiatives under Maritime Vision 2030 these include aiming for 100% solar electricity powered cranes in future, shore based power supply to all vessels at Willingdon Island, Vallarpadam ICTT, Cochin oil terminal, North Tanker Berth, South Tanker Berth & LNG terminal. Vacant land/waterfront area will be used for solar power generation under PPP or other suitable mechanism. In the first phase, shore based power supply will be provided to cruise ships visiting Cochin Port.

Among the future initiatives, Cochin Port Trust propose to install additional roof top solar power plants of 350kWP capacity in next two years and installation of grid connected floating solar panel under RESCO model. Cochin Port is also encouraging consumers for installing solar power plants at their premises. Port users have already installed solar power plant of 190kWP capacity. The Port has already installed smart electrical meter and smart street lighting.

India being the proverbial “elephant in the room,” major ports are all set to lead by example in developing net zero emissions from their operations.



# INLAND WATERWAYS PICKING UP STEAM

IWAI is trying to introduce scheduled movement of cargo in waterways. The industry will find it easier to deal with scheduled movement and they could plan for long term commitments.

BY **VIJAY KURUP**

Giant strides have been made in the inland waterways. The far-reaching changes that have been introduced have brought about dramatic transformation in this mode of shipment. Investments in infrastructure and particularly in technology has spurred an avid interest in this hitherto neglected mode of transport. It is the beginning of an era in the logistics movement that would herald a substantial contribution towards stemming the logistics costs. A consistent growth has been seen in cargo movement via inland waterways. The traffic rose from 30 mtpa in 2014 -15 to 126 mtpa in 2022 -23.

**Dr. Sanjeev Ranjan, Chairman National Shipping Board, Ministry of Ports, Shipping and Waterways**, said in a recent conference that the new framework such as the Gati Shakti, the New Logistics Policy and, the ULIP platform, have eliminated many of the problems that had mired the system. The exporters, importers, and service providers can exchange documents seamlessly and transact business. It catered to various stakeholders in the G2G, G2B and B2B model.

He added that that there were huge opportunities for the private sector in the inland waterways. He has invited the industry to look at the opportunities and the youngsters to think of startups, IT park, the terminals etc. The induction of technology has greatly enhanced operational efficiency. Some of the digital services that are available are:

1. PANI - Portal for Assets and Navigational Information: This portal provides detailed information on various waterways in India. The infrastructure facilities such as location of jetties, pontoons, cargo handling equipment, storage facilities, cross river structures, connectivity at jetties, emergency services for facilitating transportation of cargo and other vessels through inland waterways, are available on this portal.

The information on the Least Available Depth (LAD) across different segments of the river are available for the users. The user can enter the expected date of journey and find the required draught, vertical and horizontal clearing. The system will use historical data to predict the feasibility of the journey.

2. Car D or Cargo Data is a web-based portal for collection, compilation, and analysis, of all cargo related information transiting the waterways. All the stakeholders can access this information. The portal provides cargo information at various waterways, terminals, and jetties. The portal captures data of cargo and passenger traffic in real time. It also provides key traffic trends on the waterways.

3. The Management Information and Reporting Solution (MIRS) is a web-based portal that enables IWAI to track all works undertaken by it, such as schemes approval, procurement /tender process and tracking of progression in projects and utilization of assets owned by it. It highlights delays and provides alerts.

4. NOS This portal manages the entire process starting from application by a government or a private body for approval for construction. The portal has key information pertaining to different infrastructures along with project details. It displays the feasibility report of a project that enables the management to take decisions. It tracks KPIs such as clearance, turnaround time and number of clarifications raised per application. The portal plays a key role in removing geographical dependencies for faster growth in infrastructure in inland water transportation.

**The portal for Asset & Navigation Information (PANI) provides information on the Least Available Depth (LAD) across different segments of the rivers. The user can enter the expected date of journey and find the required draught, vertical and horizontal clearing.**

5. The archaic Inland Vessels Act, 1917 has been replaced by Inland Vessels Bill, 2021. It has been a seminal change that has introduced extensive changes in the rules governing inland waterways movement.

For the first time, the law has unified the entire country and would replace the separate rules framed by the States. The certificate of registration granted under the law would be deemed to be valid in all States and Union Territories. No separate permissions from the States would be required. The Act enforced effective regulation of the inland vessels and their seamless navigation across the States. A total of 4000 km of inland waterways have been operationalised.

Classification of mechanically propelled vessels and categorization of special category vessels have been defined. Processes involved in registration of vessels have also been defined. These are the standards set by the Central Government for the state Governments to comply with.

The Act also takes note of the future developments and technological advancements in vessel construction and usage. Regulating the technologically advanced vessels of the present and future identified as 'Special Category Vessels'.

Provisions regarding wreck, salvage and disposal have been defined. Principles and limitation of liability have been introduced to ensure secure trade and trade practices. It also allows the State Governments to regulate the unregulated sector of non-mechanically propelled vessels.

To address sector-specific needs in the logistics sector and streamline movement of bulk and break-bulk cargo in the country, Sectoral Plans for Efficient Logistics (SPEL) are being developed by the Ministries.

The changes are beginning to be felt and the results are emerging. The States/UTs are developing State Logistics Plans (SLPs) that are aligned with the NLP. So far, 21 States have notified their SLPs. Rating of states on parameters of ease of logistics, infrastructure, and services, under the annual Logistics Ease across Different States (LEADS) are on track. The LEADS report 2022-2023 will be launched in October 2023.

**R Lakshmanan, Joint Secretary, Ministry of Ports Shipping and Waterways,** said that they had developed several multimodal terminals along and NW1 and NW2. Further adjacent to these terminals, they had sufficient land banks where they were working on developing freight villages and logistics parks.

The movement of Gypsum cargo has commenced along the Mahanadi and Brahmi River system in Orissa. Further development is being planned in phases, in the next 5 to 6 years. He felt that there were several areas where the IWAI and private enterprise could work together.

Lakshmanan said that IWAI was trying to introduce scheduled movement of cargo in waterways. The industry would find it easier to deal with scheduled movement and they could plan for long term commitments. These issues would be addressed if one decided on a viable route. He said that the ports and the IWAI were willing to do the investment on the first and the last mile connectivity, and the associated handling, if there was a long-term commitment from the private enterprises. To illustrate his point, he said that there was considerable movement of coal from the

Thalcher coalfield to Gujarat. They have formulated a ten-year plan with the Coal ministry. They were in the process of developing the Mahanadi River and the Brahmani River system so that the coal from the mines could move through the waterways to the ports of Paradeep or Dhamra and onward from there to the ports of Tamil Nadu Kerala or Gujarat.

There is considerable activity happening in the northeastern region. The centre has shown a keen interest to develop the inland waterways in the northern sector. It has sanctioned Rs 25 crore for dredging of river from Sonamura in Tripura to Daudkandi in Bangladesh. The work has been awarded. There was a proposal for the development of four other major rivers, including Feni River. This river was the nearest point in the northeastern region to the Chittagong port. All the north Eastern region would now have easy access to the Chittagong port.

Sonamura - Daudkandi stretch was declared in the Indo Bangla Protocol route in 2020. On completion of dredging, the NW1 and NW16 would be connected. The link would reduce the distance by one third. Its link with the national waterway would catapult economic growth in the northeastern region. The state had taken up development of ten floating jetties on that stretch of water with the financial assistance from the Centre.

Recently the Government of Bangladesh had allowed the Indian government to access 4 routes in Bangladesh ie Chittagong to Sitakunda (Tripura), Agartala to Akhaura (Tripura), Mongala to Akhura (Tripura), Chittagong- Srimantapur (Tripura). Once functional Indian traders can ship their products to the ports of Chittagong and Mongla., Tripura could well become the gateway to the northeastern region. With 54 shared rivers, India and Bangladesh have significant possibilities to harness the trade and economic benefits of inland waterways.

IWAI had signed several MOUs with the private enterprises. MOUs have been signed with Numaligar refinery for transport of ODCs, and other products from Jogighopa to Bangladesh. Tata Steel, Brahmaputra Crackers, Ultratech Cement, Rajesh Auto Merchandise etc are some of the private enterprises who have signed MOUs. A few MOUs have been converted to agreements with a certain guarantee of movement of cargo over the waterways. The Assam State Government has introduced a new policy to entice ship builders and shipyards The arrangement was in two parts. For investment above 100 crores the Government had a customized policy. For investments less than 100 crores, the standard Industrial policy of capital and power subsidy was applicable. Further there was SGST reimbursement.

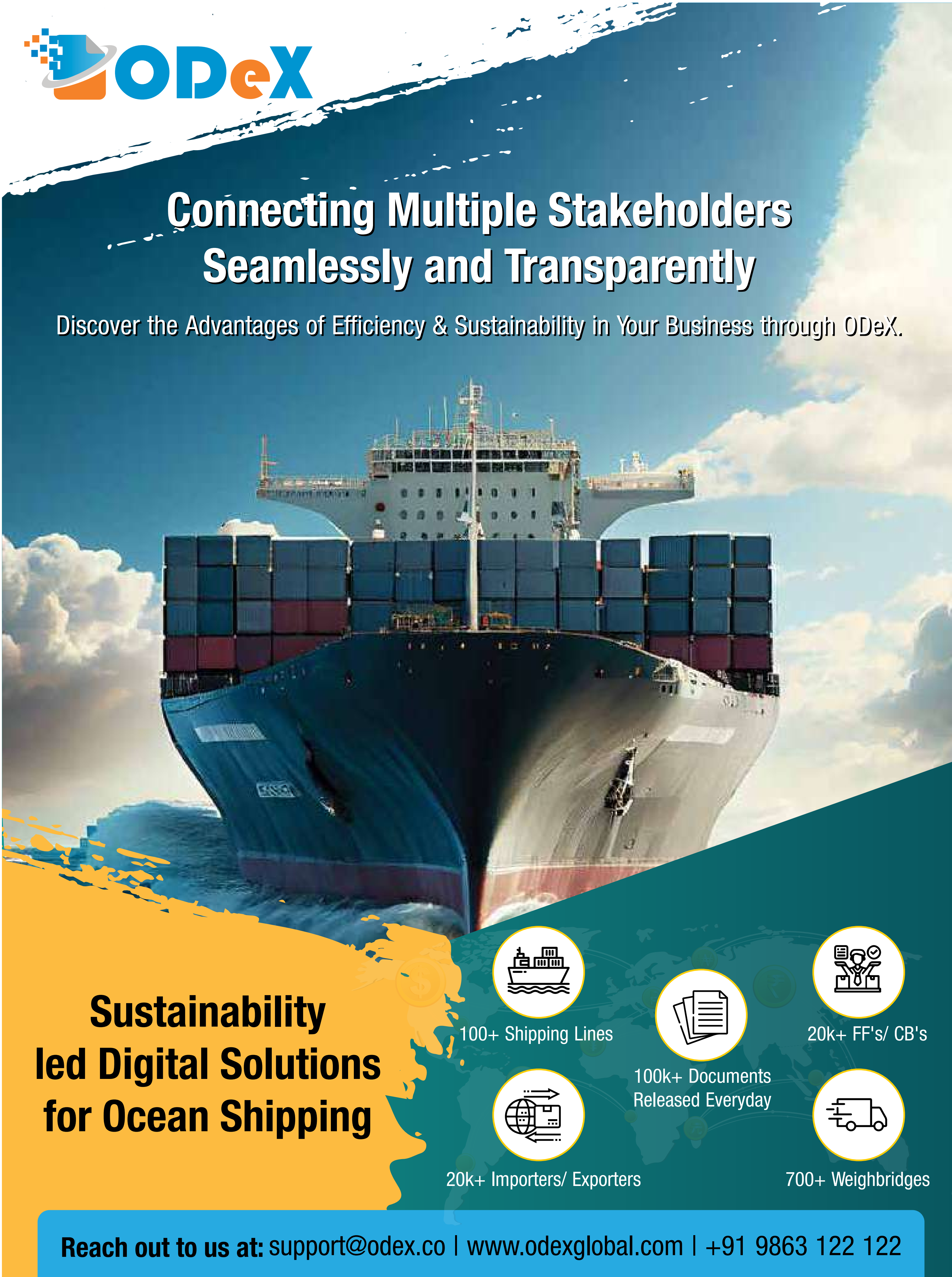
IWAI had signed an MOU with the Government of Assam for construction of an alternate road connecting Pandu Multimodal Terminal to NH24, a stretch of 1 km. It is a signal free dedicated corridor that reduced the transit time of cargo movement from 1 hour to 5 minutes. The Pandu port was the largest river port in Assam to connect Bangladesh through the IBP protocol.

However, despite vast improvements in technology and infrastructure, challenges remain. The last mile connectivity continues to skew logistics costs. **Pradeep Purohit Chief Operating Officer of Star Cement Limited** said that the drawbacks in last mile connectivity "eats away all the benefits of the movement by waterways, so much so that it even makes it costlier than other modes of transport." One of the ways of reducing the cost was to have more terminals closer to the waterways. It was also necessary to have traffic moving both ways, he said. In the protocol route from Kolkata to Guwahati, or Haldia to Guwahati or Pandu, he said that considerable traffic was available. But there was a paucity of cargo moving in the opposite direction. He felt that movement of commodities like bamboo should be tapped for transportation through waterways. This commodity was currently going by road. The benefit could be reaped only if there was movement of cargo both ways. Further the waiting time for vessels would be substantially reduced.

Connectivity to Railway lines was an issue. However, in the last five years the number of ports connected to the railways and the national highways have significantly gone up. Constraints in the availability of land continue to dog infrastructure development. Many of the projects are delayed due to land acquisitions. There was a lack of resources and supply chain infrastructure in the ecosystem in some major industrial cities in the vicinity of inland waterways terminals. These and other issues make private sectors reluctant players in PPP projects.

**Pulastya Ray, Director, A C Roy of Shipbuilders Private Limited** said that the draft of at least 2.5 M should be maintained in the rivers throughout the year by undertaking regular dredging activities. He also felt that adequate hardware should be provided in the form of passenger and cargo crafts on the waterways by undertaking such capital acquisition. Due to lack of liquidity, in the market, Ray felt that it was unfair to expect the private sector to make this huge investment in hardware. The hardware should be sourced by the government and run by the private sector once it is put into the waters. Taxation issues continues to vex the private sector. The GST is higher when multimodal movement is concerned as opposed to single mode is involved.

The introductions of legal provisions, removal of archaic laws, induction of technology, and improving on first, last mile connectivity and the increasing traffic on the waterways, have vastly improved the overall ease of doing business. The challenges remain, but the pace of progress has picked up. The industry is beginning to recognise the importance, the economic benefits of moving cargo through inland waterways. That the potential exists to reduce logistics costs, is undeniable, also is the potential for cleaner mode of transport. The movement of cargo through inland waterways is back in focus and new areas are continuously being mapped.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# HUGE POTENTIAL TO BE EXPLORED

With a ten-fold growth potential, the government is determined to position India as a global cruise hub with state-of-art infrastructure for both ocean and river cruises

BY **VIJAY KURUP**

MV Empress, India's first international cruise vessel, on Jun 06, 2023, set sail from Chennai to Sri Lanka marking the beginning of international cruise tourism in the country. The cruise vessel was built at a cost of Rs 17.21 crores. The cruise service is the result of an MoU signed during the first Incredible India International Cruise Conference in 2022, between Chennai Port and M/S Waterways Leisure Tourism Pvt Ltd, to start domestic and international cruise service. Cordelia Cruises by Waterways Leisure Tourism Pvt Ltd is India's premium cruise liner. The government is determined to position India as a global cruise hub with state-of-art infrastructure for both ocean and river cruises

The statistics speak for itself. According to a FICCI report, India's tourism market is expected to reach $15,163.4 million in 2022 and is projected to rise by 11.4% CAGR between 2022 and 2023. In 2032, the market value is projected to be $44,799.9 million. The Indian cruise market has the potential to grow 10 folds over the next decade.

**Ratna Chadha, CEO, Tirun Travel Marketing, India representative Royal Caribbean Cruises Ltd,** in an email query, whether they foresaw cruise tourism growing in India, responded to Maritime Gateway saying, "It just has to, as it's nowhere near its potential, presently!" Chadha also wanted alternate gateways, port development at all crucial ports, linking rail, road and highways to ports, development of basic amenities near heritage sights. How far has the cruise infrastructure developed to handle the burgeoning figures? What developments are being planned?

**The Union Minister for Ports, Shipping & Waterways, Sarbananda Sonowal** announced the setting up of a high level Advisory Committee, comprising national and international experts, to help the task force in creating an ecosystem for development of cruise tourism in the country. The task force would comprise the Ministry of Tourism and the Ministry of Shipping. India is looking to increase its share in cruise tourism with its neighbouring countries too. Further, allowing foreign cruise vessels to include Indian destinations as a stop would encourage both inbound and outbound tourism as well as increase revenue for Indian ports. The Government of India was also working towards the development of dedicated terminals for cruise passengers and cruise vessels.

### National Strategy for Cruise Tourism

To position India as a preferred destination for cruise tourism globally, the Ministry of Tourism has drafted a National Strategy for Cruise Tourism with focus on:

1. Infrastructure & Circuit Enablement
2. Market Development
3. Ease of doing Business for Cruise Tourism
4. Integrated Tourism around Cruise Terminals
5. Facilitating and Promoting Investment in Cruise Tourism
6. Skill Development for Cruise Tourism
7. Institutional Structure and Governance

Eight Memorandum of Understanding (MoUs) were signed recently at the first Incredible India International Cruise Conference, jointly organized by the Ministry of Ports, Shipping and Waterways, the Government of India and FICCI.

To ease the arrival and departures of cruise vessels, the Government has set up standard operating procedures for the various agencies to handle cruise vessels at Indian ports. Priority berthing of cruise vessels have been provided on arrival. The berthing should be at dedicated cruise terminals, away from cargo handling areas. The berthing and sailing of cruise vessels would be available on a 24x7 basis. The port would make arrangements for supply of quality bunkers at competitive rates and with a minimum of paperwork. The Port should give one single, long-term permit to Cruise operators, agents, etc. for berth entry.

The Ministry of shipping has allowed foreign flag vessels carrying passengers to call at more than one Indian port without obtaining a license, up to 04.02.2024, with a provision to extend for another 5 years up to 2029.

In order to boost the cruise tourism industry in the country, Government of India has taken several initiatives including infrastructure upgradation, rationalization of port fees, removing ousting charges, granting priority berthing to cruise ships, providing e-visa facilities etc.

### Infrastructure

A cruise terminal should have minimum requirements for draft, berthing lines, and navigation channels for cruise ships. There should be provisions for various spaces, including the apron area, terminal building, and ground transportation. Further there should be easy connectivity to the city, car parking, and public transport facilities.

PM GatiShakti will facilitate synchronization and implementation of the work by the various ministries such as rail, road, shipping and aviation for the development of multimodal transport systems.

Three new international cruise terminals (International Cruise terminals at Andamans, Puducherry and Lakshadweep) are coming up and are likely to be operational by 2024. Upgradation and modernisation are also being carried out at seven major ports in the country. Similar infrastructure upgradation is taking place in Goa, New Mangalore, Kochi, Chennai, Visakhapatnam and Kolkata.

A New International Cruise terminal is coming up in Mumbai with a total cost of about Rs 495 crores at BPX Indira Dock. Out of the total project cost of Rs. 495 crore, Rs. 303 crores will be incurred by Mumbai Port Authority and the remaining by private operators.

The terminal will have a capacity of handling 200 ships and 1 million passengers per annum, catering to both domestic and international cruise tourism. Two cruise ships will be able to berth at a time on the dock. It would have a total construction area of 4.15 lakh sq. ft. The first-of-its-kind iconic sea cruise terminal in India and is expected to be commissioned by July 2024.

Cochin Port is a leading cruise destination. It has two dedicated cruise terminals, “SAMUDRIKA” at BTP and “SAGARIKA” at Ernakulam Wharf with all statutory clearances, like Customs and Immigration for cruise passengers, under a single roof. The all-weather Sagarika International Cruise Terminal

**“In June, we commenced our international sailing from Chennai to three coasts in Sri Lanka. Next June, we will be touching the coasts of Oman, UAE, entire gulf region, Qatar and Bahrain from Mumbai.”**

**JURGEN BAILOM**
PRESIDENT & CEO
WATERWAYS LEISURE TOURISM PVT. LTD.

was recently inaugurated. It also offers a host of amenities for cruise vessels like walk-in-berthing, assured quality bunkers, fresh water services, and grey water (i.e., wastewater from sink or bath that does not contain serious contaminants) discharge facility.

The Visakhapatnam International Cruise Terminal (VICT), was opened for operations in the first week of September 2023, for both domestic and international cruise tourism along the eastern coast of India. The Ministry of Tourism approved part funding for the development of the Cruise-Cum Cargo Terminal at the channel berth in the outer harbor of Visakhapatnam Port under the Scheme of Assistance to Central Agencies for Tourism Infrastructure Development during the financial year 2018-19. An existing dock has been extended and reinforced and refurbished. The berth is around 180 meters long with four mooring dolphins. The terminal has the capacity to accommodate 2,000 passenger cruise ships. The depth is around 9.5 meters and the dock can accommodate cruise liner vessels of the size and capacity of around 1 lakh GRT (Gross Register Tonnage). The total size is around 12,660 sq m, with the terminal building occupying a built-up area of 4,580 sq mt.

To cater to the growing demand for cruise tourism, the existing dock in Visakhapatnam has undergone significant enhancements, opening up opportunities for larger ships to dock.

VPA has plans to expand its services to include destinations like Chennai, Colombo/Trincomalee, Singapore, and Bangladesh. Additionally, they are exploring the possibility of offering coastal cruises to Orissa and the Sundarbans.

The International Cruise Terminal will operate as a Cruise Terminal during the months of November to March. For the remaining months of April to October, the berth will be utilized for Coastal Cargo operations.

The modern cruise terminal developed at Chennai Port is spread over an area of 2,880 square meters with a capacity to handle 3,000 passengers at a time. It is located at West Quay IV in Ambedkar Dock. Modernization of the existing cruise terminal has been undertaken, including the installation of new escalators, aerobridge, public address system, and baggage scanners. Improvement of connectivity to the port, such as the construction of a new four-lane elevated road from Chennai Port to Maduravoyal, has been undertaken.

**"While there are operators on the West coast, we are looking to push routes in East with the river cruises. Guwahati - Jorhat route, passing through Kaziranga National Park, is also under consideration; apart from pushing Kolkata - Varanasi and other heritage tourism spots by connecting them with inland waterways."**

SARBANANDA SONOWAL
MINISTER FOR PORTS, SHIPPING & WATERWAYS
GOVT OF INDIA

The Chennai Port Authority is also working with the government of Tamil Nadu to promote cruise tourism in the state. The government has announced several incentives for cruise operators, such as a waiver of port charges and a reduction in taxes.

The initiatives are expected to help Chennai Port become a major cruise destination in India. In 2022-23, the port handled a total of 100 cruise calls, with an estimated passenger traffic of 200,000. The port authority expects to handle 200 cruise calls and 500,000 passengers by 2025.

### River cruise tourism on the rise

On 13th January 2023, the Prime Minister of India, flagged off World's Longest River Cruise, spanning a distance of 3200 km, from Varanasi on NW-1 (River Ganga) to Dibrugarh, Assam NW-2 (River Brahmaputra) via Bangladesh, across 27 river systems in 5 states in India and Bangladesh.

The global River cruise market is on the rise and is expected to be 37% of the cruise market by 2027. In India, 8 river cruise vessels are operational between Kolkata and Varanasi while cruise movement is also operational on NW22, (Birupa Badi Genguti Brahmani River System). The construction of 10 passenger terminals across NW2 are in progress. At present, four river cruise vessels are operational in NW2, NW3 (West Coast Canal), NW8 (Alappuzha-Changanassery Canal), NW4 (Krishna River (Vijayawada – Muktyala), NW 87 (Sabarmati River), NW 97 (Sunderbans Waterway), and NW5 (Dhamra-Paradio via Mangalagadi to Pankopal).

The success of the cruises in India, however, would largely depend on the tourism policies of the state government. Chadha hopes that facilities like one window approach, rationalizing GST, removing customs duty, rationalizing TDS, easing immigration and CISF checks at ports, digitizing requisite documentation, sensitizing all stakeholders, and continuity of one nodal agency, would greatly ease the process of doing business. The volume of cruise ships is expected to increase from 208 in 2023 to 500 in 2030 and up to 1100 by 2047. And the number of passengers availing cruise services is also likely to increase from 9.5 lakhs in 2030 to 45 lakhs in 2047. The government remains committed to develop world class infrastructure to support the growth of cruise tourism and maritime trade in India. Soon the sights of plush super luxury yachts and sleek glittering cruise ships anchored at the ports and marinas bays would be a common sight. A new chapter in cruise tourism has commenced.

# STANDARDS HELP TO "CONNECT, COLLABORATE & CREATE"


India is becoming the world's growth engine. It is necessary to have a seamless connection with the rest of the world, as there will be diverse supply chains with increasing export/ import. Standards will be a key facilitator here.

The fully automated ports are not without drawbacks. The various equipment and systems in the port do not 'talk to each other'. There is no common language interconnecting the various machineries and the computer systems. At present, interfacing various equipment and systems is complex, costly, and risky due to the absence of a common data language. The few automated container terminals operating today are closed systems that are custom-designed and operating in silos. Terminal Industry Committee 4.0 (TIC 4.0) is set to change all this.

TIC 4.0 was established to promote and elaborate the definition of standards for the industry. The standards so formed are the key for the industry to fully embrace the benefits of the 4th industrial revolution. It seeks to integrate the various discrete systems in the logistics chain without compromising on safety and maintaining data security of each individual entity.

Recent advances in technology and digitization have created new possibilities for the cargo handling industry that could improve processes by connecting all equipment and systems in real time, thus enabling seamless data exchanges. The maritime industry, like all others, is well into the Fourth Industrial Revolution, focusing on digital revolution. The big data and IOT have been around for a while but have not been fully embraced into the system. The mission of TIC 4.0 was to promote, define and adopt standards that will enable cargo handling industry to embrace the 4th industrial revolution.

TIC 4.0 was established in 2018 with the twin mandate that the terminal industry should be prepared for the 4th industrial revolution and to advance and accelerate digitalization. It worked on developing a common data language across the systems. It is a joint venture between CMA CGM and China Merchants Port Holdings Company Limited. It operates 21 terminals worldwide managing 25 million teus, With presence


**L to R: Frank Kho,** Senior Advisor, ATAI; **Umesh Grover,** Secretary General, CFSAI; **Nobert Klettner,** Vice President, TIC 4.0; **Manish Jaiswal,** Chief Technical Officer, JM Baxi Group; **Sunay Mukerjee,** Chief Operating Officer, Gateway Terminals India

in 16 countries, it is one of the leading port operators in the world.

The TIC 4.0 team was in New Delhi to explain the concept and the way forward. **Boris Wenzel, Managing Director, Terminal Link, founder of TIC** said beyond standards and definitions, the TIC language could be described as an ontology i.e., it is a set of concepts and categories in a subject area that shows their properties and the relations between them. He clarified, "If you want to describe the physical reality in a digital way, you need a whole language structure." Its language has a specific grammar that allows it to create a sentence to express any reality in the digital format.

What began as "accidently" in the words of Wenzel, the TIC 4.0 initiative has been endorsed by the Federation of European Private Port Companies and Terminals (FEPORT) and of the Port Equipment Manufacturers Association (PEMA). FEPORT. represents the interests of a large variety of terminal operators and stevedoring companies performing operations and carrying out activities over 425 terminals in the seaports of the European Union. PEMA represents the interests of equipment and technology suppliers on a worldwide basis, providing a platform to inform, educate and promote best practice, both within the industries we serve and externally with port and terminal operators and other key stakeholders. With the creditable endorsement from two major organizations, TIC 4.0 is here to stay.

**Francisco Blanquer, co-founder of TIC 4.0.** explained further the concept of TIC 4.0. He conceded that the technical problems were complex. He said they wanted to digitize the industry without limits. It meant that it had to work with Excel files which were being handled by people every day. This implied that TIC 4.0 had to subsume the existing technology into it. They wanted to set the standards for the next 50 years and was not easy where technology was concerned. "The existing standards and technology," he said, "would be obsolete within five years." It was necessary to set standards and, in that context, they had created the concept of TIC 4.0. The future was going to be very important in the maritime industry. "So, what we did was put in a lot of effort to cover the best technology which is big data, artificial intelligence, IOT etc. We went about by trying to represent actual reality or meta data We were a logistic chain and the prediction and the future are going to be critical. With artificial intelligence the future is the protagonist, not the actual data," he said.

He further went on to explain that it was important to record not only the events but also continuously track any status, such as the cargo position, the current state of process, the weather conditions etc. The same standard should be able to represent any KPI, any aggregation of events or status. The aim was to include all possible realities happening in and outside the terminal, and represent them digitally. with the incorporation of TIC 4.0. Blanquer was confident that business processes would increase five to six times.

In the session, Technology Adoption Challenges @ Maritime Industry - Is Standardization the Way, the participants discussed the advantage and pitfalls of establishing common standards. The focus of the TLC 4.0 team was to establish standards that was understandable, acceptable, and workable to all. It sought to promote the deployment and adoption of selected existing standards with those developed by TIC 4.0.

**Norman Klettner, Vice President TIC 4.0** said that they had started as a small association and were unable to push

**TIC 4.0 was established in 2018 with the twin mandate that the terminal industry should be prepared for the 4th industrial revolution and to advance and accelerate digitalization. It worked on developing a common data language across the systems. It is a joint venture between CMA CGM and China Merchants Port Holdings Company Limited.**

everybody to their standards. There was resistance to accept common standards. "We could not push everybody to our standards. You need to push a little, and you need to generate the pull factor. When some of the members started pilot projects with us, others began to see real value in the projects. When the people begin to see the value, it generates gravity and that pulls people in by showing that this was what it was before and what has been after the change." For example, he said, "the first kind of implementation of some kind of standard with IoT took 2 years and the next one took 6 months. So, the increase of speed to integrate IoT data to leverage on the value that has been created is a factor." It was important, he reiterated, to take people with you.

**Manish Jaishwal, Chief Technical Officer, JM Baxi Group,** said they run terminals which are multi cargo. They handled bulk, breakbulk, containers and passengers. Getting a standardization in such a scenario was difficult. The commitment from the leadership was that it had to result in customer delight. The process may change but the standardized outcome had to be in line with customer delight. That was how standardization should be driven, he felt.

Jaiswal said that the automobile or the banking sector also took time to standardize. In the automobile and the banking sector there was an association of automobile manufacturers, who had defined these standards? "There had to be some level of democratization. There would never be the case of one size fits all. You will have to consider cultures, local regulations, legislations across countries, especially in the maritime sector." There were some of the points that needed to be considered, which would of course slow down the process. Post pandemic spurred many standardizations. In the maritime sector, the IMO rolling out one single window globally was one such example.

**Umesh Grover, Secretary General, CFSAI,** said that in shipping standardization was coming through the IMO. It was being thrust upon them, whether they liked it or not, on issues like climate change, scrapping of old ships. It was a huge cost, but there was no option. In the logistics industry, the change was happening, based on the benefits the other stakeholder was deriving. However, there were still two challenges. One was the mindset of change management and the second was private entrepreneurs who are not willing to pump in more funds because of their financial constraints. This will somehow have to be pushed. There was no compromise on safety and standardization will go a long way as far as safety was concerned. CFSs like ICDs are smaller versions of the port. Both have progressed considerably as far as standardization was concerned. The way forward was looking good and he hoped that the changes that will normally occur in five years, will happen in two years.

Klettner agreed. Ports and ICDs were one piece in the logistic chain and so far, they were only connected by trucks or trains and not by data. There would be different standards of data which needed to be compatible and linked together. Standardizing in certain areas so that others can use it. ICDs and CFSs could tap into the terminal data of a seaport to see what is the status of the container in a standard way using the TIC language. One can check out the time and date when a container would be available or the estimated time when it would be available. All this can be done without revealing one's own comparative advantage. This way the dots can be defined and joined without compromising one's own data. There was always a concern when there is transparency in a system. The fear that others can see one's data can be dispelled by defining which data are to be displayed and shared. The advantages would be mutual.

**Why did TIC 4.0 come to India?**

Klettner felt that India was going to be an important player in the logistics market. India was growing and it would play a larger role in the international logistics market. It was necessary to have a seamless connection with the rest of the world. There would be more diverse supply chains and India would be playing a bigger role with increasing export and import movement of cargo.

"TIC 4.0 was not a European association but a global one," he said.

It is a concept that looks into the future so that any future changes in the industry is seamlessly segued into the system without any disruption. It allows one entity to have access into another, without compromising the status of either. The purpose was to interconnect the various stakeholders of the system for mutual benefit for faster and efficient movement of cargo. TIC 4.0 moves one step ahead in making the supply chain more transparent and resilient.

# ENABLING SAFETY FOR PORTS AND SHIPS

BY
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INCOIS is recognised by the World Meteorological Organization (WMO) as the Regional Specialised Meteorological Centre (RSMC) to provide ocean forecast and early warning to the maritime sector.

The Indian National Centre for Ocean Information Services (INCOIS) is the only organisation in the Indian Ocean region that provides short term daily forecasts on ocean parameters such as waves, tides, currents, sea surface temperature, subsurface thermohaline data, etc. to the port and shipping industry, fisherfolk, oil and natural gas industry, the Indian Navy and the Indian Coast Guard, for supporting their operations.

INCOIS is now recognised by the World Meteorological Organization (WMO) as the Regional Specialised Meteorological Centre (RSMC) to provide ocean forecast and early warning to the maritime sector. The forecasts are provided as user-oriented products such as forecast animations on waves, winds, swells, currents, tides, sea surface temperature, D20 (indicator of upwelling), mixed layer depth (well mixed surface layer with uniform vertical distribution of parameters), Tropical Cyclone Heat Potential, etc. Explicit alerts/warnings/advisories are also provided based on the observational/simulated data, cautioning the multiple users on impending high waves or inclement sea conditions for informed decisions. On an average, the forecasts are 80% accurate, which is sufficient for most operational planning.

The east coast assets are under more risk as compared to the west coast, from oceanogenic hazards like cyclones (storm surges) and tsunamis. The west coast has these risks, but on a lower scale. However, the swell surge risk from the Southern Indian Ocean can be far higher along west coast, affecting the long coastline intermittently, like the one witnessed during April 2018. Moreover, the cyclones, especially the rapidly intensifying ones, are reported to have increased in the recent past in the Arabian Sea exposing the west coast assets also under threat The ocean products and operational services provided by INCOIS safeguard the seafarers and boost the blue economy of the nation.

## Introduction

INCOIS was established as an autonomous body in 1999 under the Ministry of Earth Sciences (MoES) and is mandated to provide the best possible ocean information and advisory services to society, industry, government agencies and the scientific community through sustained ocean observations and constant improvements through systematic and focussed research. INCOIS is now providing impact-based forecasting from a general one to support the operations and safety of the multiple users. INCOIS also provides early warning services for tsunamis and storm surges to the coastal population.

Modern shipping industry is very important as it delivers more than 90% of the world trade and Indian ports greatly support the east-west trade. Few studies have suggested that weather related ship accidents dominate the Arabian Sea and Bay of Bengal, with a clear domination in the Arabian Sea as compared to the Bay of Bengal.

**Technological advancement:** India has witnessed a sea change in ocean technology and services over the decades and INCOIS has exploited these to provide the best of services to the multiple users. This includes deploying an array of instruments in the seas around India, utilising data from dedicated satellites, utilising high performance computing systems, and the latest Information and Communication Tools ensuring last mile connectivity to the users.

The medium range (5-10 days) ocean forecasts are provided in user-oriented products such as animations on waves, swells, currents, tides, sea surface temperature, Depth of 20° isotherm (D20), mixed layer depth, etc. On an average, the forecasts are 80% accurate, which is sufficient for operational planning to multiple users. The seas surrounding India experience high winds and waves during an extended period, the southwest monsoon season (June-September). However, during such periods also the shipping activity continues, and safety of the plying vessels is of paramount importance. Further, the seas around India also witness seasonal cyclones, the primary and secondary cyclone seasons of India being October-November and April-May, respectively. Unlike the southwest monsoon season, during such extreme events the winds and waves can go quite high and lead to large scale disruption of activities of ports/harbours and shipping communities. Given the fact that the ports and shipping would play a crucial role in global trade and boost to the blue economy, it is very important for supporting these services from various angles.

**Tide Level Forecast:** One of the most crucial parameters for the port activities is the time of high tide which enables big ships to enter or exit the port safely. INCOIS provides the tidal information for all the major ports and minor ports of India. INCOIS provides the information on the times of high and low waters for each day along with the information on moon phases like full moon, new moon, first quarter, last quarter, moon perigee and moon apogee.

**Forecast for ports and harbours:** The forecasts for the major and some of the minor ports are available as customised products in the INCOIS website for the user communities in the ports and shipping sector. Further, there is a provision for getting the information offshore, up to 20 km and 20-50 km, this type of information would be useful for to-and-fro ship movements in the approach channels (where maintenance dredging is done to maintain depths) and risk for grounding if wave conditions are not favourable.

**Forecast along the shipping routes:** This is a very useful customised product for generating the forecasts (1) along the proposed shipping route of the vessel and (2) for any stationary location in the sea. By providing minimal inputs like the current latitude and longitude, speed and bearing of the vessel, the Master of vessel would gain access to the sea state forecast enroute, for better planning. The stationary location forecast can be used for getting the forecasts for the coming three days, useful for moored single point mooring locations, deep sea mining locations, ship-to-ship transfer in mid-sea, etc.

Forecast along standard routes is another useful service that INCOIS is providing presently for Chennai-Port Blair and Kolkata – Port Blair routes, at enroute standard way points. Shipping is the most important mode for serving the daily requirements of the people of Andaman & Nicobar as well as Lakshadweep Islands, far away from the mainland coastline.

**Services for the fishing harbours:** Marine fishing is the livelihood of a large population along the coastline and form the major chunk of the INCOIS users. Many small fishing boats operate from the small fishing harbours along the Indian coast. The Impact-based forecast system "Small Vessel Advisory Services System" takes into consideration significant wave height, wave steepness, directional spread, and rapid changes in the sea state.

**Inland Vessel Limits:** All the inland waterways are being developed for better connectivity with the sea for reducing logistics costs for export-import trade as well as better utilisation of the same for bulk passenger transport, under the Sagarmala program of India, with minimal infrastructure investment. All the small ports and harbours along the 7500 km coastline of India, require the information on Inland Vessel Limit (IVL), which determines the safety of operations, especially for smaller vessels, limiting their offshore operations based on the Significant Wave Height. These are typically vessels like tugs and barges, which have shallow drafts and there is a risk of capsizing in the deeper seas but can operate safely in the estuaries and can be offshore limited by the Significant Wave Height.

## Early Warning Services

**Tsunami and Storm Surge Warning Services:** Many ports and harbours bordering India need to have an assessment of tsunami hazard and risk potential to their facilities. Knowledge of official warning products and direct access to official tsunami warning information from the National Tsunami Warning Centres (NTWCs) is important. The tide gauges and deep-sea pressure gauges (Tsunami Buoys) are very crucial for monitoring the tsunamis and storm surges in near real time.

Another seasonal hazard are the cyclones that occur every year and when intense cyclones form, the risk of storm surges is high. Thus, at the time of landfall, the high winds and waves can be far more damaging due to the abnormal rise in water level i.e., storm surge. The Indian east coast is particularly vulnerable for these type of events as compared to the west coast.

**Ocean Monitoring:** Observations form the backbone of any forecasting system for routine monitoring on a standalone basis as well as verifying the

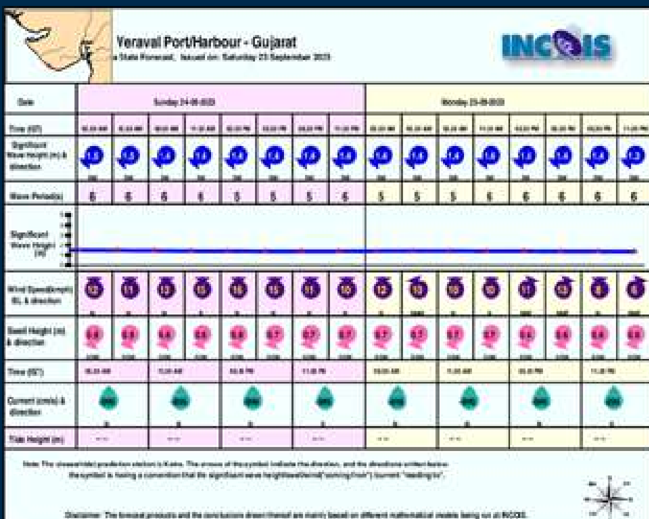


**Fig. 1:** Sample image of customised product for ports and harbours, for Veraval (available under Customised Products)


**Fig. 2:** The link for ocean state forecast along the ship routes in the INCOIS website and Ocean state forecast at way points for the Chennai to Port Blair route (lower panel)

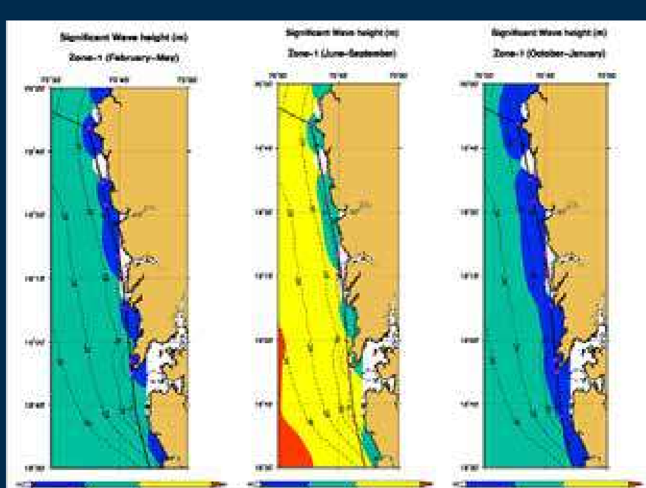


**Fig. 3:** Seasonal variation in Inland Vessel Limit for Maharashtra state, based on climatological studies.

forecasts generated by multiple models, and helpful in assessing models for their performance. Moreover, they are crucial during extreme weather conditions although there is a possibility of failure during such situations. MoES has replaced the redundant system of instruments with a wide variety of new instruments, real time connected to INCOIS for better monitoring and generating nowcasts.

**Bulletins issued during extreme weather events:** INCOIS issues Press Notes/bulletins during extreme events like swell surges which can damage vast stretches of the coastline. In April 2018 there was a major swell surge that damaged the entire west coast, intermittently, for which INCOIS could successfully issue advance warning to all the users. Most of these events have their origin in the Southern Indian Ocean. INCOIS also issues bulletins jointly with India Meteorological Department (IMD) for the benefit of the ports and shipping industry during the cyclones. Even though there is growing evidence that the Indian east coast is more prone to tsunamis and cyclones than the west coast, during recent times there has been a notable increase in the frequency of cyclones in the Arabian Sea like Tauktae (May, 2021) and Biparjoy (June, 2023).

### Consultancy services for Ports and shipping

Along with the suitability of the hinterland to support shipping trade, it is most crucial to assess whether the site is suitable for development of port. To facilitate this, climatological studies on winds/ waves along the coastal location/ near shore are carried out along with extreme condition and return period analysis. This will help establishing the ports by building them according to the design parameters, and support operational planning, greatly reducing the downtime based on weather related events. Most of the ports constructed few decades ago would not have considered the effect of tsunami waves. However, it is important to address this with numerical modelling studies for risk analysis, along with similar studies for cyclones and storms.

### Conclusions

Ports and shipping are crucial pillars for the boosting the Blue Economy of any maritime country. In the years to come, communities are more inclined to explore the sea for its resources, given the limited living and non-living resources on land. India has around 13 major ports and more than 200 minor ports. INCOIS is providing alerts/warnings on high wind waves, swell surges, storm surges and tsunamis to all these ports. Oceanographic and marine meteorological information, forecasts and warnings are crucial for planning and executing coastal and offshore activities and passages in the ocean. These data collected by the ports and ships plying through the shipping routes could be used (in real time and delayed mode) to refine the forecasts and advisories.

# STILL A BUMPY RIDE

For cross-border trade to prosper, the role of regulatory bodies is important. They should facilitate faster movement rather than hinder. The process needs to be less expensive, less complicated, and seamless.

BY **VIJAY KURUP**

India's cross-border trade has a potential of about $115 billion, but in 2021 the figures was only $2.48 billion. South Asia is one of the world's least integrated regions, with trade barely accounting for 5 percent of total trade which is far less than other regions. Only 9 in India's border states were engaged in cross border trade. Cross border trade opens avenues of business opportunities once the domestic market gets saturated. What steps need to be taken by the Government to increase cross border trade? What infrastructure developments have been followed up and what has been the success so far? More importantly what are the challenges?

In the US the inland waterways movement as a component of the total logistics or cargo movement is about 12%. In India it is about 7%. Countries like Bangladesh and Thailand have registered a higher percentage of 12 and 16 respectively. "There is space for more growth, to reduce logistics costs and make the industry more competitive," said Sanjay Bandopadhyaya, IAS, Chairman, Inland Waterways Authority of India, in a recent conference he said, "The cargo was increasing every year at the rate of 25%. The Government would be closing with a maximum number."

In order to promote Inland Water Transport (IWT) in the country, the National Waterways Act, 2016 which came into effect from 12th April, 2016, declared 111 waterways as national waterways. Further, after techno-economic feasibility and followed by a Detailed Project Report, 25 national waterways have been found viable by Inland Waterways Authority of India (IWAI) for cargo and passenger movement.

### Initiatives taken

There have been several developments to harness the potential of cross border trade between India and its neighbours. Multilateral agreements have been signed to enhance cross border trade. The mode of transport include waterways, road and rail.

The Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC) is a master plan for improving the subregion's transport linkages. The countries involved are Bangladesh, Bhutan, India, Myanmar, Nepal, Sri Lanka, and Thailand. The signatories came to an agreement on March 9th 2023 to develop an action plan, for seamless connectivity that would offer a viable alternative to other modes of transport. It seeks for the adoption of the 'Master Plan for Transport Connectivity' and lays out a guidance framework for connectivity related activities in the region in the future. It would be on the lines of the Indo-Bangladesh Protocol agreement and will cover all kinds of ports and cargo movements to the BIMSTEC countries. Apart from the development of the Indo Bangladesh Protocol route, the Ministry of Port shipping and Waterways is planning to develop the eastern water-based connectivity grid comprising four key national waterways and international routes of about 5000 km. The attempt here was to boost trade with the the BBIN countries, i.e., Bangladesh, Bhutan, and Nepal. Other neighbouring countries such as Myanmar, Singapore, Malaysia, and Thailand are expected to come into the gambit. The multi nation trade involvement has the potential to garner $49 billion.

### Protocol routes

India and Bangladesh recently signed the second addendum to the Protocol of Inland Water Transit and Trade (PIWTT). The agreement added an additional route between Sonamura, in Tripura, and Daudkandi in Bangladesh. This was in addition to the existing eight protocol routes.

The agreement for movement of goods from Chittagong and Mongla Port is in place. The SOP for the movement of goods through these ports to various destinations in India has been notified. The trial runs have been completed. This should make the entire protocol route far more viable and re-establish the earlier way of movement of goods in these waters. The inland waterway route over river Gumati has been included in the list of Indo-Bangla Protocol (IBP) routes, on May 2020. It connected Tripura with the National Waterways of India through Bangladesh. Tripura is ranked fourth among Himalayan states in terms of export of goods, especially to Bangladesh.

The Government of Bangladesh has allowed the Indian government to access 4 routes in Bangladesh viz, Chittagong to Sitakunda (Tripura), Agartala to Akhaura (Tripura), Mongala to Akhura (Tripura), Chittagong-Srimantapur (Tripura). Once these ports are developed, Tripura is set to become the gateway to the northeastern region. With 54 shared rivers, India and Bangladesh have significant possibilities to harness the trade and economic benefits of inland waterways.

The international rail connectivity between Bangladesh and India, originating from Akhaura in Bangladesh and Agartala in India, was inaugurated during the G20 Summit. The 15.064 km-long railway project, comprising 5.05 km in India and 10.014 km in Bangladesh. The route would be the sixth operational rail link with Bangladesh and preparations are on to establish the seventh with the state of Assam.

**Apart from the development of the Indo Bangladesh Protocol route, the Ministry of Port shipping and Waterways is planning to develop the eastern water-based connectivity grid comprising four key national waterways and international routes of about 5000 km.**

The Government has allotted Rs 12000 crores for the extensive expansion and modernisation of railway infrastructure for first-ever Bhutan-India railway link. The 57.5 km railway line will connect Kokrajhar in Assam to Gelephu in Sarpang, Bhutan. The project's anticipated completion date is set for 2026. The proposed railway link would be a boost for trade between the two countries.

The Government has sanctioned Rs 25 crore for dredging of river from Sonamura in Tripura to Daudkandi in Bangladesh. The work has been awarded. There is a proposal for the development of four other major rivers, including Feni River. This river is the nearest point in the northeastern region to the Chittagong port. All the northeastern regions will now have easy access to this gateway port.

### Land Customs Stations

Ten places have been identified to establish Land Customs Stations (LCS) in Bihar along the international border to improve bilateral trade between India and Nepal. Over 7,000 trucks move through the post every day and over 14 per cent of the total trade between India and Nepal takes place through this check post of the Land Port Authority.

The facility provides transit, customs, immigration and cargo handling services for goods and passengers traveling between two countries. A total of 19 Land Customs Stations will be established along the Indo-Nepal border Out of the 19, ten will be established in Bihar. Some of the places identified are at Galgalia (Kishanganj district), Bairgania (Sitamarhi), Bhimnagar and Kunauli (Supaul), Jainagar (Madhubani) and Valmiki Nagar (West Champaran).

### Challenges

However, the cross border trade is not without turbulence. There are many challenges that retard the smooth and uninterrupted flow of cargo. On the Barak River just on the border of Indo Bangladesh, a rocky patch frequently grounds the barges, forcing the shippers to carry less cargo which makes it uneconomical.

Bandopadhyaya said that several bids have been called inviting dredging companies. He said that the companies could either hire dredgers, or buy them. They will have the opportunity to carry on a long-term basis. Similarly, the IWAI was procuring dredgers and giving them on bareboat charters, for those companies that were efficient in dredging operations.

The paucity of terminals along the waterways tends to extend the first mile connectivity.  All jetties cannot handle all types of cargoes. Different cargoes require different types of jetties. The number of jetties need to be increased.

Application of incorrect HS codes to items being shipped, due to a lack of knowledge which leads to charging of incorrect duties on the item.

Capt. Prabhakar Prakash from Oceanwhale Shipping services Pvt Ltd said that it would be more helpful, if instead of LAD (Least Available Depth), maximum daft is declared online. This would greatly assist in better planning of the vessel so that any chance of misinterpretation on under keel clearance is obviated. He added that many waterways do not have night navigation facilities, forcing them to transit only during daytime, which doubled their transit time to a particular destination. The marking of channels by buoys or Artificial Aids to Navigation (ATONS) that help in safe navigation should also be brought into the inland sector. This would result in faster turnaround of vessels and better monitoring can be achieved.

**The Government of Bangladesh has allowed the Indian government to access 4 routes in Bangladesh viz, Chittagong to Sitakunda (Tripura), Agartala to Akhaura (Tripura), Mongla to Akhaura (Tripura), Chittagong-Srimantapur (Tripura).**

Amlan Basu, Managing Director AVS Riverline pointed out that India worked five days a week with Saturday and Sunday being holidays. Bangladesh also worked five days a week with Friday and Saturday being holidays. Between the two countries the number of working days was reduced to four days a week. A barge operator would have an extended weekend awaiting permission from the Customs or other regulatory bodies.

Further he said that for containerised movement along the waterways, the Customs also examined the barges transiting the IBP route which procedure was not there in coastal movement. The barge operators feel it as a needless exercise which can be avoided. The customs do not permit to carry exim cargo in domestic containers and vice versa. Also, the Customs do not allow to load exim containers in a PIWTT barges. Such restrictions he felt inhibited the growth of containerised movement between India and Bangladesh

### Waterway movement is still in an incipient stage

Many of documentation procedures needs to be worked out. There are gaps in knowledge among the stakeholders that adds to uncertainty and avoidable delays. Operation of terminals, equipment connection of terminals to road and rail was now being funded by the PM Gati Shakti investment funds.

However, success stories are beginning to emerge. In United Nations Economic and Social Commission for Asia Pacific's (UNESCAP) latest Global Survey on Digital and Sustainable Trade Facilitation, India notched up 90.32%. The survey spanned six verticals:

1. Transparency:100% in 2021, jump from 93.33% in 2019.
2. Formalities: 95.83% in 2021, jump from 87.5% in 2019.
3. Institutional Arrangement and Cooperation: 88.89% in 2021, jump from 66.67% in 2019.
4. Paperless Trade: 96.3% in 2021, jump from 81.48% in 2019.
5. Cross-Border Paperless Trade: 66.67% in 2021, jump from 55.56% in 2019.

The Survey indicated that India was the best performing country when compared to South and South West Asia region (63.12%) and Asia Pacific region (65.85%). The overall score of India exceeded many of the OECD countries including France, UK, Canada, Norway, and Finland.

Jindal Stainless became the first Indian company to conduct a paperless cross border trade from Singapore to India, using e-Bills of Lading (eBLs). This was the first live transaction under letter of credit utilizing eBLs, powered by blockchain technology, obviating the need for physical movement of the paper bill of lading.

Bhutan has started moving heavy stones through barges from Bhutan. In 2019 a barge carrying 1000 MT of stones sailed from Dhubri to Naraianganj, Bhutan. The waterway movement potentially replaced about 70 trucks and more importantly saved 12 days in transit which belied the oft repeated statement that transit through waterways was always protracted.

Though there has been vast progress in inland waterways, the challenges have tended to crimp the system. Inter-regional trade needs to be developed. The intra-regional trade also needs to be picked up. There must be more handholding from the Government side. The role of regulatory bodies is important. They should facilitate faster movement rather than hinder. For cross border trade to be successful, the process needs to be less expensive, less complicated, and seamless.

# AN EMERGING MEGA MARITIME CENTRE

South Asia is the fastest growing region in Asia and India will lead that growth. Ready to capture this lucrative market is the Colombo Port flexing its capacity from the current 8 million teus to 15 million teus in the coming years.

BY ROHAN MASAKORALA
Founder, Shippers' Academy International & CIMC events

The port of Colombo ranked 22 in the world for container throughput is also number 13 among the best-connected ports in the world that provides reliable, efficient shipping services for the global container shipping industry. It is also the largest and ranked number one port in South Asia that facilitates mega container ships that could carry up to 25,000 TEUs that ply the east/west major shipping highway. Port of Colombo has maintained its transshipment leadership in South Asia for well over four decades, and now it has plans to upgrade its facilities to meet the demand up to 2050.

Currently, Colombo port provides capacity of around 8 million TEUs, which can be optimized to 9 million TEUs in the short term. In the near medium term, the port of Colombo will reach 15 million TEU capacity with it's terminal expansion projects now underway. The port having depths of 14m to 18m at draught and 15m- 20m channels, can comfortably accommodate feeders and main liners without delay in obtaining berths.

Currently the port of Colombo, has South Asia's only mega terminal, which is Colombo International Container Terminal (CICT), that could comfortably accommodate three mega ships at a time with ultra-modern cranes offering world class loading/discharge speeds. The port is also equipped with South Asia's longest terminal, Jaya Container Terminal (JCT) which can handle up to 8000 TEU vessels and is expanding its berthing capacity further with JCT 5. The port also has South Asia's first public/private partnership terminal, which is South Asia Gateway Terminal (SAGT), which also can handle ship sizes up to 8000 TEU vessels and has invested in technological solutions and initiated many innovative solutions to service the trade.

### More terminal capacity on the way

The government of Sri Lanka is currently developing the East Container Terminal (ECT), which operates a 400m berth and is expanding its terminal to a fully-fledged mega terminal by 2025, adding an additional design capacity of 2.4million TEUs. By early 2024, this terminal is expected to handle 1 million TEUs, which will be providing an extra berth for mega ships calling Colombo. The ECT will be one of South Asia's first automated modern terminals. This will provide its operational capabilities to handle more cargo than the originally planned designed capabilities. At the same time, the Colombo West International Terminal (CWIT), of the Adani Group's investment, which is the largest deep-water terminal in Colombo, will also be coming into operation by 2025. With these two developments of CWIT and ECT, together with CICT, by 2026, Colombo port would have ten deep draught berths in its South habour project. This will provide around extra 6 million TEU operational yard capacity for transshipment purposes, making Colombo port by far, the biggest port in South Asia to connect the growing demand for cargo that moves between subcontinent ports and the network of global shipping routes. The investments are running into millions of dollars and this boost in capacity joined by new technologies into terminals will give ship owners new options and flexibility to make efficient transshipment and relay services for vessels plying the east/west shipping routes and will be the key port for ultra large container carriers.

**The port of Colombo is now focusing on technological advancements in terminal management/operations and automation and enhancing human resource development through skilling and upskilling.**

### Sri Lanka Port Authority Plans beyond 2030

The port of Colombo recently unveiled its newest plan to expand container operations as the region is poised to double its throughput from 30 million to 60 million TEUs in the coming decade and Colombo wants to be the leading transshipment and logistics hub, and to convert itself into a mega maritime centre by 2035. The north Colombo port development project was recently launched with a demand forecasted by Asian Development Bank (ADB) for the next two and a half decades. The initial construction of a north port will commence once the capacity levels in the existing terminals reach around 90%, and this is estimated to be towards 2030. The drawing boards and the planners have designed the new facilities to reach over 40 million TEUs by 2050, and a stage-by-stage development plan and a blueprint has been established for the transshipment cargo over the next two and a half decades. This is a clear and a positive signal for global shipping companies to plan out future maritime routes as Colombo has spelled out a clear capacity enhancement projects that will provide on arrival berths for both mega ships and feeder services making efficient turnaround facilities, that is vital for a competitive hub.

### Competing beyond the terminal capacity

Shipping is getting modernized. In addition to mega ships that are on the drawing board with 28,000 TEUs, the industry requires environmentally friendly ports that could provide greener fuels and waste management facilities. With climate change and sustainable transportation on the demand, the ports too will have to adjust to service the new requirements of the shipping world. The port of Colombo is now gearing itself to meet these challenges, which includes security enhancement to be in line with development trends of technology. The port of Colombo is now focusing on technological advancements in terminal management/operations and automation and enhancing human resource development through skilling and upskilling. Thirdly the SLPA is engaging in developing high security environments to counter cyber security threats and moving towards smart port technologies. As a first measure of this, the port is developing its "port net system" to enhance its information systems among terminals and parallelly a major human capacity development programme is to be launched to upgrade the cyber space for logistics.

Approval has been given to construct South Asia's biggest warehousing complex within the port of Colombo that will make a remarkable change in consolidation business. Currently the Multi Country Consolidation (MCC), entrepôt trade and Less than Container Load (LCL) business were only run by the state within the port of Colombo and from 2025 new private operators will join the business with a new mega ten storied facility that is being built now.

The South Asian region is expected to grow as the fastest growing region in Asia and India will lead that growth. Colombo port is planning its activities in line with these growth prospects and will offer its international partners the best possible shipping facilities and options to traders to compete better as more and more customers are looking at e-commerce solutions. The policy is also focused on improving logistics services including providing air-sea connectivity to the regional customers.