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SHIPBUILDING: WHAT INDIA CAN GAIN?

INTERVIEW
COAST GUARD: FIT TO FIGHT TERROR
DR PRABHAKARAN PALERI
FORMER DIRECTOR-GENERAL, INDIAN COAST GUARD

LOGISTICS
ICD LONI: AN EVOLVING LOGISTICS HUB

PORTSCAN
MUNDRA PORT: A ROTTERDAM IN THE MAKING

DERAILED DREAMS

Railway haulage charges are bothering private rail operators in India. Accounting for 75 per cent of the total operational costs, the haulage rates are adding to the high infrastructure costs. With no better alternative in sight, rail operators are forced to pay through their nose. An exhaustive analysis of the issue.

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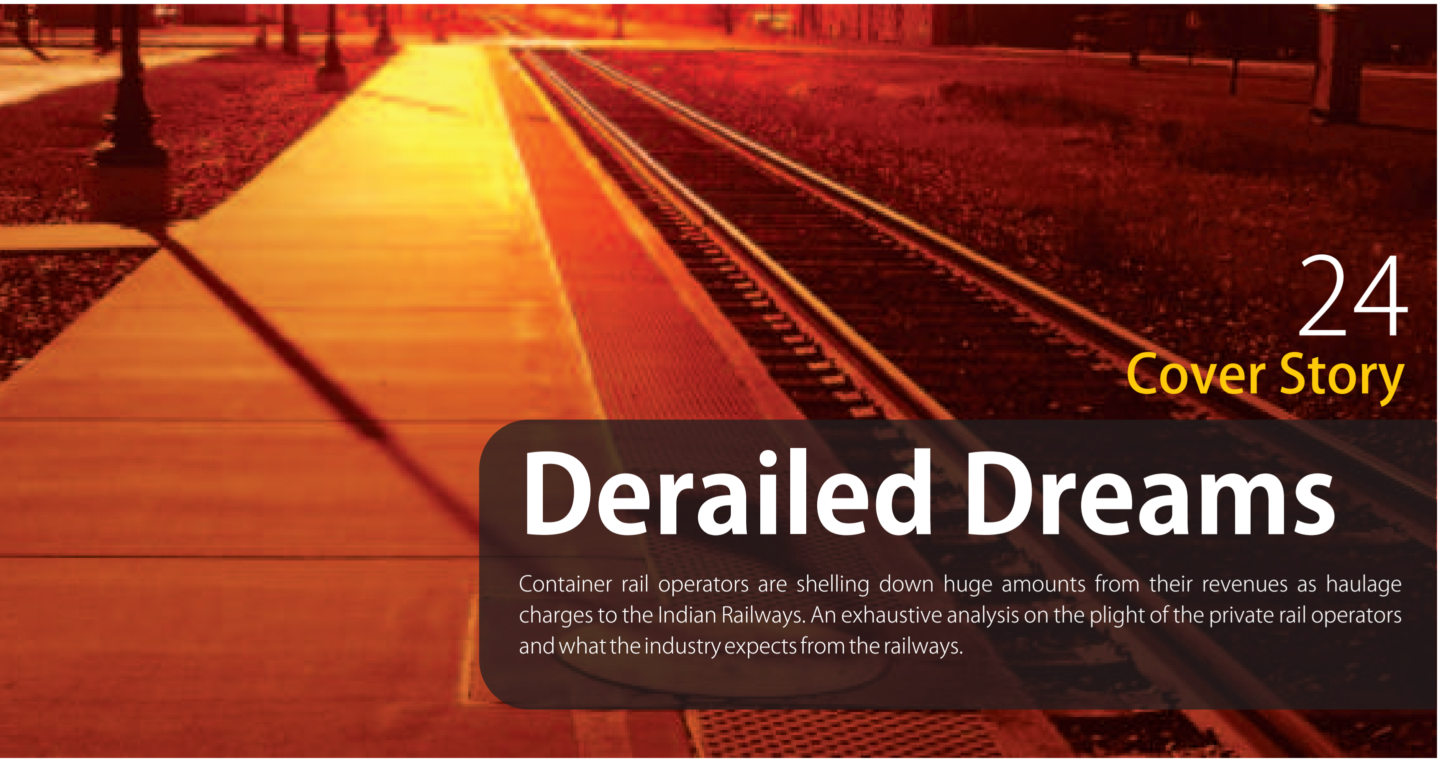

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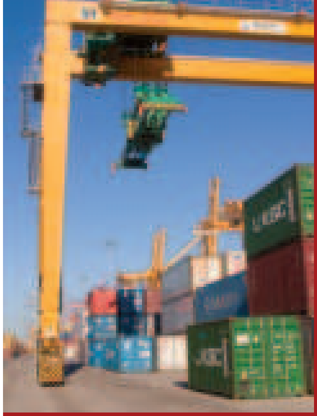

EQUIPMENT

NEWS

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PUBLISHER'S DESK

Looking at the stars

We are back, into another fresh year, hopefully a blessed one. And as every new start springs new hope, it is gladdening to note that countries and communities are working or rather reworking on their goals and aspirations in the face of economic gloom around.

In keeping with its resolve to strengthen the nation's maritime security, the Indian government has signed a deal with the US, the largest defence purchase ever, to buy eight maritime aircraft from Boeing. The defence ministry hopes to use them to strengthen the Indian Navy's reconnaissance. A good start indeed. In an exclusive interview with Maritime Gateway, Dr Prabhakaran Paleri, former director-general of the Indian Coast Guard, reexamines the role of this armed service as a world-class force. The Coast Guard has already swung into action and is apprehending intruders in the Indian waters.

At the global level, the piracy issue is still hot. But maritime nations, including the EU states, have come to realise that fighting tooth and nail seems to be the sensible solution. So, for the first time in its combat mission since the 15th century, Chinese navy has deployed an anti-piracy task force to "protect important shipping lanes" beyond its territorial waters. It definitely marks a new chapter for the modern Chinese navy and a perceivable threat to the pirates.

Back home, foundation stone has been laid for the first maritime university and policy makers are optimistic that India has the potential to be the future maritime education hub. A good avenue for young talent looking for alternative careers, they say. Railway haulage charges being the bone of contention between the national carrier and private operators, the cover attempts an in-depth analysis of the issue. Despite the ripples of recession, the shipbuilding industry bodes well for the Indian offshore supply vessel segment. A focus on this trend and also the thriving offshore industry in Singapore. Reefer operations have picked up pace but Indian ports are yet to improve their infrastructure. A reality check on this, besides other regular features and interviews.

On the other hand, criminalisation of seafarers is being debated and *Maritime Gateway* throws light on the 'Hebei Two' controversy. Shipping industry bodies that campaigned for the two sailors' release in the oil spill case have hailed the Korean government action to grant bail, as a positive step towards amicable settlement. Good news for seafarers in India!

Warm regards,

Ramprasad, Publications Director
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The editorial advisory board of Maritime Gateway consists of senior executives and professionals who are experts in their own discipline and with an independent view, they guide the editorial team by giving suggestions on issues that need to be focussed.

A K Mohapatra
Former Secretary,
Department of Shipping

As a policy maker in the department of shipping from 2006 to 2008, Mohapatra worked for the progress of the country's maritime industry. He was instrumental in the development of ports, shipping industry, inland water transport, port connectivity and international maritime affairs. He is a postgraduate from Utkal University and an MPhil from Indian Institute of Public Administration, Delhi.

K Suresh, IAS
Chairman,
Chennai Port Trust

A 1982-batch IAS officer, he was instrumental in making Chennai Port No. 1 hub port for cars in the country, a mega container terminal in the outer harbour, a growth of over 20 per cent per year in containerised cargo volumes and a licence agreement for a second container terminal. Was the chairman of Tuticorin Port till recently. Continues as the CMD of Sethusamudram Corp. Ltd.

Ganesh Raj
Senior Vice President &
Managing Director,
DP World,
Subcontinent Region

His vast experience in the liner and port industries helps identify potential projects and manage them through to successful completion. The Chennai operation underwent considerable progress in performance levels and throughput, growing in excess of 50 per cent in a two-year period when he was the CEO.

A Janardhan Rao
President, Indian Ports
Association
Former chairman,
Kandla Port Trust

He worked in various capacities in MMTC Ltd. and Bharat Earth Movers Ltd., served as deputy financial adviser & chief accounts officer in Visakhapatnam Port Trust and Kandla Port Trust. Later, he was deputy chairman of Cochin Port Trust. Presently serves as MD of Indian Ports Association, an apex body formed by major ports in India.

Dinesh Lal
Executive Director,
Maersk India Pvt. Ltd.

Lal is also director of Gujarat Pipavav Port Ltd., Gateway Terminals Pvt. Ltd., Pipavav Railway Corporation Ltd., vice-president of EU Governing Board and president of Indo-Belgium Luxembourg Chamber of Commerce. Worked for several freight services. Badminton, vintage cars, watches and farming are his favourite pastime.

Sudhir Rangnekar
Managing Director &
Group CEO,
Sical Logistics Limited

He is responsible for Sical's corporate strategy formulation. A chemical engineer from IIT Mumbai and an MBA from IIM, Ahmedabad, he has 30 years of experience with the Shipping Corporation of India Ltd. Held various positions in commercial operations, finance and administration. Spends his leisure reading, travelling and listening to music.

Yogendra Sharma
Chief Executive Officer,
Adani Rail Logistics Ltd.

He worked for more than 24 years in Indian Railway Traffic Services. As MD of Kutch Railway Company, he completed the 301-km broad gauge line four months ahead of schedule; pioneered PPP in Pipavav Railway Corp. and documented his experience in a book 'Public-Private-Partnership in Infrastructure'.

Sachin Bhanushali
President,
Gateway Rail Freight Ltd.

Armed with technical expertise in the domain of freight, Bhanushali has taken his flagship company to great heights. He is also the key advisor to several freight forwarders.

S S Kulkarni
Secretary General,
Indian National
Shipowners Association

As marketing manager of Jawaharlal Nehru Port Trust in the early 90s, he attracted trade to the then fledgling port. A man of varied work experience, he gave impetus to the gems and jewellery export industry. Has keen interest in anthropology, philosophy; pursues travelling as a hobby.

Capt. Ram Ramchandran
President,
NISAA

He has been closely associated with the Northern India EXIM Intermodal Logistics for more than 20 years. A master mariner with 13 years in the merchant navy and 9 years as the field operations manager with APL, he is also the CMD of Red Eagle Shipping Agencies (RESA).

Capt. Subhangshu Dutt
General Manager,
Research & Sp. Projects
Pacific International Line
(PIL), Singapore

With over 35 years of experience in maritime business, he chairs the Singapore branch of the Institute of Chartered Shipbrokers, sits on the panel of Singapore's Maritime & Port Authority's MINT fund approving body and was earlier the CEO of Pacific Shipping Trust Management.

OPINION

A Janardhan Rao

Time for Ports to Grow

The ongoing global recession has been affecting many an economic activity. But it should not come in the way of the concerted efforts that are underway to build world-class port infrastructure in India targeting a throughput of 1 billion tonnes by 2012.

Long range planning should be the need of the hour and development of allied infrastructure in the form of port-based SEZs should be aimed at improving the productivity and efficiency of the ports as well as reducing costs.

Major ports today, as such do not have any cash crunch and it is vital to ramp up port infrastructure at this crucial time so as to achieve the target. An inclusive approach is very much necessary in designing infrastructure. When we say infrastructure, it should include berths, stack yards, dredging, warehouses & godowns, connectivity and other allied features. A piecemeal approach, rather, would not help in the long run. If a need is felt today and we address only that specific need not taking into consideration the associated infrastructure, then it is a waste of time, money and efforts. In fact, the Government of India has recognised ports under critical infrastructure status and is therefore giving impetus to this industry.

Delays in implementing infrastructure projects can happen in two ways, namely implementation delays and procedural delays. Implementation delays happen in the tendering process and they should not be a problem as the ports have been handling such processes for decades. These delays can be removed through a more transparent tendering process. But procedural delays in terms of sanctioning a project are something that are to be avoided and the government is working on them.

> “The Government has received nine fresh proposals for setting up special economic zones despite the difficult times.”

Most of these delays can be reduced if the port trusts or the major ports, as they are called, are given more freedom in taking decisions pertaining to operation, capital and diversified business. There is a feeling today that the major ports are constrained in taking certain decisions and it is for the betterment of the industry that they should have powers to take all these decisions.

There has also been a debate for quite some time that the emergence of private ports might pose a threat to the existence of major ports or government-owned ports. But the ground reality is that there is enough cargo for all the ports to survive not only in the short and medium term, but also in the long run. Private participation in ports is being encouraged to match the vast demand for import-export of goods and is being viewed as complimentary to what government-owned ports are doing. As the major ports are unable to handle the surge in the trade growth with the current infrastructure, private participation is being spurred to meet the overflowing demand.

Major ports should be encouraged to develop port-based special economic zones. This again is an inclusive approach of setting up and developing export-oriented industries with all facilities nearer to the port. Cochin port has been the pioneer in this direction and has developed the first port-based SEZ in India a long time back. Similarly, in the private sector, Mundra Port is developing a port-based SEZ in a big way. Other major ports should take steps in this direction and in the long run the trade that happens in these SEZs will be the captive cargo for the respective ports. MG

Janardhan Rao is managing director of Indian Ports Association

Our
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FUTURE

Astaranga port

Navayuga signs MOU with Orissa

Hyderabad-based Navayuga Engineering Company Limited (NECL) signs a memorandum of understanding (MOU) with the Government of Orissa for developing a multipurpose port.

NECL has signed an MOU with the Orissa Government for developing an all-weather, multipurpose, mechanised port at Astaranga in Puri district at a cost of Rs 6,000 crore. The company that had earlier developed Krishnapatnam port in Andhra Pradesh, will develop and operate the Astaranga port on Build-Operate-Own-Share-Transfer (BOOST) basis for a period of 30 years.

Plans to develop a mechanised port at Astaranga were initiated when NECL revealed its interest in the same in 2007 and its chairman C V Rao made a presentation to this effect in the early 2008 before Orissa chief minister Naveen Patnaik. The MOU was signed by Pradeep Kumar Jena, secretary, Commerce and Transport Department of the Orissa Government and Rao, on behalf of NECL on December 22, 2008.

The MoU, though has a provision of 30 years concession period, can be extended by another 20 years. The detailed concession agreement is to be signed within six months. As per the concession agreement, NECL has to arrange for the entire amount of proposed investment. The revenue share for the government is fixed at 5 per cent for the first five years, 8 per cent for sixth to 10th year, 10 per cent for 11th to 15th year and 12 per cent for the remaining period of 15 years.

NECL chairman C V Rao (left) signing the MOU with Pradeep Kumar Jena (right) in the presence of Orissa Chief Minister Naveen Patnaik (centre).

While the cargo handling capacity is projected to be 60 million tonnes by the end of third phase, the port is expected to provide direct and indirect employment to 10,000 people when it is fully commissioned.

The port is planned to be developed in three phases. The first phase, to cost Rs 1,500 crore, will take four years to complete. Further, Rs 2,000crore and Rs 2,500 crore will be invested in second and third phases. The first phase includes construction of two coal berths, one iron and steel berth and one multipurpose berth along with a stack yard for minerals and commodities. Dredging up to 15 metres will be taken up during this phase.

Two additional berths for coal and POL/LNG and a container terminal will be taken up in second phase while the dredging will be taken up to 18 metres. In the third phase, one container terminal, one iron and steel berth and one general cargo berth will be added.

NECL also intends to invest an additional Rs 600 crore for the development of a dedicated rail connectivity to the port. A 50-km-long rail line will be laid linking the port complex with the Howrah-Chennai main line on Khurda Road.

The port is also expected to develop an industrial park that houses export-oriented units and will play an instrumental role in developing upstream and downstream industries. NECL has sought 5,000 acres of land and strengthening the existing access road from Astaranga to Pipili, as support from the Orissa government.

Strong coastline

New radars to augment security

Defence Minister AK Antony has asked the Coast Guard to lease or hire ships from the global market in the quickest possible time to meet shortages and augment the coastal security. The defence minister reviewed in detail all aspects relating to coastal security at a high-level meeting here attended by Defence Secretary Vijay Singh, Director General of Coast Guard Vice Admiral Anil Chopra and Director General Acquisition SK Sharma. Approval has been accorded for global acquisition of cutting-edge equipment and interceptor boats on a fast-track basis, a high-ranking official in the defence ministry said.

The meeting also decided to set up nine additional Coast Guard Stations and a proposal for the same will be sent for Cabinet approval at the earliest. "The deployment of Coast Guard assets to protect vulnerable areas in the context of the recent terrorist attacks in Mumbai was discussed. It was decided to deploy additional ships and aircraft in these areas," a high-ranking official in the defence ministry said.

In another major decision, Antony asked the Coast Guard to coordinate with state governments for electronic identification of all vessels entering Indian Waters. The meeting also gave clearance for radar coverage of the entire coastline and a scheme for the same will soon be worked out in consultation with the Ministry of Shipping, the official said.

Antony directed the Coast Guard to coordinate with the Indian Navy and intelligence agencies for sharing of information. He also asked his ministry to expedite the purchase of critical equipment for the armed forces.

Stimulus package

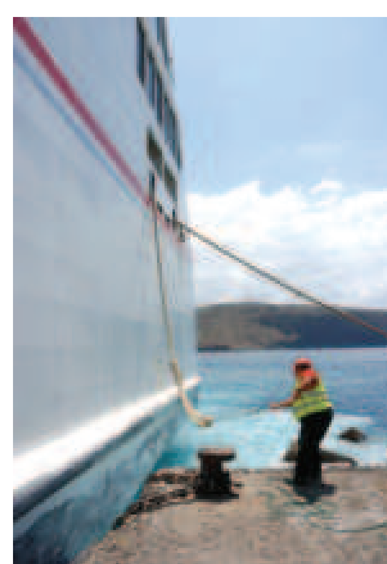
Ministry seeks sops to develop major ports

Ministry of Shipping has demanded a 'stimulus package' to fight out recession in shipping sector and timely execution of nine major ports through PPP model in which over Rs 1 lakh crore of investment is estimated, according to its secretary, A P V N Sarma.

Disclosing this at ASSOCHAM organised Conference on Building Logistics for Competitive Business, Mr Sarma said, "we have asked for the special package for the first time in view of ongoing meltdown to meet dredging operations for nine major ports as also sought relaxation on taxation as shipping industry is highly taxed."

"The coastal areas states do not have funds for necessary dredging operations which according to Ministry of Shipping should be allocated to them as part of proposed stimulus package which can be granted any day," said Sarma. He did not give the size of the package saying that it has to be decided at the highest levels but hoped that the package would be sufficient to prop up to develop nine major ports that would be built on PPP model with approximate investments of over Rs 1,00,000 crore.

"Of the proposed nine projects, two have already been cleared by PP Advisory Committee for which financial bidding would commence shortly as all major known players are competing. The Ministry of Shipping, Road Transport and Highways would shortly seek clearances for three more ports through PP Advisory Committee in current fiscal itself and remaining four would be referred to it for necessary approvals in next few months," said the secretary.



The Ministry efforts henceforth would be to create deep draft terminals so that large vessels especially from Brazil and other countries are able to ferry iron ore and other raw materials at much reduced costs with higher speed, said Sarma.

Shipment curbs

Use of Port of Halifax mooted for exports

Aimed at boosting exports to North America and reducing shipment costs, the Union Government is considering increased use of Port of Halifax in Canada as a cheaper alternative to New York or Boston ports. India hopes this will reduce transportation costs and can help the exporters competitively price their products in the North American market. It is learnt that the India-Canada trade policy consultations had recently discussed the issue of the cost benefits of using the Port of Halifax.

According to Canadian authorities, those exporters routing shipments through the Port of Halifax will be able to price their products cheaper as the transportation time would come down significantly. The Commerce Ministry, in consultation with the Shipping Ministry and the Shipping Corporation of India (SCI), is preparing a report on the cost advantages of the new route.

The preliminary findings have shown that the excellent infrastructure at the Port of Halifax and a daily container train service to Chicago could make the port a viable option for exports to the mid-West and East Coast.

The port has signed an agreement with Suez Canal authorities that would bring it closer to India by over 1,800 nautical miles than other ports in the West Coast, thereby cutting the transit time for Indian goods by four days, officials said.

Indian shipping lines, entering into negotiations with the Port of Halifax, are likely to get cheaper rates for using warehousing and other facilities, the officials disclosed. Last year, a top executive of the Port of Halifax, during a visit to India, had said that exporters in the small and medium category would be allowed to use a convention centre with a floor area of 5,000 square feet at the port free of cost for 15 days to exhibit their goods.

Smooth sail

Navlakhi port handles first gearless vessel

A new chapter was written last week in the history of Gujarat Maritime Board (GMB) when the Navlakhi port received its first gearless vessel.

MV Yasa Pioneer arrived on December 4, under the agency of Scorpio Shipping Agencies Pvt. Ltd., to discharge 37,000 tonnes of coal from Indonesia. The vessel completed all its operations successfully and sailed on December 7.

Navlakhi is an all-weather lighterage working port located at the inner position of the Gulf of Kutch. It is well connected to the state highway and National Highway 8A is 55 km from the port at Maliya. The port is also connected to the broad gauge rail network. The nearest airport is Rajkot. Navlakhi is about 50 km from Morbi and about 100 km from Rajkot.

In 2007-08, it had handled 23.19 lakh tonnes of import cargo and 1.23 lakh tonnes of export cargo, totalling 24.42 lakh tonnes. Another advantage of the port is that it has a tug, Adinath, which is more powerful than the existing launch, Gitanjali. The development of Navlakhi port will change the economy of the region and boost trade activity on a large scale.

Baliharchandi venture

Port project near Puri

Puri Ports Ltd., a joint venture between Shyam Group and Century Plyboards India Ltd., will set up a port at Baliharchandi about 40 km from Puri in Orissa, it was reported. About 3,500 acres of land has been identified for the proposed port project and a Memorandum of Understanding (MoU) with the Orissa Government will be signed soon.

After the MoU is signed, statutory clearances from various authorities such as the Coastal Regulatory Zone, the Environment Ministry, the Ministry of Shipping and the Ministry of Tourism would be obtained. A cruise terminal would also come up at the site as the Special Tourism Area being developed by the Orissa Government is only 10 km from the proposed port site.

The Indian Institute of Technology (IIT)-Chennai is reportedly preparing a detailed project report.

Shipbuilding feat

Garden Reach posts profit of Rs 110.4 crore

Garden Reach Shipbuilders & Engineers Ltd. (GRSE), a mini-Ratna company and one of the three defence shipyards of the country, reached a production value of Rs 573.47 crore for the fiscal 2007-08, posting a gross profit of Rs 110.4 crore. "With over 125 years of experience in shipbuilding, GRSE is fully geared to meet the needs of customers in an ever-changing technological world," said its chairman and managing director RAdm K C Sekhar, VSM (Retd).

The company, committed to building warships for the Indian Navy and the Coast Guard, has undertaken modernisation of its facilities at a cost of Rs 400 crore. The capital would be spent on a large dry dock and an inclined berth, a 250-T Goliath crane and a modular hall with allied facilities.

GRSE built and delivered INS Kesari, a landing large ship tank, to the Indian Navy on April 5, 2008. It has bagged an order from the Ministry of Home Affairs for the manufacture and supply of 78 FRP interceptor boats, useful for coastal patrolling and surveillance of the East Coast by the state police authorities, the CMD said.

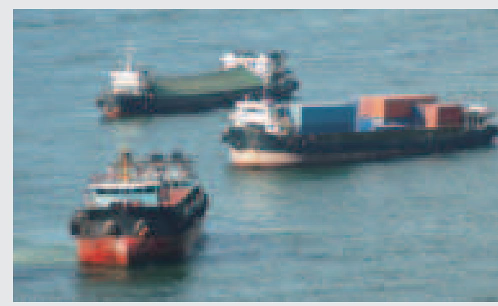
One large landing ship tank, an anti-submarine warfare corvette and four water jet fast attack craft are in the advanced stage of completion and will soon be delivered to the Navy.

The company was conferred the **Raksha Mantri Award** on November 7, 2008 for its engineering prowess – of successfully developing a double-lane bridge and a common hello traversing system.

RAdm K C Sekhar, chairman & managing director, Garden Reach Shipbuilders & Engineers Ltd.

Interest subsidy

Shipping firms to be bailed out



In a major boost to the shipping companies, the Department of Shipping is considering to provide a subsidy on the interest on the dollar loans and rupee loans of the shipping companies by 2 to 3 per cent. The shipping industry requires about Rs 80,000 crore by 2012 to expand capacity and replace ageing fleets and it pays about 11 per cent interest for dollar loans and approximately 14 per cent for rupee loans. It is yet to be decided whether the subsidy will cover both dollar loans and rupee loans and this decision will be taken by the Finance Ministry.

The interest subsidy scheme is part of a proposal to boost the shipping industry. The proposed package will have other fiscal and monetary measures. However, the shipping companies seem to show indifference to this initiative. They feel that it is necessary to increase the demand for the Indian exports which will take care of the falling freight rates and put the shipping industry back on track.

Auriga Leader

Japan launches first solar cargo ship

The world's first large ship to partly use solar energy to help power engine-related devices took to the seas in Kobe, central Japan, recently.

The Auriga Leader, a car freighter jointly developed by Nippon Yusen (Japan's largest shipping company) and Nippon Oil, has 328 solar panels on board, that produce 40 kilowatts of power. This is enough to generate about 0.3 per cent of the energy needed for engine-based devices and about 7 per cent of the electricity need for lighting and other purposes.

This doesn't sound like much at first, but the ship is about 200 metres long and weighs more than 60,000 tonnes.

The Auriga Leader will initially be used to transport Toyota cars to various overseas markets. 6,400 cars can be exported this way. Nippon Yusen and Nippon Oil have invested a total of $1.68 million into the solar panel system.

Shipbuilding stocks

Cheer for Indian firms

Shipbuilding stocks like ABG Shipyard, Bharati Shipyard, Hariyana Ship Breakers, Srinivasa Shipping & Property Development and Western India Shipyard have gained sheen in the stock market in the last one month. These stocks recovered between 21 to 54 per cent in this period. Brokers and traders attribute this rise to the talks that government is clearing some portion of dues of the shipbuilding industry.

ISRO tie-up

Satellite for security

Shipping ministry has tied up with Indian Space Research Organisation (ISRO) to develop a low cost satellite to monitor ships and small fishing vessels in the Indian waters. "Department of Shipping is in talks with ISRO for developing the satellite," said APVN Sarma, secretary of shipping.

The shipping ministry is in plans to develop a special commando force to be stationed at the ports to counter any threat from the sea. Sarma emphasised that the fishing harbours usually located near ports could be potential threats to the movement of vessels. He also said the ministry has formed a group to study this issue and requested the state governments to actively participate in distancing fishing harbours from the ports.

Uniform registration

Identity cards for fishing community

In the aftermath of Mumbai terror attacks, the Indian government is looking at all the possible ways to beef up the maritime security. In a new development, the Union home ministry has asked the shipping ministry to come up with a proposal on registration of fishing boats and issuing identity cards to inhabitants of coastal villages, including fishermen.

A high-level meeting attended by nine coastal states and four union territories have felt that the each of the states and union territories have different registration mechanisms for fishing boats and expressed the need for having a uniform registration system. A home ministry official said that the shipping ministries proposal would address this need. The Registrar General of India (RGI) had circulated a proforma, seeking details of inhabitants of coastal villages like their names and addresses.

Elevated corridor project

PM kickstarts Maduravoyal work

The project is part of Centre's programme of four-laning more than 12,000 km through PPP under Phase III of the National Highways Development Programme (NHDP).

Prime Minister Dr Manmohan Singh laid the foundation stone for India's longest four-lane elevated corridor connecting Chennai port and Maduravoyal, west of Chennai, that is likely to provide major relief to transport containers. The 19.5-km elevated corridor project is being built at a cost of Rs 1,655 crore on a BOT basis for a concession period of 15 years, including three years of construction, after which the NHAI will take over the corridor's operations. It is also expected to fuel the growth of Sriperumbudur and provide impetus to the corridor between Bangalore and Chennai. The prime minister said 12,000 families of the weaker sections, especially slum dwellers, would be rehabilitated by providing them with alternative shelters.

The corridor will connect national highway numbers 4, 5 and 45 thereby reducing the distance and travel time. The distance of 52 km to reach Chennai port via Tiruvottiyir – Ponneri - Ennore Expressway road will now be reduced by 33 km. The road will also be open for people's commercial use and will save time and fuel. "We plan to set up a mega container terminal, at a cost of Rs 3,686 crore, and have already issued the RFQ for the bids. When operational, it would require massive evacuation of containers. This is where the elevated corridor would help," K Suresh, chairman, Chennai Port Trust said.

Tamil Nadu Chief Minister Karunanidhi made out a case for the expeditious completion of the Sethusamudram project and sought the prime minister's support for its smooth execution.

Expressing the government's intention of encouraging private sector participation in road development through more incentives and facilities, the prime minister said all future projects under the NHDP would be executed through the PPP mode.

Infrastructure upkeep

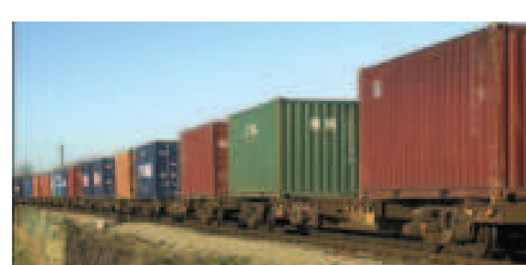
Rlys draws up Rs 30,000-cr plan

The Railways has drawn up a Rs 30,000-crore plan to improve infrastructure facilities, including upgradation and procurement of new assets of rolling stock during the current financial year. Focussing on the steel sector, the Railways has set a target of rail renewal over 2,941 km, which will require 3,39,288 tonnes of rail steel.

A target of renewal of 44.5 lakh sleepers has been fixed, which requires 88,200 tonnes of steel. In addition, 5,000 tonnes of steel is likely to be used for producing steel channel sleepers during 2008-09.

During 2008-09, 5,294 tonnes of steel bridge girders have already been manufactured and the production by the end of the year is likely to exceed 8,615 tonnes of steel bridge girders manufactured in 2007-08.

The production of wheels and axles was being increased by 60 per cent when compared with last fiscal to help save foreign exchange, a rail ministry statement said. The high-density rail network in Mumbai is being strengthened for carrying heavier trains at a cost of Rs 500 crore.



Arshiya International

FTWZ in Mumbai soon

Arshiya International Ltd. (Arshiya), a global supply chain and logistics infrastructure solutions company, has announced that it has received formal approval from the Board of Approvals (BoA) of Special Economic Zones (SEZs) for setting up a Free Trade and Warehousing Zone (FTWZ). The company also plans to set up an FTWZ in the Middle East.

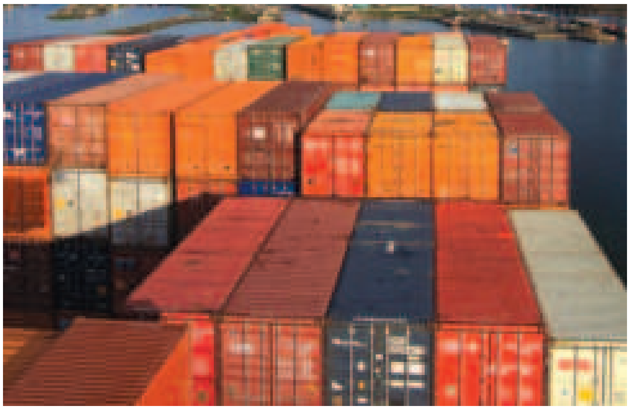
The conversion of the in-principle approval into a formal approval was recommended by the BoA, making Arshiya one of the first companies to be operational with FTWZs in the country.

Arshiya's upcoming FTWZ is strategically located near both JN Port as well as the proposed international airport in Navi Mumbai. The FTWZs will serve as integrated mega logistics (consolidation and value-addition) hubs with dedicated container freight stations (CFSs).

These would qualify as the company's biggest differentiator in its overall integrated supply chain value proposition, says a release.

Examples of benefits through this pioneering venture would be duty / tax incentives, faster regulatory clearances, reduced capital expenses, visibility, flexibility and, most importantly, significantly reduced working capital costs for all of Arshiya's clients (domestic and global) involved in exim trade in India and the Middle East.

Ajay S Mittal, chairman and managing director of Arshiya International said, "We are very excited to accelerate the build-out of our FTWZ as this initiative allows us to market India's cost / skill arbitrage along with its strategic positioning between Asia Pacific and the West to the world." The first phase will be operational by the middle of next year.



India subsidiary

MOL opens auto unit in Chennai

Japanese carrier MOL announced it has opened a wholly-owned subsidiary in India, MOL Auto Logistics (India) Pvt. Ltd., to handle automobile movements.

"The move is a response to rising production capacity of completed cars for India's domestic market and export trades," the Tokyo-based company said in a statement.

The new entity, headquartered in Chennai, will provide inland transport and export-related port services, utilising the carrier's experience in handling such traffic in Thailand, China, and Indonesia.

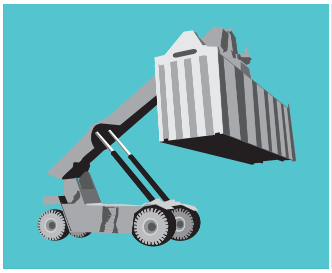
Chennai, India's largest automobile export hub, handled a record 138,000 Hyundai units in fiscal 2007-08, up from 115,000 units the previous year.

Currently, state-owned Chennai and Mumbai are the only ports in India with facilities to handle vehicle exports, while the privately-run Mundra Port recently signed an agreement with Japan's NYK Line and Wallenius Wilhelmsen Logistics of Norway to develop a dedicated automobile terminal at the west coast hub.

Container handling

Concor terminal in Durgapur soon

Container Corporation of India (Concor) is planning to launch a terminal in Durgapur in West Bengal and has applied to the Asansol Durgapur Development Authority for 29.7 acres of land for the same. The total size of the paved area in the terminal would be more than 20,000 square metres to facilitate loading / unloading and stuffing / destuffing of containers. The proposed terminal, being built at a cost of Rs 8.5 crore, will cater mainly to the large number of secondary steel producers and other industrial units in the Asansol-Durgapur area. To be ready for operation in a month or two, the terminal will handle 500 TEUs a month. "Once land is allotted, it will be another year or so before the Durgapur terminal becomes ready for operation," B K Joshi, chief general manager of Concor (eastern region), said.



Demand slowdown

Coffee exports fall

Indian coffee export realisation in 2008 has been the highest since 2006 (Rs 1,930.95 crore) and stood at Rs 4,216.88 crore by exporting 219,822 tonnes – marginally up 0.11 per cent over the previous year.

India's coffee export declined marginally to 2.19 lakh tonnes in the calendar year 2008, as poor demand, caused by the economic recession, and high prices more than offset the growth in the early part of the year.

The provisional export of coffee till December 31, 2008, including the shipments of value-added products, stood at 2,19,583 tonnes against 2,20,010 tonnes in 2007, a senior Coffee Board official said. "The slowdown in demand due to global economic recession has hit exports. High prices, too, have a role. Moreover, re-exports (shipments of value-added products) also slowed down a bit after moving up very fast initially," he said.

The export price of Indian coffee shot up 26 per cent in November to Rs 1,09,000 per tonne against Rs 86,707 a year ago, he added. Moreover, though provisional coffee re-export increased to 21,941 tonnes last year against 17,601 tonnes in 2007, the rise is not as dramatic as in the first eight months of this year. The export of coffee after value addition had almost doubled to 16,238 tonnes till August from 8,722 tonnes in the year-ago period.

Provisional coffee export, too, dipped to 1,97,642 tonnes last year against 2,02,409 tonnes a year ago, he said. Russia, Commonwealth countries and Germany are India's major coffee markets.

Coffee exports as on December 30 last: 219,822 tonnes

Tonnes

Variety	This Year	Last Year
Arabica parchment	39,730	29,998
Arabica cherry	10,095	11,768
Robusta parchment	17,992	20,766
Robusta cherry	90,113	89,932
Instant coffee	61,892	67,111

November woes

Exports down by 10 per cent

The global meltdown and the recession that has followed have taken their toll on the Indian exports for the second month in a row. While the exports fell for the first time in the last five years in October by 12.1 per cent, November recorded a decline of 9.9 per cent. The declining demand for consumption of goods in the US and European markets have led to the fall in Indian exports. While exports for the November month dropped to US$ 11.5 billion from US$ 12.7 billion a year ago, the imports for this month grew by 6.1 per cent to US$ 21.5 billion. However the silver lining in this is the increase in exporters' realisation by 12 per cent due to the reduced rupee value against the dollar.

For the period April-November 2008, the exports grew by 19.4 per cent to US$ 119.3 billion while the imports grew by 30 per cent to U$ 203.64 billion. The trade deficit for the same period rose to US$ 84.34 billion from US$ 53.19 billion last year.

The next six months of the new year are likely to see a 'sharper slowdown' in the country's export, which has already entered into the negative zone Moody's said.

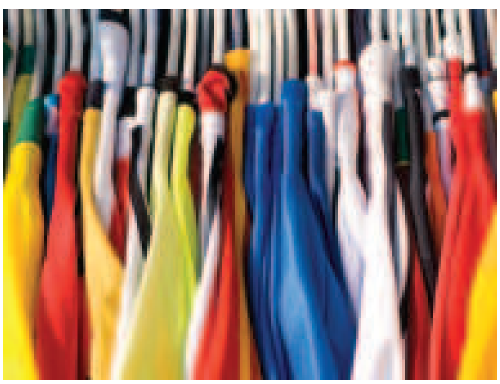
The global credit rating agency further said that imports would also fall during the first six months of 2009 on account of higher spending on infrastructure. Prime Minister's Advisory Council has projected country's GDP growth at 7.7 per cent for the fiscal.

FICCI survey

Manufacturing to face product cuts

Several manufacturing sectors may face production cuts up to 50 per cent and downsizing of employment up to 30 per cent in the coming months, notwithstanding the stimulus package announced by the Union Government, a Federation of Indian Chambers of Commerce and Industry (FICCI) survey has said.

Between November and March this fiscal, several manufacturing segments such as textiles, leather and leather products are expected to cut production up to 50 per cent and downsize payroll up to 30 per cent, the survey revealed.



"Manufacturers in major sectors have reportedly planned cuts in their production during this period. This implies that the growth for the manufacturing sector could further slowdown in the coming months if the current economic uncertainties continue," the Chamber said while releasing the survey.

It said sectors such as textiles, metal and metal products, leather and leather products and other segments such as jewellery have reported negative growth up to 30 per cent in October. "Despite the government's stimulus package, manufacturing sector is not likely to see any revival in its growth soon," FICCI added.

Following cut in short-term lending rates by the Reserve Bank of India, the Government had announced across-the-board four percentage points cut in excise duties to boost industrial demand. It also announced several incentives for exporters, besides a booster package for the infrastructure sector to limit the impact of the global slowdown on industry.

Export body

Sakthivel elected FIEO head

The managing director of Tiupur-based Poppy's Knitwear, A Sakthivel has been elected as the new president of the Federation of Indian Exports Organisations. S K Saraf, chairman of Technocraft Industries will be the new vice-president. Both Sakthivel and Saraf will hold office in these positions for period of two years. Prior to this election, Sakthivel served as the vice-president of FIEO. In a managing committee meeting of FIEO held at New Delhi, Sakthivel was also elected Southern Region chairman for fourth the term.

Rs 5,000 cr refinance

RBI provides cushioning

The Reserve Bank of India (RBI) has decided to provide a refinance facility of Rs 5,000 crore to the Export-Import Bank of India (Exim Bank) to on-lend to exporters to tide over their liquidity problems.

The central board of the RBI, which met here recently, also approved a Rs 4,000-crore refinance facility for the National Housing Board (NHB). RBI explained that the refinance facility for Exim Bank would be available up to March 31, 2010. The facility is aimed at lessening the pressure on exporters, who have been hit hard by banks' reluctance to extend credit.

The facility, under the provisions of the RBI Act, will be available at the prevailing repo rate under the Liquidity Adjustment Facility (LAF) for a period of 90 days. During this 90-day period, the amount can be withdrawn and repaid.

India response

G20 call backed

The Union Government has responded favourably to the G20 leaders call for continued export credit support for international trade deals for emerging and developing economies to retain access to financing for imports in the present global financial crisis.

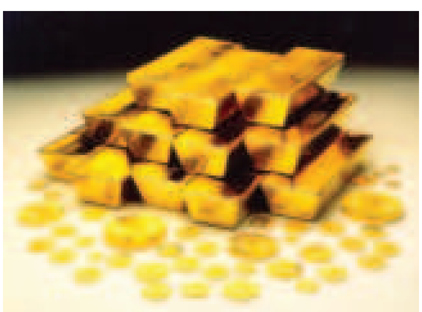
The other countries which pledged support included 35 exporting countries, including 29 Organisation for Economic Cooperation & Development (OECD) countries and Brazil, Estonia, Israel, Romania, Russia and Slovenia. The Government's decision is in line with the declaration by leaders of the G20 countries in Washington recently.

December blues

Gold import at mere 3 tonnes

Gold import has recorded a staggering 81 per cent fall in December 2008 on account of high price and poor demand, standing at a mere three tonnes against 16 tonnes during the same month in 2007, according to estimates from the Bombay Bullion Association.

"The demand for gold is likely to be dull till January 15, but it may go up after that if the prices goes down," said association director Suresh Hundia. Marriage season ended on December 14 and also there was no



other trigger for people to buy gold as the next marriage season starts only in February, he said. Further, the first fortnight of January is considered inauspicious for purchasing gold that contributed to the fall in gold imports which touched a historic low, Hundia added. The rise in price also kept people away from purchasing jewelleries, he said. Hundia said in the last month of 2008, demand for new jewelleries declined as people offloaded their old items for better returns as gold prices climbed higher leading to a stockpile in the domestic market. August 2008 saw the maximum import with 98 tonnes followed by September with 54 tonnes. Gold import during October and November stood at 44 tonnes and 34 tonnes respectively.

Output shortfall

India sugar eases on export curbs

India sugar futures fell in early trade on January 2, 2009 as some traders squared-off positions on higher supplies in quarter to March and on stringent export rules to tackle an expected shortfall in output, analysts said.

The government raised open market supplies for January to March to about 5 million tonnes against a total of 4.4 million tonnes in the same period last year.

The government also tightened export rules by asking millers to secure permits from 1st January, a requirement that was abolished in July 2007.

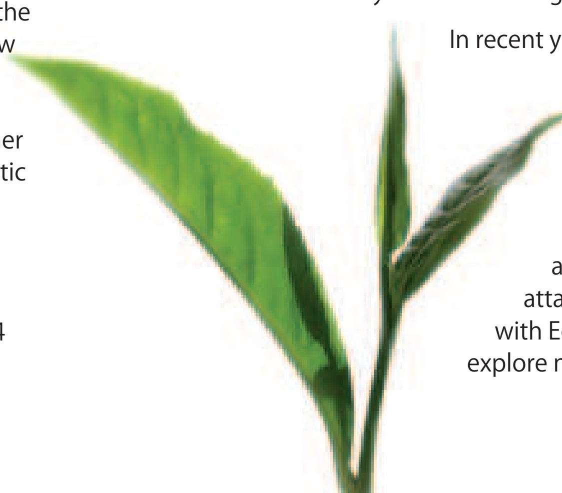
The February futures contract NSMG9 on January 2 on the National Commodity and Derivatives Exchange was down 0.37 percent at Rs 1,906 per 100 kg.

A forecast drop in production capped the downside. India is likely to produce 20 million tonnes in the year ending September 2009, lower than the 26.3 million produced last year.

Tea exports

India identifies thrust nations

India has identified Iran, Iraq, Pakistan and Egypt as the "thrust nations" to give a major thrust to tea exports and capturing a major share of the world market. As a follow up of the memorandum of understanding (MoU) signed between Iran and India in November 2008, a high-level delegation headed by additional secretary (Commerce Ministry) has left on 2nd January to break new ground and more than double tea exports to that nation. Minister of State for Commerce Jairam Ramesh said, at present Iran imported nearly 70-80 million kg of tea every year. India's tea exports to Iran stood at 11 million kg in 2007 and the aim is to increase this to nearly 25-30 million kg in the next three to four years.

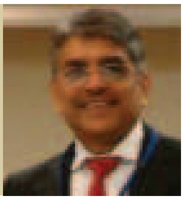


In recent years, India has conceded a large chunk of its export share to Sri Lanka, Vietnam and Kenya. "We have identified Iran, Iraq, Egypt and Pakistan for giving major thrust to tea exports. Pakistan has been put on hold in the aftermath of the Mumbai terror attacks. But we are going to join hands with Egypt in the near future and also explore new avenues in Iraq," he added.

INTERVIEW

Coast Guard
Fit to Fight Terror

Terrorism continues to be on top of the government's agenda and Defence Minister A K Antony has called for setting up nine additional Coast Guard stations to thwart any terror strikes from the sea in the future. Coast guard leadership should have high degree of accountability and cutting-edge efficiency in facing challenges, says **Dr Prabhakaran Paleri**, former director-general of the Indian Coast Guard and the first recipient of the President's Tatrakshak Medal, in an interview with **Sadhana**.



Q What are the major challenges facing the Indian Coast Guard especially after the blatant Mumbai attack? Is the Coast Guard changing to meet the new world order?

The Indian Coast Guard is a unique service created by experts as an armed force of the Union under Item (Entry) 2 of the Seventh Schedule of the Constitution of India incorporating the flexibility to change according to the scenario. It was created because India felt the need for it. The demand for the Coast Guard is ever increasing not only for India but also for other countries. Indian Coast Guard has excellent track record except where it was operationally constrained. It has estimable credentials relative to its strength and capacity. But the Mumbai incident shows that it is constricted in carrying out its exclusive duties and functions. I hope the government will be prudent to examine the shortfalls, if any, urgently and sincerely. I have been told by the new director general who took over on December 1, 2008 that the Coast Guard was ready to face the challenges and he would do everything to keep it competent. The Coast Guard should have full-fledged support of the government for capacity building to perform its duties and functions. The government should also monitor its performance continuously and ensure its cutting-edge is not blunt.

Q India has a long coastline. Is it literally possible to guard the coast effectively without the help of locals? What are the measures taken to protect the coastline from sabotage?

The term Coast Guard is a misnomer. It gives an impression that it is meant to protect the coastline only. It is not just meant for guarding the coast but for performing the duties and functions specified in its charter under the Coast Guard Act, 1978 in the identified maritime zones of India. The maritime zones of India will be fixed or variable areas or locations with respect to situation and scenario. It depends upon the way the government wants to use the force under its charter. The specified maritime zones could be within the territorial sea, exclusive economic zone, contiguous zone, archipelagic enclosures, or any other waters or shoreline that is of interest to India. It has a far-reaching profile. India's long coastline is just a part of it. It is not similar to land border. Mathematically speaking, coastline is a fractal. In short, the Coast Guard has to protect an 'area' and not a 'line'. Yes, support of the people, especially the local communities, is very important. The coast guard too needs it. It has to patrol the areas of interest and keep them under surveillance. It needs to develop this capability as well as earn the appreciation of the community by effective interaction to succeed in its tasks.

The scenario now...

Currently, the coast guard's interaction with community, though exists, is not satisfactory as I find while dealing with local communities. Its goodwill with people has declined more after the Mumbai incident, though I do not consider the entire blame can be attributed to it. But it will have to rebuild its image in the people. ‘Coastal security’ is a misleading term. The coast guard has to telescope onto ‘total maritime security’ in accordance with its duties and functions. Coastal security is part of it. For example, a ship or an oil rig could be hijacked; or a crew member of a vessel or a passenger of a cruise liner may get assaulted or murdered at sea far away from the coast. The coast guard has to prevent or take necessary action during such incidents too, not just preventing a breach on the coastline. It has to have powers of investigation of crime at sea to be an absolute partner of the government in handling them. Unfortunately, it doesn't have the powers for investigation and the wherewithal. Currently, the Indian Coast Guard carries out monitoring, control and surveillance of the maritime zones. But the recent incidents show that it is not satisfactory. It is for the Coast Guard and the government to examine the lacunae and take corrective measures.

What are the various kinds of sea attacks? What are the steps taken to prevent terrorist activities at sea?

Maritime threats can come along in various shapes, sizes and forms. That too when least expected. It depends entirely on the designs of the perpetrators of the activities if they are human-induced. Terrorism in its various moulds is one such threat. Every act of terrorism will have the maritime component in it. Not just as projected in the Mumbai incident. Mumbai is a special case. I believe the incident has links with the 1993 bomb blasts and the perpetrators behind it at the macro level. It is just another ‘episode’ in the continuing serial of the ‘Battle for Mumbai’ and destruction of India.

India has been facing all varieties of ‘designer’ acts of terrorism since it started breathing free. Nothing new about it. Each act has its own finger prints that lead to limited and identifiable corners. It is difficult for an armed force or an agency that doesn't have full participation in decision-making on the long serial of changing ‘episodes’ to handle them all alone. I am sure the Government of India is aware and capable, and will take necessary action. Preventing terrorism is not easy because of its asymmetrical nature. But India is strong, it has excellent forces and agencies. Coast Guard is one of them. They have a big task ahead of them as long as India's neighbourhood is unsafe. Unfortunately, it will be that way for years to come. The government of India is taking action. The government should be careful that the action is not counter-productive and costly. If so it will benefit the perpetrators of such crimes more than preventing their activities against India. Among the threats at sea or from the sea, ‘terrorism,’ I feel, is the most heinous, though the world rates human trafficking under coercion and fraud at the top. Well, there are more.

Which country renders maximum protection to its coast?

It is a bit difficult to answer the question without serious research. But I can say, in relation to capacity and overall rating, the US and Japan coast guards stand in better light. They are better supported and regulated. They are more professional in their approach with

> “India is a major ‘threat attractor’ within the asymmetry of the world because it is a unique, competent and prospering country. Therefore, the government, the security forces and agencies have to be alert at all times.”

enhanced roles. The Indian Coast Guard has an excellent constitutional framework that could be utilised by the government to turn it into a fine force. Unfortunately it is yet to gain the desired momentum. I too share the blame as its former director general. I wish at least it doesn't decline.

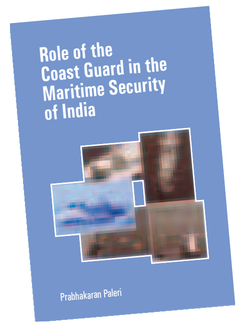
While protection of seas rests with the Navy, which areas come under the Coast Guard?

Navy is a military service designed and created for heightened degree of conflict and warfighting under the Constitution of democratic India whereas the Coast Guard is meant to 'enforce law' and provide (humanitarian and other) 'services' at sea under the same entry of the Union List. They are different. The symmetry is about terrain specificity. If the roles are reversed it could be costly to the country as well as the forces. The Government has to understand it and ensure the role specificity of the two forces. Both are equally important for maritime security. Navy can lose its efficiency if it insists on becoming a Coast Guard. The Coast Guard should understand its role and equip itself to perform them competently and seek the help of the Navy during heightened situations if required. Both the forces are important to India and should complement each other in a matured manner. I find both the services quite competent and interactive in this connection. It is for the government to ensure their capacity requirement and projection profile without mix up.

Is the Coast Guard created to country-specific interests?

Yes, it can be said that way. Every Coast Guard in the world is created to meet the interests of the geostrategic entity as specified in its charter. In a study I carried out abroad recently, I had identified 142 Coast Guards for 272 geostrategic entities. The entities include the members of the UN as well as others in the total perspective of the

"I felt I must write a book about Coast Guard as a futuristic compendium for the personnel and those in the government who need to know about it for decision-making. The book was first published in 2003."



geostrategic world. All of them are country-specific but with a common cover in their duties and functions. The Indian Coast Guard is also created for country-specific interests. An example is maritime search and rescue, which is also country-specific in one way, but arises from its international perspective.

A few words about your book and its impact on the maritime sector.

Well, only two books have been published so far. The first one is titled *Role of the Coast Guard in India's Maritime Security*. I was associated with the creation of the Indian Coast Guard *ab initio*. I felt I must write a book about it as a futuristic compendium for the personnel of the Coast Guard and those in the government who need to know about it for decision-making. The book was published in 2003. My second book came out of an urge that I nurtured from childhood. It was further prompted by my research at the National Defense University, Washington, DC where I was studying for my post graduation in National Security Strategy in 1993-94. I carried out further research doing my PhD in India. Subsequently I published part of my thesis as a book incorporating further studies and amplifying the topic of national security. The Book was titled *National Security: Imperatives and Challenges*. In a nutshell, I wanted to convey that national security is not just the (physical) 'security of a nation,' but a concept that leads to the (sustained and maximised) well-being of the people of a nation under its interactive elements. I have just completed a serious and long research work abroad that will be published as a book titled *Coast Guards of the World and Emerging Maritime Threats* early next year.

With responsibilities of the force increasing with growing international piracy and crimes, what is the need of the hour?

The Government should thoroughly audit and examine the Coast Guard against the light of the recent incident(s) and any other information available with it where the coast guard was found wanting. It should hear the Coast Guard and its personnel properly while seeking clarification. Thereafter, it should remove all the constraints on its path to perform effectively. As I mentioned before, the Coast Guard is a unique service standing on solid constitutional framework and charter. India could convert it into a world-class force. But it calls for a lot of hard work and determination on the part of the government as well as the personnel. It is already late. The Coast Guard needs capacity building along with operational freedom under maximum accountability to the people. It may sound a far cry from reality. But I believe it is possible in quick time with determined efforts. MG

DERAILED DREAMS

Ask any private rail operator about the most bogging factor in their operations and pat comes the reply – railway haulage charges. Yes, haulage rates charged by Indian Railways are giving sleepless nights to the private rail operators in India. These charges account for around 75 per cent of the total operational costs and private rail operators, who are already bearing the high infrastructure costs in terms of cost of wagons, containers and other infrastructure to run the container rakes, are forced to pay huge amounts as haulage charges which are much higher compared to most developed countries. **Jagadeesh Napa** does a reality check.

While the intent of Indian Railways to infuse private participation in the movement of container cargo by rail is quite honourable, it is very much necessary on part of the railways to provide the right environment for the private players to develop and compete with the road transport. Privatisation in this segment was aimed at expanding the scope for container cargo in India and to bring the cargo that is traditionally being transported by road on to rail. Around 70 per cent of the total cargo moves by road and this in itself is a huge market to tap. While it only requires the right initiatives at the right time to achieve this, the current scenario reflects a different opinion and it seems that the very purpose of privatisation has been defeated. Private rail operators today face many obstacles in their path which hinder their otherwise smooth run. Infrastructure bottlenecks like heavily congested railway lines and

> "Almost 78 per cent of the revenue earned through booking of containers is paid to the Indian Railways as haulage charges."
>
> **- Yogendra Sharma,**
> CEO, Adani Rail Logistics

high set-up costs have dampened the spirits. On the operations side, railway haulage charges is the biggest issue and is eating away large chunks of their revenue.

According to the new rates effective from August 1, 2008, the base rate for one TEU from Delhi to Jawaharlal Nehru Port (a distance of about 1500) is anywhere between Rs 14000 and Rs 21500 based on the weight of the container. Railways increased these rates by about 15 to 16 per cent for containers over the 20 tonne category and for distances of over 1,000 kilometers. The haulage charges that private operators pay to the Indian Railways in case of lightweight cargo (below 20 tons) are much higher than what the trade pays to the road transport operators. Compared to the road transport, haulage charges are higher by almost Rs 7,500 and this explains the pathetic situation the rail operators are in. Added to this is the steep decline in demand for containerised cargo due to the ongoing global economic downturn. Comparatively, the freight costs in India are higher than most of the developed nations. In India, it costs 50 per cent more than in the US to move one twenty foot equivalent unit (TEU) over one kilometre.

Private rail operators – An overview

Privatisation of container rail operations was initiated by Lalu Prasad Yadav, Minister for Railways, in 2006 and the agreements were signed with the private parties in 2007. All the 15 operators who are in the field today can be classified into four different categories. The first category includes players who have their own cargo like shipping lines. These players already move a lot of cargo by sea and prefer backward integration. They have their own cargo and their own train to move that cargo. The second category are the players who are into the port business like the DP World and Mundra Port. They obtained licence to provide better connectivity and integrate port with the hinterland through their trains. The third category includes players having operations by road transport like J.M.Baxi. They entered this business to convert certain amount of cargo from road to rail wherever feasible. And the fourth category comprises greenfield players like Reliance Logistics and ETA. Thus, all the operators in this business have entered with the aim of integrating the container rail business with existing businesses.

Major cost component

It is a well known fact that the prime differentiator between these two

What is Haulage Charge

Haulage charge is the amount that Indian Railways charge from the container operators for using its assets. Such assets include tracks, signals, locomotives (engines) and the personnel manning the locomotives and the track maintenance crews. The charged amount is used to cover the costs incurred in maintaining these assets including the salaries of the personnel manning the locomotives. Currently, railway ministry can revise the base rates of haulage charges twice a year. The ministry also retains the discretion of revising these rates as and when necessary in case of abnormal increase or decrease of cost of associated inputs.

Container rail operators add the capital and operational expenditure to the base rates to arrive at the prices for their customers who are transporters, middlemen, importers and exporters at large. Since late 90s, Indian Railways has been increasing these rates almost every year. But since the announcement of the privatisation in container movement by rail, the Indian Railways has increased the haulage charges abnormally. The following table outlines the average increase in base rates of haulage charges in the recent years.

Nov 2004	-	15%
Apr 2005	-	5%
Nov 2005	-	15%
Apr 2006	-	25% (5% to 84% across-the-board)
Aug 2008	-	16%

modes of transport is pricing. Hence, it is imperative to bring down the cost structure on par or comparably nearer to the road transport so as to achieve such an ambitious aim. It has been given to understand from the industry sources that rising oil prices have prompted the Indian Railways to increase the haulage charges. Fuel price, which is the major variable cost component for the Indian Railways was on the rise in the last few years. As and when there was an increase in the fuel prices, Indian Railways used to pass it over to the train operators. While the rail operators are demanding for a single hike per year to be announced during the railway budget, the railway ministry, however, has reserved the right to increase these rates as and when it feels necessary.

Haulage rate calculation

The haulage charges will be calculated for the actual number of loaded containers, subject to a minimum of 2 TEUs per wagon. Similarly, the haulage will also calculated for the empty containers based on the actual number of empty containers, subject to a minimum of 2 TEUs per wagon. The table below shows latest base rates for some of the distances effective from August 1, 2008. Indian Railways has the discretion to add to these base rates surcharges like busy season surcharge, busy route surcharge, etc. wherever applicable.

A glance at some of the base rates

Distance in Km	Loaded Container			Empty Container	Empty Flat Wagons
	Haulage rate per TEU				
	upto 20 tons	above 20 tons upto 26 tons	above 26 tons		
50	2011	2155	2229	1307	1207
250	3555	4517	4886	2311	2133
500	5485	7469	8208	3585	3291
750	7418	10422	11529	4822	4451
1000	9452	13375	14851	6144	5871
1250	11716	16327	18173	7615	7030
1500	13981	19280	21494	9088	8389
1750	16246	22232	24816	10560	9748
2000	18510	25185	28138	12032	11106

Source: Indian Railways

Being the major cost component, the haulage charges attract a lot of importance from the train operators as a small increase or decrease can have big impact on their revenues. All the private parties who have obtained licences and started operations feel the pinch of these charges today. According to Yogendra Sharma, CEO Adani Rail Logistics, almost 78 per cent of the revenue earned through booking of containers is paid to the Indian Railways as haulage charges.

"A period of atleast three to four years is required for the rail operators to settle down and build the initial business."

- **Dhananjay Borase**
General Manager, Business Development
Hind Terminals

Driven by volumes

In the first place, the private players were attracted to this industry due to the sheer volumes of containers in the domestic as well as the import-export routes. It is a well-known fact that huge business volumes usually operate at thin margins and it applies to this industry too. The profit margins in this business are very thin, while their initial investment is high. Thus, the time required to break even in this business is relatively longer. So, even a small increase in their costs will have a big impact on their margins.
Dhananjay Borase, General Manager, Business Development, Hind Terminals, feels that Indian Railways should not have increased the haulage charges in the first place and that they should get some breathing period so as to acquaint themselves with the intricacies of this business. Borase says, "A period of atleast three to four years is required for the rail operators to settle down and build the initial business. This being an infrastructure investment-oriented industry, this minimum time will give us a breathing period to build the new business." Sharma too feels that this is not the right time to

EXPERT TALK

PLEA FOR REDUCTION

Association of container train operators (ACTO), since its formation, has been fighting for the cause of the industry. It has been raising the issue of high haulage charges at all the industry and trade conferences and has knocked the doors of all the concerned authorities to address the issue. Following the latest hike in the haulage charges from August 1, 2008, ACTO has urged the railway board to reduce these rates. It has also petitioned to the railway board, railway ministry, finance ministry and the commerce ministry in this regard. **Ramesh Chandra Dubey**, president of ACTO reflects on this issue in this own words.

What is the impact of railway haulage charges in your operations?

The rail haulages constitute about 70 to 75% of total haulage charges. Any change in the railway haulage charges will have a negative impact on the operations of container train operators. The recent hike in the these charges by as much as 16% by Indian Railways has had a drastic negative impact on the container train industry making it nearly economically unfeasible proposition than the road transport.

Please brief on the steps taken by ACTO in this direction?

ACTO has represented to the Ministries of Commerce, Ministry of Finance, Ministry of Railways and Ministry of Planning. ACTO had series of meetings with the senior officials of these ministries and the Ministry of Railways. These include

Executive Director, Railway Board, Member Traffic, Additional Member Traffic to name a few.

What is the cost disadvantage that you face against the road transport?

Comparing the container train operation vis-à-vis road movement, in the section of 'Light Cargo', the road is much cheaper than the container train business. In India, the passenger train fare has always been subsidized by adding the burden to the freight on the cargo movement. It is a known fact worldwide that logistics cost in India is among the highest in the world economies. Sometimes the inland haulage cost comes out to be more than the haulage cost to the various destinations in the world. Though a temporary reduction of 10% in the higher slabs has been announced to the container train operations, yet it is not sufficient enough to pull the industry out of red.

Will this scenario continue in 2009 too? Are there any steps that the railways is taking in this direction?

As of now keeping in mind the present situation, the scenario will continue as the various representations and meeting are yielding no result. We understand that if the empty haulage charges are not reduced from the existing 65% of the loaded haulages charges which is very steep by at least 25-30% and if the loaded haulage charges are not given relief to the tune of 20-25%, the situation will further deteriorate. The container train operations which would have seen another investment of nearly 1000 crores will be in for a tough time in case suitable remedial measures are not taken in to make it competitive vis-à-vis road transport. Under these circumstances the purpose for which the container train business was opened to the private operators will be defeated without any guess.

increase the haulage rates and rather this is the time to reduce them so as to bring in some sheen to this business.

Other hurdles

In addition to this, private rail operators are bogged by a plethora of hurdles emanating from issues like infrastructure bottlenecks, usage of Concor's facilities, congested railway lines and so on. Of these, infrastructure bottlenecks is the biggest road block to rail operators. The existing railway line capacity is already congested leading to delays in the transit time. Adding more number of services to this system will only make things worse. Currently, total rail container movement happens on a very few rail routes which amounts to around 25 per cent of the entire rail network in the country. That is, the remaining 75 per cent of the railway network in the country is not being utilised for the container movement due to the location of ports and associated hinterlands. With the manifold increase in the trade in the last few years, these routes currently are being utilised at 150 per cent of their capacity. In this scenario, if all the private rail operators, who got licences, commence their operations, it can take the daylights out of the system and entire network will get choked leading to utter chaos and severe decline in the efficiency of the network.

Even before their operations began, the plight of these players seems to be ever growing. They were not given a fare deal against Concor, the government owned and operated container rail operator. In addition to the higher capital costs, these firms also have to pay higher user charges for utilising Concor's ICDs and other facilities. Concor, being in this business for around four decades, has a network of 57 ICDs across India with the one at Tughlakabad being its flagship ICD. But Concor puts aside these allegations saying it is only protecting its turf. It alleges that new operators, while using its ICDs, are taking away its customers. While they are supposed to bring in new customers into this industry, they are allegedly taking away Concor's customers and thus, Concor justifies its stand.

Stable pricing

The rail operators feel that Indian Railways should provide them a stable pricing environment which can bring in volumes to this business. The most recent rise in these charges happened in August 2008 when the railway minstry increased the haulage rates by an average of 16 per cent across the slabs. Analysts feel that this is a major blow to the industry as the rail operators are already suffering from high fixed costs and decreasing demand in the export-import segment. J.M. Baxi Group controlled Boxtrans Logistics that operates several container trains services across India had cancelled its Bangalore-Delhi service following the rise in haulage rates last August. Bangalore-based Abdul Khamer, Asst. Manager, Sales, Boxtrans Logistics says that the rise in haulage combined with demand decline has led to withdrawal of this service. He adds, "It did not look feasible to do business anymore in this route."

When asked about the extent of reduction in the haulage rates that can bring back some confidence, the response, across the industry, seems to be similar. While Borase states that a 15 to 20 per cent reduction in charges would help this industry to recoup a little, Sharma puts this figure at 20 per cent. Sharma says, "A 20 per cent reduction can provide some relief to the industry from the huge burden of initial set up costs."

The privatisation has just started and a lot is in store to achieve. More goods are to be brought under the

STEEP RATES FOR EMPTIES AND FLATS

Sachin Bhanushali, CEO, Gateway Rail Freight Ltd.

Indian Railways had increased the Rail Haulage Charges (RHC) for container transportation by about 50% just before the deregulation of this sector which ended the monopoly of CONCOR. This is reverse of normally what happens. The government normally keeps a high profit regime under monopoly structure and the profit margins drop when deregulation happens. In contrast, here the returns have actually gone up for Indian Railways with the deregulation.

The operators which entered this sector were mainly guided by the financials of CONCOR and the publicity done by Indian Railways on the eve of the deregulation of the sector. As a part of the campaign, an advertisement had compared the railway haulage charges (one of the major input costs) with Road freight (competitor's price). Both these attractions actually turned out to be misleading, particularly for those who thought of this business as synonymous with rail transportation.

This business is actually a combination of rail transport, road transport and terminal operation. It requires large investment as the land for terminals has to be bought by the operators from open market. There is no project development mechanism (such as the Industrial Development Corporations of various State Governments that develop Industrial Parks) which can facilitate the development of this industry through development of infrastructure and financial aid.

The railway haulage charges for empty flats and empty containers are far too high than what the trade can support. Similarly, the charges per km rate for both empty and laden containers for the initial slabs of 500km are too steep. This practically eliminates the possibility of operating on two complimentary routes involving short distance transfer of empty rakes from unloading point to the next loading point.

containerisation. The road cargo has to be brought under rail and a huge potential needs to be tapped. But, considering the global meltdown and recession, it is a tough job as the demand has declined drastically. The Association of Rail Transport Operators (ACTO) recently petitioned to Indian Railways to revise their decision and consequentially, the railways reduced some of the base rates for the months November and December of 2008. Though the rail operators did not seem to be satisfied with this, they are hoping for some good news by the turn of this year. According to the railway ministry's order in July for rate hike, these rates are applicable only till December 31, 2008. While the railway ministry is yet to take a call on the rates for the year 2009, the industry is expecting a positive move from the railway ministry in the wake of the current crisis.

For decades, Railways are known to have maintained stable prices for all the commodities they handle like coal, coke, iron ore, minerals, etc. which comprise of around 75 per cent of their revenues. Given this history of good track record and stable pricing, it is an irony that the same railways has resorted to steep increases in the haulage rates for moving containers when this segment represents only about 3 per cent of their revenues. MG

INTERVIEW

'It Helps Us to be a PSU'

Balmer Lawrie & Co is a multi-product company with each category of its product and services operating as a Strategic Business Unit (SBU). The Logistics Services business of the company commenced soon after the company's inception in 1867, then known as 'Cargo Department'. With three container freight stations at three major ports and a network of warehouses and an appetite to invest further, the logistics division of Balmer Lawrie is all set to further expand its footprint in India, says **Viren Sinha**, Executive Director, Balmer Lawrie & Co. Ltd.

Balmer Lawrie

A legacy in logistics

A diversified business house with a legacy of about 140 years, Balmer Lawrie & Co. has made considerable inroads into the Logistics Infrastructure and Services segment. In line with the other SBUs, the legacy of Balmer Lawrie is pretty evident on the logistics SBU also. Balmer Lawrie operates three container freight stations at Kolkata, Navi Mumbai and Chennai serving the needs of the importers and exporters in those regions. All the three CFS are located at the hub of container movement activity and are ISO certified.

With over 23 lakh sq ft of warehousing space (both open and covered), it offers a wide range of services a short notice – provides total logistics solutions to its clients through its distributed resources across the country. Services on the import side include full container load delivery, destuffing of container and delivery and destuffing of container for storage and subsequent delivery. On the export side, they provide stuffing and delivery of export consignments.

Balmer Lawrie also takes up leasing of containers through its container leasing division – Transafe. Many types of models in containers customised for specific usage has made the container leasing division march growth path.

What is the effect of ongoing recession on logistics industry?

The current global economic meltdown and the serious credit squeeze have affected all sectors of the industry – shipping, domestic transportation and also warehousing. Since the advent of containerisation, no recession has hit the container shipping industry as severe as the present one. It is just the beginning of the recession and is likely to change the face of the industry by forcing some lines out of business, forcing others to merge or sell and cause lay-up of hundreds of ships in the next couple of years.

Major shipping lines have seen an unexpected decrease in forecasted volume. Shipping lines have also forecasted that demand on the US-Asia route will drop by up to 8 per cent in 2008-09. Slowdown in Export-Import trade had begun to cast its long shadow over the Union Government revenues that come from Excise Duty and Customs Duty collections. Customs and Excise Duty collections have for the first time in 2008-09 declined by 5 per cent in October 2008. At Balmer Lawrie, we have been witnessing a drop of around 20 per cent in the import and export volumes since November 08 on an all India basis.

What are the steps that you have taken or are going to take to cope with this downturn?

Balmer Lawrie's container freight

stations and warehousing business have started feeling the impact of the downturn in the economy from October 2008 and we anticipate the full severity to be felt in the next six months.

The current situation is going to impact the entire industry and in line with most of the operators, we too have tried to exercise tight control over costs and have put on hold recruitment plans for the next six months. We do not believe in cutting down on costs related to customer services and operations as we believe the current downturn is a temporary one.

Please brief us on your CFS and warehouse services.

Logistic Infrastructure as a SBU of the company was formed in mid-2008 by bringing company's container freight stations, warehousing and distribution services together so that this business could be grown in a more focussed manner. Balmer Lawrie currently has three container freight stations at Mumbai, Chennai and Kolkata. CFS at Nava Sheva is spread over 20 acres with a capacity to handle 100,000 TEUs/annum. Chennai CFS is strategically located between Chennai and Ennore Ports is spread over 18 acres with a capacity to handle 80,000 TEUs/annum, post expansion / completion. Kolkata CFS is the first operating CFS in eastern India and is spread over 10 acres of land with a capacity to handle 30,000 TEUs/annum. These three CFSs act as hubs to meet traffic demands in western, southern and eastern regions.

Warehousing and distribution activity was limited to open storage yard for bulk commodities such as iron, aluminium, steel, manganese etc. and dates back to the early 40s. This activity is currently undergoing a major transformation with the company deciding to invest in covered warehousing. As a first step, 22,000 sq ft of covered warehousing for high value products was commissioned at Kolkata on August 01, 2008. Further, a 10,000 sq ft facility has commenced operations at Coimbatore on December 01, 2008.

What are the issues that need to be addressed so as to improve the quality of service in the logistics industry?

It is true that the quality of service in this industry depends on a host of factors and in India, there is a need to address many such factors to provide better service levels. Some of the issues that need addressing are:

- India needs to continuously focus and grow quality infrastructure at a faster pace. This has been a major bottleneck. Commercial development through Public Private Partnership projects is a way forward, but decision-making is extremely slow
- Technology can play a major role in improving service levels. One needs to focus on cutting-edge technology to improve customer service and we are making significant investments in this area
- The road transport sector has shown very significant improvements in the last ten 10 years. However, a quantum jump is now needed if we are to bring about efficiencies in this sector
- Land costs form a major component in any new project in the Logistics Infrastructure sector. In a number of cases, high land cost tends to threaten the viability of the project.

What are the value-added services that you provide to your customers?

Balmer Lawrie provides a 'one stop-shop' for all logistic needs of the customers. Additionally, we offer valued added services like palletisation, shrink wrapping, labelling, re-bagging, repacking, sorting etc. Services are rendered on a 24x7 basis at our container freight stations and warehousing units. We use latest technology using high-end servers and networking equipment to provide the most efficient service to our customers. Touch screen kiosks were installed at all our CFSs to facilitate the trade to track their consignments and know the status of customs documentation process. To enhance customer service, we have made significant investments in cargo handling equipment, security and fire-fighting systems. CCTV is being introduced at all CFSs and warehouses in a phased manner.

Are there any benefits that you enjoy being a Government of India enterprise?

Balmer Lawrie operates in a diverse range of businesses, such as, cargo handling, logistic Infrastructure, travel booking, industrial packaging etc. and being a PSU, at times is perceived as a disadvantage. We, however, feel that this has been our greatest strength. As a PSU, the shipping lines, customers and government agencies find us 'comfortable to work with'. We are also perceived as more 'reliable and safe'. Where private sector companies need to execute bank guarantees, we at times are able to

"Land costs form a major component in any new project in the Logistics Infrastructure sector. In a number of cases, high land cost tends to threaten the viability of the project."

manage by giving a bond. Being a PSU, it becomes easier for us to obtain special dispensations from governmental bodies and agencies.

What are the challenges that your company faces due to the competition from private operators?

Balmer Lawrie operates container freight stations and warehousing facilities and there has been a large mushrooming of small time operators. While this does provide a challenge at times in terms of pricing, extended credits etc., we do not see it as a major challenge as most of the large operators in this sector tend to operate in a professional manner. We do however believe that certain minimum criterion need to be set up in terms of size, capital adequacy etc. for allowing new CFSs to be set up.

Container security and scanning of containers at port is an upcoming issue. How is it going to affect your operations? What is the reaction of the exporters and freight forwarders on this development?

Security at ports, airports, public places and even in our personal lives is something we have to live with. It is in our interest and container security and scanning of containers at port is no way going to affect our operations.We believe that all CFS operators, importers and exporters would benefit from this and this move has been viewed very positively by the trade. The United States, the bastion of the free world, has some of the most stringent security systems and this has in no way hindered free trade.

What are your expansion plans for the short term and long term?

We currently have three container freight stations at Mumbai, Chennai and Kolkata. Despite the ongoing recessionary trends, we are continuing with our expansion plans. Capacity at Chennai CFS is being doubled, warehousing capacity is being added at Kolkata and existing operations facilities at all the three locations are being upgraded.

Our plan to invest in a brand new IT System and container tracking system within CFS is on track and we hope to complete these projects very soon. We are also actively looking at setting up more container freight stations and common user facilities (Multi-modal Logistics hubs) with special emphasis on eastern and southern regions. MG

Shipping Industry

Managing the Manning Crisis

Dearth of manpower is hitting shipping industry. Though India is seen as the future supplier of trained manpower, the country still needs to work out a long-term plan. Investment in training is the best solution that will fetch the desired results, even tangible monetary benefits in the long run, says **J K M Nair**.

It is a well-known fact that shipping is a global industry and highly volatile too. At present, there are more than 50,000 ships trading across the world with almost 1.2 million seafarers in the fleet. The Baltic and International Council (BIMCO) and the International Shipping Federation's (ISF) global maritime manpower study of 2005 as well as their projections for 2015 have predicted a large manpower crisis. It is estimated that the industry requires 40,000 officers by 2010.

India is the second largest populated country. We also have good standards of education and a culture that complements the sea profession. The administrative controls in our country are quite favourable to cultivate enough seafarers to fill the void that is being faced by the industry. Ironically, India itself is facing the shortage of manpower in spite of its huge human resource potential. The shortage is not only in the maritime sector but also in many of the other advanced fields such as aviation, engineering, hospitality etc.

This paper looks into these issues and singles out training as the prime solution for the manpower shortage.

Origin of the crisis

Looking at the past history of manning the ships, one can observe the cyclic variation in manpower requirements. If so, why is it that there is often a huge shortage of manpower looming over the industry? The two major issues responsible for the lapse are the failure to correctly estimate the demand for seafarers and lack of proper efforts to meet the demand, i.e. ensuring the supply.

There is always an inherent lethargy in shipping industry. Though many in the industry were aware of the real situation over manning, they chose to wait and watch. As shipping industry grew, necessary steps have not been taken to increase the supply lines. On one hand, they found it very difficult to retain employees and on the other hand they kept recruitment at low level.

As the industry entered into high growth path, the number of ships entering into the trade have increased. Even some of the ships on way to the scrap yards were called back and put into operation. This resulted in more tonnage availability and further pressure on the manning supply. Currently, there are 8,000 vessels on order for the next three years with almost 2,000 deliveries per year. That calls for 20,000-30,000 seafarers yearly on an average. In India most of the shipyards, private and government are full with their order books until 2011 and are refusing to add more.

As shipping industry went on a high growth path, it created new jobs in the logistics, communication networks, and technology assistance. But at the same time, IT opened more avenues for alternative careers. Many opted for more lucrative IT industry and attached services. Added to this, new manning and managing companies, logistic companies and other support providers were also seeking more manpower with sea going expertise for their shore operations. This resulted in huge shortfall in the required human resources for shipping industry.

The industry's demand for human resources in near future can be estimated from the current shipbuilding activities. The study carried out by ISL Bremen of World Fleet and the Clarkson Research team in Shipbuilding shows that

> **“Currently, there are 8,000 vessels on order for the next three years with almost 2,000 deliveries per year.”**

7,360 new vessels will be entering the industry by 2012. Considering an average of 23 crew members to man them, additional demand by 2012 will be 147,160.

There is greater sophistication in the ships nowadays. There is also a demand for special ships such as LNG ships that have almost doubled in the last five years and expected to triple within next 10 years. There is huge shortage of manpower in these ships as they require more skillful and professional seafarers and shore operators.

Apart from all these issues, students who want to venture into sea career are asking themselves a question, “Is shipping career worth pursuing?” Compared to other lucrative career options as in IT, career in shipping now looks less attractive. Hence, they are indecisive and are looking for more attractive alternatives. Tougher regulations, frequent examinations and the short port stays were not acceptable to the young and they shunned away from the industry.

Looking for solutions

Although there are no immediate solutions to manning crisis, the efforts to sort out these issues need to be done on war footing. It will take at least four to five years for new entrants to be fully qualified to enter the industry. Therefore, various options to meet the present manning needs should also be considered.

Short-term measures such as accelerated training, employing foreign staff, running short-duration certification courses and giving quicker promotions are generally taken just to fill the gaps. However, I feel that these short-term measures will not help in the long run and may result in a drop in the quality of the services.

Hence, the industry must work together to have fully educated and trained manpower to take up manning needs of the forthcoming years. Ship operation is going to be more demanding and it is the duty of all concerned to take steps now. Both basic areas such as the induction and the retention need to be addressed equally.

Industry was well aware of the manpower situation a decade ago. In 1970, International Labour Organisation (ILO) in its 55th session had pointed out the manpower problems specifically. Unfortunately, most of the major players decided to keep an eye shut to the situation. It is time to keep the eyes open and take proactive steps.

The following aspects demand immediate attention of the Indian industry:

- Metros have dried up and there is a need to go to the hinterlands to attract towards shipping career
- Demand is for quality manpower not just for quantity. The industry considers that many seafarers from developing countries are not acceptable due to their lower standards of training and doubtful competence, and is demanding higher skills from the seafarer. India has an advantage here
- High investment needed for training is prompting many to play safe
- As said before, we are victims of negative publicity. Fear of terrorism and piracy combined

with the well-known cases of criminalisation of ship officers are forcing the newcomers to move away from the industry.

All these factors have disrupted the supply. Though the marine profession is still attractive one with many frills to add, young ones are hesitating to join.

Retention in the present situation is yet another uphill task. Higher salary packs, quicker promotions and shorter stay on board are the norms of the day.

Training plays an important role in solving the manpower issues. I, for one, am of a strong belief that investment in training is the only solution. Many steps that can be taken in this direction are:

- Increase the recruitment at lower level, without compromising on quality
- Reduce wastage (fall out, Job Hop)
- Focus on retention factors
- Create a clear career growth line
- Invest in training and retraining
- Promote the industry nationwide.

BIMCO projections gives us a comfortable picture provided there is a possibility of having one cadet extra berth for every ship

This is yet another task in hand. How do we add up this one extra berth for training? Everyone recognises the need for training, but is not willing to go any further. How many actually did invest in training and retraining?

"The present economic crisis may have a totally different picture for us. The changes that are visible in the industry now, may lead to retarded demand and thus the supply curves meeting may take place much earlier."

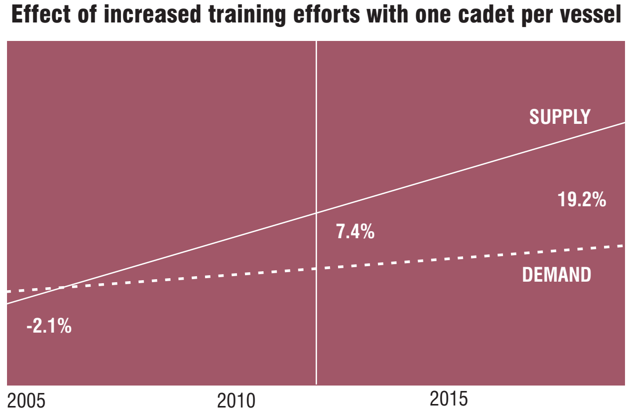
Most of them are still opting for the wait and watch policy, if not choosing the path of picking from the existing market of trained officers.

Is there a crisis ahead?

One encouraging fact that came out of the BIMCO / ISF report is that the world is considering India to be the emerging and strong manpower supply country. We have the resources, we have the people, and all we need is to put them into action, with some investment into the human resource development without looking for the quick buck returns. A collective involvement of all concerned is a must at this juncture.

Dealing with the imbalance of supply and demand of manpower is not a stand-alone issue. It should be looked in the broader context of other maritime developments, thereby including all the partners of the industry. Visionary actions and implementation will have to be considered at highest priority.

Effect of increased training efforts with one cadet per vessel



BIMCO/ISF Estimates based on computer model

Tail end thoughts

The present economic crisis may have a totally different picture for us. The changes that are visible in the industry now, may lead to retarded demand and thus the supply curves meeting may take place much earlier.

The Baltic index has been on a southward journey for the last couple of months. The Baltic Dry Index, a benchmark for shipping costs and an indicator of global economic activity, fell sharply during this period. Beginning of October it was around 2,221 and by November 27, 2008 it went below 750. Even the Panamax index fell to almost 60 per cent from the figure of 1,805 in October 10 to 653 on November 27, 2008. Shipyard deliveries are being postponed. Many shipowners are looking through their contracts to read in between lines to find a clause that they can delay in taking deliveries, if not cancelling them totally. Cargo movements are on the decline.

All this may result in the reduction of active tonnage and that will give a cheer to the manning side. Jobs are going to be fewer and projections may need a revisit.

However, we need to have our facts clearer and be more cautious in our actions. MG

Nair is the Director-Principal of Samundra Institute of Maritime Studies, Mumbai. A well-known personality in the field of maritime and management training, he has authored several technical and management papers and books.

ICD Loni

An Evolving Logistics Hub

Having achieved a strong foothold in the NCR, ICD Loni is all set to become an integrated logistics hub that can cater to every single logistics-related need of its customers.

Established through a joint venture between Central Warehousing Corporation and World Window Infrastructure Pvt. Ltd., ICD Loni commenced operations in March 2007. It was initially meant to transport rail cargo. But today it is being developed as an integrated logistics hub that can provide all kinds of services to its customers. These include rail transport, warehouse services, cargo consolidation, clearing and forwarding and of course last-mile delivery. In fact, last mile connectivity and delivery is being boasted as the USP of ICD Loni.

The other USP that ICD Loni boasts of is its refeer capacity. It has installed 140 reefer plug points and 13 power packs as of date which by itself is quite substantial for an ICD which is just one and a half years old. This capacity is developed keeping in mind the growing meat exports from its catchment area.

Ideally located at the hub of industrially active National Capital Region (NCR) in Ghaziabad district of Uttar Pradesh, it caters its services to a wide catchment area that includes western Uttar Pradesh, Parts of Uttaranchal, Haryana and Rajasthan. ICD Loni is situated on a 27-acre plot with three rail sidings and a warehouse area of more than 2 lakh square feet. With all the facilities in place and competitive pricing, it has become a favourite service provider for the private rail operators who move cargo to various major ports in the country. Currently, it runs a daily service to JNPT and thrice-a-week services to Mundra and Vizag ports.

The management has embarked on an ambitious plan to transform this ICD into a mega hub. Planned over two phases, it is all set to become the one-stop shop for every logistic need while ensuring world-class standards in its services. Investment of Rs 200 crore and Rs 500 crore would be spent in the first and second phases respectively.

Strategic Location of ICD Loni

Distance from ICD (in km)

Distance from	
ICD-Tughlakabad	60
ICD-Dadri	45
Sonepat	55
Gaziabad	20
Shahdara	9

Going Big with Reefers

ICD Loni has proved its mettle in carrying out its operations successfully within a short span of time and is looking forward to take off for a pan-India presence. **Kapil Rawat,** president, World Window Infrastructure and Logistics Pvt. Ltd., shares with **Maritime Gateway** the strategies and future plans of ICD Loni.

Q Having seen huge growth in such a short time, do you face any competition from established players like Concor?

A: I cannot put this as competition from Concor, rather, I say that we are just taking care of the demand that is beyond the capacity of Concor. We are only addressing the huge demand in this region and both of us can operate without competing with one another. Given the vast area of the NCR region, it generates huge demand for our services. Unlike in other cities like Aurangabad, Bangalore or Nagpur, NCR region has greater demand which a single provider like ICD cannot meet. As far as the trade in Western UP, Gwalior or Meerut and other such areas is concerned, ICD Loni becomes a gateway and provides the last mile connectivity, which is very important for them.

Hence, I do not think we have competition. Basically we are here to provide service and a new customer is coming up everyday and we are addressing their needs. Until a few months ago, the GDP was growing at 9 per cent while this trade was growing at 15 to 16 per cent, which implies that it has very huge potential.

Is this demand still continuing? Well, in the last few weeks, the downtrend has just started. As far as ICD Loni is concerned, till mid-November, each month we were better off than last year. But from the second half of November, the demand started declining and it is a global phenomenon. For instance, the throughput at JNPT has come down by 20 per cent in November and the case is same with Mumbai. Container Freight Stations at Mundra were doing 17,000 TEUs. But in October this figure came down to 11,000 TEUs. So, the global recession is having its effect across all industries. But what I want to emphasise at this juncture is that so far we have not been affected much. The downturn has just started and it will take another six months for the demand to rise again.

Q Are you taking any steps to overcome this? Are you looking at any new markets?

A: Yes, we are looking into new markets. Also, we are

looking into new parameters of service. We are looking into warehousing services. So when the customer is looking at reducing last mile costs, we are trying to develop warehouses across the region so as to reduce this cost. The next thing is that we are seriously looking to expand our reefer business. With the demand in this segment being still intact, we are concentrating on it in a big way. All of us know that most of the meat that is exported from India comes from the Saharanpur and neighbouring areas and as ICD Loni is the closest to these areas, we are trying to address this niche market. Taking this into consideration, we have built our capacities. Today we have very modern equipment like the Linde machines with which we can either load or unload the rake in just around 30 minutes. While other constraints are there, we are efficient as far as the handling is concerned.

Q What is the ratio of export cargo and Ex-Im cargo at your ICD?

A: If you look at the numbers, we will be having close to 15 to 20 per cent of our throughput as domestic cargo. And we are looking at ways to improve the domestic cargo so that we are not entirely dependent on the Ex-Im

cargo. While the domestic business has gone down by 7 per cent to 8 per cent, the Ex-Im business has taken a beating of 40 per cent.

Q How do you see the logistics industry in the coming years?

A: Many analysts view logistics industry as the next sunrise industry and I fully agree with their view. There is lot required to done in this industry as far as India is concerned. So far, logistics in India is characterised by service providers providing only road transport, only rail transport, or only warehouse services or clearing and forwarding services. Now time has come for all these elements of logistics to be provided by one agency alone or number of agencies under one umbrella or number of agencies separately in one location. All this points to development of integrated logistics hubs and considering the developments taking place at ICD Loni, we are moving in the right direction. We have provided rail transport, facilities for reefers, facilities for car transport from Maruti plants to Vizag, warehousing facilities etc. It is a continuous process which will evolve based on the requirements of the customer.

Q How potential is the cold chain industry today?

A: If we look across value chain of the food transportation in India, the wastage is to the tune of 40 per cent. Cold chain is some thing which will take care of this wastage and will make the products available through out the year and to the remotest part of the country. In my view cold chain logistics holds a bright future provided sufficient infrastructure is put in place. There is equal opportunity in both domestic as well as Ex-Im segments for the cold chain business and it depends on what strategy you follow.

Q What according to you is immediate challenge that the logistics industry faces today?

A: Well as I said, the industry is evolving today and it is very important to build the product around the needs of the customer. It is useless to bring out a product that does not match the requirements of your customer. With all the available resources, it is necessary to understand the customer first and develop the product based on their needs. We strictly follow this policy at ICD Loni.

Q What are your future expansion plans?

A: Considering the kind of growth we are clocking, the current 27 acre land is not sufficient. So, we have started work on a 100 acre plot close by and already we have laid concrete for around one lakh sq m. In the next two to three years we are looking at developing a major warehousing complex in this plot which will be linked to our terminal. As I mentioned, we are in process of integrating all our services to make Loni as a one stop hub for all the cargo requirements. We wish to see Loni in the future a gateway terminal for all areas whether it is Ghaziabad, western Uttar Pradesh, part of Uttaranchal, Haryana, Panipat and all other areas. For every logistics solution, we wish to see Loni as a gateway for all the industries in these areas. We are also developing other facilities. ICD at Wardha is already operational. Construction of the container freight station has already started. Bawal is another facility which we are working on. All these facilities will run in the lines of the model that I have mentioned.

We are looking to have a pan-India presence in about two years' time. Unfortunately, the downturn has set in and we have become little cautious and this may get delayed by another two years. In any case, we are optimistic and will go ahead with our plans. MG

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TCP 08

Shipbuilding

What India can Gain?

Even as the global economic recession has dampened the demand for new vessels, with orders for onshore ventures being stalled by rising costs and environmental objection, the future can still be bright for India as demand in the offshore supply vessel segment is still strong.

by ***Sadhana***

With 80 per cent of the world's shipbuilding activity shifting to Asia, especially China, South Korea and Japan, India remains in its nascent stage in shipbuilding and has a long way to go before it could have a competitive advantage. The Indian shipbuilding industry has a market share of a miniscule 1.24 per cent of the global order.

Though the recent global economic meltdown had impacted the Chinese and Korean shipyards to a large extent, most of the Indian shipyards, with their order books intact, seem to be comfortably placed than their global peers. This is mainly because many shipyards have orders for manufacturing specialised vessels and most of the orders are for construction of offshore vessels.

"Despite the global economy not doing well and slowdown in certain sectors, Indian shipbuilding yards have not seen great impact," Dhananjay Datta, CFO of ABG Shipyard, the largest private Shipyard in India, recently told PTI.

According to shipping industry estimates, the total orders at Indian shipyards amounted to Rs 25,000 crore. But it is no longer a lucrative scene. New entrants are also likely to face a difficult task despite anticipating a boom in the industry.

It is absolutely essential for Indian shipyards to take certain concrete steps to improve their efficiency, say experts. With shipbuilding basically being a heavy engineering enterprise, India could make use of its low-cost steel and labour, both being the key factors for any shipbuilding unit. According to them, India can also take advantage of tapping the cost equation.

Designing a ship in the present day is becoming increasingly difficult due to higher integration, usage of more sophisticated systems onboard most vessels and due to stringent environmental regulations. As ship design needs to fulfill the requirements of system providers, shipyards and integrators, many shipyards themselves are trying to handle a wide range of ship design for both merchant and naval ships, including cargo ships, passenger ships, tugs, dredgers and other service craft. The design involves four key areas – concept, detail, structure and hydrodynamics design besides regulatory norms specifications, and matters of costs and economics.

The Indian scenario

The country has 28 shipyards – 7 in the public sector, 2 under state governments and 19 in the private sector. Though fewer in number compared to 3,000 smaller shipyards in China, Indian dockyards are fairly occupied as the existing shipping companies are going for acquisition of new vessels and new players are entering the market. On the other hand, major port development projects too are in the offing in

China – Giant of the waves

Globally, South Korea, China and Japan are the three largest shipbuilding nations accounting for 83.4 per cent of the global order books as on July 31, 2008. China is progressing towards the goal of becoming number one in the shipbuilding industry by 2015 with competition intensifying from South Korea. Consider this statistics. In 2007, Chinese shipyards surpassed Japan and were close to South Korea. China's Dalian Shipyard is the eighth largest in the world. In 2007, it delivered 32 vessels totalling three million deadweight tonnes.

What has contributed to the drastic boost in business? There are two main factors – First, fast growth in the Chinese economy which propelled the demand for vessels and other ships and second, the government's strong support for the shipbuilding industry and large investments in building new shipyards.

China's share of the global market has expanded from 18 per cent in 2006 to 23 per cent in 2007, with South Korea and Japan coming next, according to research institute Clarkson. Also, China exports 80 per cent of its shipyard output.

The industry is dominated by two huge state-owned enterprises: China State Shipbuilding Corporation and China Shipbuilding Industry Corporation, the parent of the Dalian company. Dalian shipyard, located in the Gulf of Bohai, has its order books filled right up to 2011.

A large number of new entrants, run by local governments or private groups, or set up as joint ventures have also started making inroads. Around 3,000 of these smaller shipyards are present in China. At the same time, Chinese shipyards have succeeded in building up a good reputation. A variety of ships are produced from basic bulk carriers, oil tankers and dry cargo ships to advanced oil tankers, chemical and liquefied petroleum gas carriers, roll-on-roll-off ships, container vessels and high-speed hydrofoils.

A Chinese daily recently reported that the Chinese shipbuilding sector will face a real test in three year's time and during the time of financial woes, it may be hit doubly hard. Yet, the Chinese seem to be confident of challenging the South Koreans in the future. Samsung Heavy Industries, the world's second largest builder of ships, feels that the Chinese jitters may not be felt until 2020 or beyond.

Gujarat, Tamil Nadu, Andhra Pradesh and Kerala.

As activity for making cargo or passengers ships, yachts, cruise liners and military vessels keeps most of the shipyards busy, the site of a large shipyard displays many specialised cranes, dry docks, slipways, dust-free warehouses, painting facilities and extremely large areas for fabrication of the ships. With more ships visiting the Indian coast, the demand for ship repair and shipbreaking yards too can increase with time.

Since container shipping has had a large scope for growth in India, specialised ports namely Tuticorin, JNP and Kandla are coming up with facilities for handling containers. Keeping this growing trend in view, experts say that shipyards could improve their productivity and track record on quality and delivery of vessels. Also, since India's strength lies in construction of small and medium size ships, the country could become a destination for the world's requirement of such vessels.

On the other hand, with the demand for large vessels growing, rules governing construction and operation of ships are also changing. India too can gear up to tap this growing demand for large ships and develop ships with more quantity and quality. Vijay Kumar, co-managing director of Bharati Shipyard and secretary to Shipbuilder's Association tells

> "Chinese shipyards have reported a 44-per cent drop in new orders in the first 11 months of 2008. Such a situation is likely to prevail for another two years, according to analysts."

Maritime Gateway: "Today, Indian shipyards are looking different and many are planning to build large ships. Bharati, ABG and Goodearth are talking about building 200,000 tonners in direct competition with Korea and China."

However, as the world's largest economies try to tackle deep recession, shipping companies have started to feel the squeeze in margins. Chinese shipyards have reported a 44-per cent drop in new orders in November 2008. Such a situation is likely to prevail for another two years, according to analysts.

Tough times ahead

A study on shipbuilding industry released by the Credit Analysis andz Research Ltd. (CARE) says Indian shipbuilders may face hardships in the near future because global-trade volumes are likely to witness a considerable decline. Experts feel that falling demand, cancellation of orders and difficulty in raising funds are the potential problems for the industry.

The Korean current

Korea is home to six of the world's top 10 shipyards. In the most sophisticated freighter category – liquefied natural gas carriers – four out of five are built by Korean companies. Korea is also home to three biggest industry players: Hyundai Heavy Industries, Samsung Heavy and Daewoo Shipbuilding and Marine Engineering.

Korean companies are focussing on such high-value-added vessels as LNG carriers, ultra-large ships, and oil-exploring drill ships. They are also seeking more innovative ship-manufacturing processes to boost productivity. The major players are at high-speed mode trying to overcome the material prices.

New competition is not far off, with Chinese shipyards gearing up to enter the global marine energy transportation sector too. It's just wait-and-watch which way the tide will swing.

The Baltic Dry Index, a barometer of shipping freight rates, has dropped to 663 points during December 2008 (a 22-year low since December 1986) after reaching a peak of 11,793 points on May 20, 2008 (a reduction of 94.4 per cent), according to CARE's Shipbuilding Industry Report – December, 2008. In the container shipping segment too, rates have fallen to a level where owners can hardly meet operating costs. Tanker rates have also fallen by nearly 50 per cent.

Despite the alarm bells that Indian shipbuilding industry is likely to see a drop in its order this year, the cancellations are known to be mainly in the bulk vessel segment. Orders in Offshore Supply Vessel (OSV) segment have not been affected as these vessels are used mainly for oil exploration and production companies. Thanks to the OSV segment, Indian shipbuilders have been saved from the economic meltdown up to some extent. Though not a crisis, it is caution time for the industry now. MG

A Rotterdam in the Making

Which port has the potential to change the way exim trade is carried in India in the near future? Well, no prizes for guessing – the obvious answer is **Mundra Port and SEZ Ltd.** A lot is being talked about today in various maritime conferences about the holistic development of ports. Also known as 'integrated port development', it includes not only the development of seaside and landside infrastructure, but also the development of the industries that use the port.

Mundra Port is one unique port that has already marched forward in this direction with the aim of holistic development. It is in the process of becoming a port city where dedicated industrial clusters operate in tandem with the demand for respective products in the international markets. Truly, a Rotterdam in the making, says Rajeev Sinha, director MPSEZ.

Mundra Port has a throughput of 30 million metric tonne and is growing at 40 per cent annually. It is looking forward to achieving 50 million metric tonnes by 2010 and 100 million tonnes by 2013 quiet a motivated target. Necessary impetus and thrust for such an ambitious target is expected to come from the port-based SEZ that is in the making. With Rs 28,600 crore of investments in various projects under the port and the SEZ, Adanis have embarked on a planned journey of transforming a barren land with a minor port into a world-class maritime hub with a dedicated special economic zone to provide the necessary thrust to the port in specific and to the surrounding communities at large. With cue from the Cochin port, Mundra Port and SEZ has propelled the concept of developing symbiotic relationship with the port and SEZ making concerted strides in mutual development.

Locational advantages

Infrastructure and connectivity are the major factors in judging a port's efficiency. Strategically located, Mundra can be accessed through the western rail corridor that connects to the vast hinterland of northern and north-western India which accounts for two-thirds of India's GDP. Compared to other ports, Mundra has a locational advantage in terms of distance from most of the industry hubs in Gujarat, Rajasthan, Uttar Pradesh, Madhya Pradesh, Punjab, Haryana and NCR. For instance, it has a distance advantage of 380 km from New Delhi compared to other ports in the west coast. Being in Gujarat, an active maritime and investor-friendly state, has also immensely helped Mundra Port to go ahead with its ambitious plans.

Mundra Port, in addition to its locational advantage, has put up excellent infrastructure in place and is well connected by rail and road. Its private rail line of 64 km connecting the port to the national railway network at Adhipur is capable of carrying double stack container trains and can handle more than 24 rakes per day. The proximity of the port to the national highway network and the link to the Golden Quadrilateral project gives it strategic importance and makes it easy to access the port by road.

Performance Highlights for 2007-08

Vessels handled: **1624**

Cargo handled: **28.797 million MT**

Growth: **45.5 per cent**

Railway rakes handled: **3176**

Total Income: **Rs 816.20 crore**

Net Profit: **Rs 213.41 crore**

Total Income for the Half Year ended on 30-09-2008: **Rs 549.72 crore**

Net Profit for the Half Year ended on 30-09-2008: **Rs 209.08 crore**

> **"Deeper draft, availability of land and proximity to north and north-west (regions) that control nearly half of country's production, and ease of export-import facilities owing to the SEZ, will be the drivers for Mundra," says Rajeev Sinha.**

Terminals and facilities

The port has developed world-class infrastructure along the seaside and landside. On the whole, it comprises of a multipurpose terminal and a container terminal. While the quay length of the multipurpose terminal is more than 2000 metres, the draught varies between 12 metres and 17 metres. The respective figures for the container terminal include 631 and 17.5 metres. Other facilities include Single Point Mooring (SPM) Mundra is currently operating one SPM and has the facility to operate four.

Mundra is also in the process of developing a mega car terminal at the port. To this effect it has inked a deal with the Maruti Suzuki, a leading car manufacturer for the export of its cars through Mundra Port. While this will be a pure car terminal, a dedicated automobile export terminal is also on the cards. It may include export of cars, trucks and other automobiles and components. Mundra will develop the second automobile terminal in partnership with Wallenius Wilhelmsen Logistics (WWL) and NYK Line.

On the landside, Mundra has state-of-the-art dry cargo and liquid cargo handling and storage facilities. A 3.6 km long conveyor system for export and import cargo connects to the port with warehouses and open storage facilities. Liquid storage includes tank farms with 73 tanks with a storage volume of 3,42,000 kilolitres for liquids like edible oil, petroleum products and chemicals. Guru Gobind Singh Refineries, HPCL and IOCL are the major players in handling crude and petroleum products at Mundra Port.

Bunkering Services

A unique distinction, Mundra Port is the only port in India to provide bunkering services not only at its premises but also at all the major ports in the country. Started in May 2006 with meagre volume of 3000 tonnes, Mundra Port today handles 40,000 tonnes with 120 vessels per month. It is indeed an achievement considering the short time of two years in this business. Mundra is the only port in India to offer bunkering services, a business with very low margins which other ports hesitate to enter. Mundra has made it possible by laying pipelines from the refineries and can directly load it to the ships. Barges are used to service the minor ports in the vicinity while it is carried through vessels to the far off ports on the west and east coasts.

Port-based SEZ

Mundra Port is widely acknowledged today as a model port due to the SEZ that is coming up at the port. Spread over 100 sq m, the SEZ houses a wide variety of export-oriented industries. The development of the SEZ is in line with the development of the port and a symbiotic relationship can ideally be nurtured between the port and the SEZ. Currently, the trend is shifting towards establishing multi-cargo ports rather than specialised cargo ports. Multi-cargo ports can handle huge volumes of varied cargo and thereby generate good revenues, especially when they are functioning at large capacities like the one at Mundra.

Thus, Mundra's venturing into port-based SEZ has redefined the concept of operating ports in India. In this age of globalised economies, multi-cargo ports that provide facilities for several types of cargo under one roof provide an ideal solution for scaling up of port operations. The port-based SEZ concept, though pioneered by the Cochin port, has been popularised by Mundra Port. With benefits like captive cargo and de-risking of the business model, Mundra has proved to the nation that this concept of port operation is worth considering at every major port as well as at ports that are currently under development. The SEZ at Mundra Port is a multi-product enterprise and has adopted the concept of industrial clusters wherein individual industries exist as clusters of companies. The Port has undertaken park-wise development to help the individual industries benefit from this kind of clustering. More than a dozen banks both public and private cater to the needs of the companies operating in these clusters. The following sectors have been identified for development at the SEZ:

- Dyes and Chemicals
- Drugs and Pharma
- Textiles and Apparel
- Light Engineering
- Project Cargo
- Electrical and Power
- Auto and Auto Components
- Timber and Furniture
- Stone and Minerals
- Plastics
- Food and Agro
- Global Trading through free trade warehousing zone (FTWZ)

Being a port-based SEZ, it enjoys various tax benefits and tax holidays, thereby giving the products manufactured in the SEZ a competitive edge in terms of pricing. Being close to the port also reduces the associated logistics costs (which usually amount to more than one-third of the product cost if they are transported from other parts of the country). Thus, the industries located in the SEZ can save on the logistics costs and can pass on this benefit to their customers.

Adani Group-promoted Mundra Port and SEZ has gone a step further to develop the SEZ into a port city wherein the SEZ will be made an ideal place for the people to work as well as live in. Facilities like residential accommodation for those working in the companies are also provided. The SEZ also boasts of accommodation, healthcare facilities and recreation facilities for the people working there.

Thus, Mundra Port and SEZ has scripted a new success story and is living a legacy to be followed by other ports in India. It has proved once again that massive scale of operations can bring down the costs and can provide win-win situation and benefits to the port and the port users alike. MG

Milestones of a Special Economic City (SEC)

2010

2008 February – Port Services Agreement signed with Maruti Suzuki India Ltd. for handling car exports

2007 November – MPSEZ equity shares listed at National Stock Exchange (NSE) and Bombay Stock Exchange (BSE)

2007 April – Port Services Agreement signed with Tata Power promoted power generation company for handling imported coal cargo

2006 July – Name of the company changed from Gujarat Adani Port Ltd. to Mundra Port and Special Economic Zone Limited (MPSEZ) to reflect the nature of business

2006 June – Double stack container train operation commenced

2006 May – Two Additional berths for bulk cargo handling at Terminal II operational

2006 April – Merger of Mundra Special Economic Zone Ltd. and Adani Chemicals Limited with Gujarat Adani Port Ltd.

2005 December – Single Point Mooring becomes operational

2005 June – Merger of Adani Port Limited (with effect from April 1, 2003) with Gujarat Adani Port Ltd.

2003 July – Container Terminal I became operational

2002 November – Agreement signed with Indian Railways for integrating Mundra-Adipur railway line with the national rail network

2002 May – Agreements signed with Guru Gobind Singh Refineries Ltd. (GGSRL) for crude oil handling at Mundra

2001 October Mundra – Adipur Private railway line completed and trial runs commenced

1999 October – Multipurpose Berths 3 and 4 at terminal I became operational

1998 October – Multipurpose Berths 1 and 2 at Terminal I became operational

1998 May – Gujarat Adani Port Ltd. incorportaed, a joint venture company promoted by Adani Port Limited and Gujarat Port Infrastructure Development Company Ltd.

1990

1994 January – Approval obtained from Gujarat Maritime Board (GMB) for setting up captive jetty at Mundra

INFRASTRUCTURE

Reefer Exports
Efficiency under Par

The article, second in the series on reefer infrastructure in India, explores the status of Indian ports in handling reefer containers and the consequences thereof.

by *C Maheshwar*

Thanks to containerisation, the cost of transportation of goods across oceans got reduced to a fraction of what they used to be earlier. Now, it costs less than US$ 0.22 to ship a pair of trainers from China, the hub of global manufacturing sector to Europe, which is about 0.2 per cent of the displayed price. Likewise, the cost of transporting a DVD Player from Asia to Europe is less than US$ 1.30 which is 0.8 per cent of what the customer pays. It costs 1.4 per cent of what the customer pays to ship a typical TV set from Asia to Europe. If we are able to enjoy perennial supply of seasonal exotic fruits in the supermarkets and on our dinner table, it is because of container refrigeration. About 22 million TEUs of containers are in use today and the rate of growth continues to be about 10 per cent every year. It is said that if all the containers in the world were lined up, it would create a container wall with a length of 108,000 km which is a third of the way to the moon, equivalent to 18 times the length of the Great Wall of China or 2.7 times around the earth at the Equator.

Reefer slots

In 2006-07, India has exported about 6.1 million MT of perishable products worth Rs 13,384 crore, comprising processed and fresh fruits and vegetables, flowers, animal products and other processed foods. Almost all of these exports have taken place in reefer containers. Unfortunately, our port infrastructure is not geared up to take the challenge for realisation of the export potential. At an average of 8 MT per TEU (a typical containerisability figure for fruits and vegetables), we may need the additional capability of about a million TEUs to meet the requirement. Assuming a constant demand every day of the year and a dwell time of one week at port (13 days for a normal container) before getting loaded on to the ship, we require about 19,000 TEUS of reefer slots in our ports.

But, what is the reality? A look at the table presents the picture. No wonder, our reefer export record is so abysmal!

Introspection

Reefer containers need attention all the time. Normal containers can be loaded and forgotten. The regular

Reefer slots available in India

JNPT	:	320
NSCIT	:	672
GTIPL	:	504
Tuticorin	:	84
Mumbai	:	208
Goa	:	56
Kandla	:	30
Kochi	:	122
Chennai	:	132
Kolkata	:	67
Haldia	:	12
TOTAL	**:**	**2207**

> “Do our ports employ sufficient number of reefer technicians to do justice to the task of maintaining the quality of the reefer cargo under their custody during the dwell time in the port?”

Can any party be made accountable in an unambiguous manner in case of cargo damage? These are the questions that one needs to answer truthfully. The reality is far from a rosy picture.

Do we have a quality system which can automatically take care of the cargo during the entire export process – right from the farm till the foreign supermarket? Are procedures for each activity clearly laid down? Can our ports and operators give a realistic guarantee to our shippers and exporters of delivery of undamaged cargo at the destination?

Before containerisation

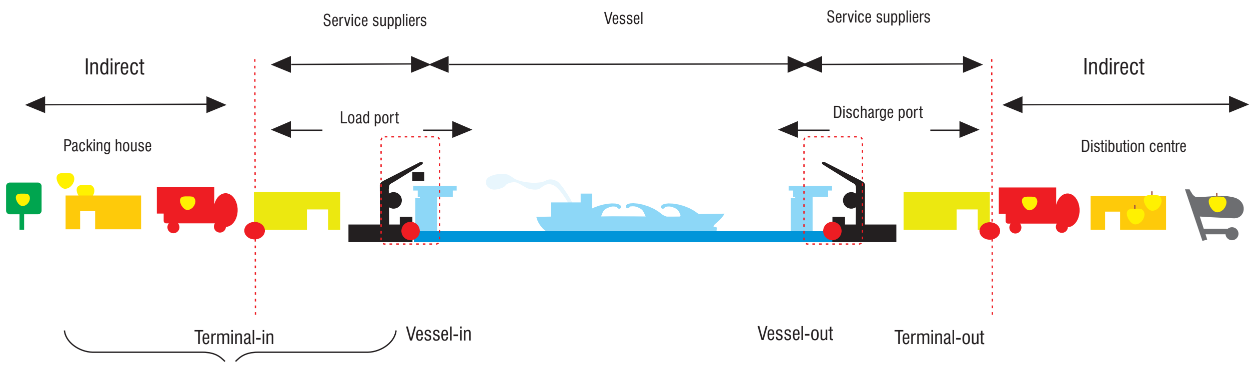
After containerisation

check up and maintenance required is equivalent to 1 per cent down time per day. Are our reefer technicians able to cope up with the work load? Do our ports employ sufficient number of reefer technicians to do justice to the task of maintaining the quality of the reefer cargo under their custody during the dwell time in the port? Are the third-party service providers employed by the ports to monitor the reefer containers competent enough for the job? Is proper documentation and records of the parameters like temperature, humidity, oxygen content, carbon dioxide content and ethylene content maintained so as to pinpoint the real cause in case of a cargo claim at any point in the export supply logistics chain? Are responsibilities clearly defined and understood by all the stakeholders?

The ifollowing case studies provide the answers as to how our system actually works:

1. During the first serious attempt to export mangoes from India, the reefer containers were lying in the docks for almost a week without power and refrigeration. The cargo was a disaster and the experiment proved to be a fiasco.
2. There was a case of cargo damage to a consignment of egg powder. The reefer container had earlier carried frozen cargo and was now employed to carry egg powder which is to be stored under positive temperatures. The container was readied for the same, but someone forgot to change the temperature setpoint. The cargo was in a reefer container with the machinery

Containerised Reefer Cargo Export Chain



running to maintain a wrong temperature for almost 24 hours. Then someone noticed the oversight and restored the correct setpoint, but already cargo deterioration had set in. The damage could not be undone and there was cargo claim. The first and the basic step was forgotten. All reefer container operators have their own checklists, but these are often filled up a as matter of routine without a thought.

3. Recently, export of grapes from a major centre of quality grapes, dropped by almost 50 per cent. Only 475 containers (7,125 tonnes) found market abroad, mainly to Europe and the Gulf as

Key elements of containerised reefer cargo export chain
Farm
Packing house
Loading into reefer container
Transportation to port terminal
Dwell time at load port
Loading onto the ship
Transit time on ship
Discharging from ship
Dwell time at discharge port
Transportation to consignee’s location
Unpacking house
Supermarket
Customer

against 871 containers (13,065 tonnes) exported during the previous year. This lacklustre performance was attributed to, non-availability of the necessary number of reefer containers, and the electrical facility to sustain the kind of storage was below adequate levels as the port suffers from a paucity of plug points. This led to as much as 12 days delay in transferring the consignments which resulted in the shipments reaching the destination, London, late, only to find that storage facilities had been overbooked by Chilean exporters, the main competitors of Indian exporters. Consequently, the condition of a large chunk of Indian table grapes deteriorated and it was rejected by European buyers. Those who could sell their produce got meagre returns between 4-5 pounds per carton of 5 kg. International transport costs are 20-30 per cent higher in India compared to other countries. For instance, it costs $ 790 to transport one tonne of grapes from India to the Netherlands, which is two and a half times higher than what the Chileans are paying, although it is twice as far from the Netherlands as India.

Travails of Indian reefer exports

Take the case of table grapes; while the retail price in the US is Rs 120.30, the farmer gets only Rs 13.50, while the intermediaries claim Rs 5.40, the exporter Rs 24.20, and international freight and insurance claim about Rs 53.50. The importer contributes the remaining Rs 23.50 to the total cost. Compared to 30-40 per cent in the US or Thailand, the Indian farmer gets only 15-20 per cent of the final price.

High delivery costs, caused primarily by a fragmented supply chain, bad logistics, together with poor quality standards are hurting India’s horticulture exports much more than trade barriers. Despite producing 11 per cent of the world's vegetables and 15 per cent of fruits at very competitive costs of about 53 per cent and 63 per cent of average global prices, India’s share in global fruits and vegetables trade has remained at only 1.7 per cent and 0.5 per cent respectively. This, unfortunately, is a meagre proportion of our total export potential. MG

C Maheswar *is a practising marine engineer, working as manager (Training) at Fleet Management Limited, a Hong Kong based ship management company in Mumbai.*

He is the author of Container Refrigeration, published by Seamanship Witherbys.

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Visakha Container Terminal

The Workhorse

A mirror image of Mumbai on the Indian peninsula (situated on the same latitude), VCT serves a large hinterland with seven states within its range of 750 km and having rail and road links situated on the golden quadrilateral, it only needs time to prove its mettle in Box business. By **Radhika Rani G.**

To be an efficient gateway is easier said than realised. But Visakha Container Terminal has a clear plan and is going by it. Already, on the road to becoming a transshipment port, VCTPL aims to be a catalyst to eastern trade by handling the surging growth in exports and imports in intra-Asian trade.

Visakha terminal, the authorities say, is the only congestion-free terminal with deepest natural draft on the east coast of India. And it wants to capitalise on the advantageous location, deep draft and positive track record of Visakhapatnam Port besides its rail / road connectivity.

A joint venture between Dubai Ports World (DP World) and United Liner Agencies of India (P) Ltd. (ULA), VCTPL was commissioned on June 26, 2003 on a 30-year BOT contract with the Visakhapatnam Port Trust. The VCTPL, the management says, has a superior sea transit time advantage when compared to other west coast ports in India as it is geographically closer to the Far East and US ports. “For instance, vessels sailing at a speed of 15 knots from VCTPL to Singapore save about four days transit time when compared to that from JNPT,” it adds.

Gains

The terminal, located in the outer harbour of Vizag Port with a quay length of 450 metres, can accommodate two large container vessels. Blessed with a natural draft of 15 metres, it can berth the latest generation container vessels. Modern infrastructure helps handling feeder and mainline container vessels all round the year with separate areas for stacking hazardous and perishable containers.

Two broad gauge railway lines, 250 metres off the quay side, help the terminal connect to all major ICD destinations. The Golden Quadrilateral too connects Visakhapatnam with all the major Indian cities. Boxtrans Logistics is running a dedicated train service between the port city and Loni for catering to the cargo from the NCR region to the Far East markets.

Technology

The IT-driven facility helps vessel, yard and rail planning are carried out efficiently. Operation and updation of data are carried out on real time using Radio Data Terminals (RDTs) operating on the latest Spread Spectrum Technology. Having a computerised modern gate complex with weigh bride facility, the terminal follows a single window operating

What the terminal has

Location: Outer harbour of Visakhapatnam Port

Quay Length: 450 metres

Draft: 15 metres

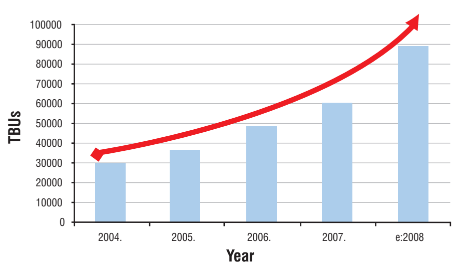
Backup area: 1,14,000 Sq metres with 1500 TEU ground slots spread over 15 container yards, 6000 TEUs can be stored in the terminal at any given point of time.

Equipment:

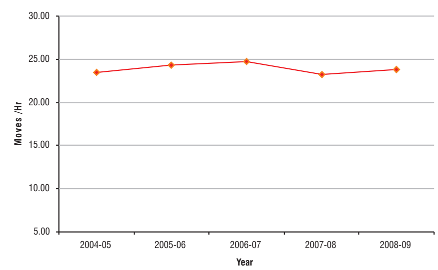
- 2 Rail Mounted Quay Cranes (RMQCs) for handling containers from/to the Ship
- 2 Rubber Tyre Gantry Cranes (RTGCs)
- 4 Reach Stackers for stacking/ dispatching containers in the Yard
- Is in the process of inducting 2 more Super Post Panamax Quay Cranes and four RTGCs
- 16 Internal Transfer Vehicles (ITVs) for moving containers within the terminal
- 132 reefer plug points backed with 1250 KVA generator, Reefer PTI, Run Test facilities.

Container Terminal Management System: Navis 'SPARCS'

The container volumes handled at VCTPL



The average quay crane productivity during the last four years



system. It also exchanges UNEDIFACT messages like 'BAPLIE', 'CODECO' and 'COARRI' to the Shipping Lines on a regular basis.

Capacity

With a current capacity of 2.5 lakh TEUs per annum, the terminal plans to go up to 3.5 lakh TEUs per annum in the second phase and extend its quay length by another 400 metres in the third phase besides increasing its capacity to 1 million TEUs.

VCTPL is presently recording a yearly growth rate of over 25 per cent and CAGR of 17.4 per cent, as against a national average of 12.5 per cent.

Services

Forty-four container shipping lines, including major international shipping lines are presently operating through VCTPL. It handles on an average 20 container vessels a month. Other regular weekly services connect the port to the hub ports of Colombo and Singapore. The main line service INDFEX-2 service calls Visakhapatnam and connects major north Chinese ports.

As it gears up to be an efficient and safe dedicated container terminal, VCTPL aims to emerge as a symbol of an outstanding Public Private Partnership (PPP). MG

Ready for the Big League

Throughput increase is direct indicator of development in the region, believes **Capt. Sriram Ravi Chander,** chief operating officer of Visakha Container Terminal. A large percentage of the containers handled at VCT originate from the local industry, depicting healthy growth and acceptance in the region, he tells **Maritime Gateway**.

Q: As a container terminal, how is VCT different from other terminals in India?

A: I would say VCT is a 'boutique terminal'. There are very few terminals in the world which are so well integrated. Currently designed to handle half a million TEUs, the terminal has excellent USPs.

With water depth to accommodate the largest vessel in the world, short navigational channel to ensure a tight turn time and being blessed to be the closest Indian coast from the Eastern Sea-Lane; VCT makes it to one of the best maritime gateways of the country.

A well-planned terminal, supported with the corner stones of 'efficiency', 'safety' and 'customer service', is inclusive in all facets. QCs, RTGs, on-dock rail sidings, TOS (Navis), ERP, yard management system with RDTs, multi-lane gate complex, reefer yards, power supply and other threads knitted by processes carved from the larger organisations – DP World and J.M. Baxi – makes it a complete solution for the users.

Well, I cannot think of better ingredients on the wish-list for creating a good container terminal. It just needs the users to pump in volumes… benefits are obvious.

Q: What is its role as an efficient gateway in the east? How will it contribute to the progress of the region?

A: The growing intra-Asia trade is largely east-bound. An efficient gateway on the East Coast will allow the trade to move the box cargoes with cost-effectiveness and shorter timeline.

Moreover, Mumbai is unduly stressed, handling both east and west-bound cargoes, which has choked the in-land arteries i.e. rail and road; with further growth in container traffic, logical diversion of traffic to alternate gateways is imperative. Therefore, Visakhapatnam is ideally poised to service this east-bound traffic.

Today, East Coast has very few container terminals. Kolkata and Chennai have stretched themselves at the seams handling the present traffic. In the given situation, the only available capacity is at VCT. The growth rate above 25 per cent is a clear indicator of customer patronisation.

Q: Please throw light on VCT's clients and customer relationship.

A: For VCT, every customer is special; we value their business and processes. We endeavour to work with them as a solution provider and not limit ourselves to a service provider. With the USPs of VCT, we are generally assured of the move across the quay wall; the major effort is towards streamlining the upstream and downstream supply chain to provide a seamless cost-effective solutions.

Team VCT joins hands with team Vizag to achieve this objective. Container lines, CFS operators, Port (VPT), customs officials, rail service providers, transporters, CHAs and freight forwards are some of the close associates contributing to the customer building process.

"With capacity augmentation planned ahead of traffic, the terminal will be ready to service the growing demand with all-round competitiveness and efficiency."

Q: In the present economic scenario, how are container terminals like VCT withstanding dwindling of tonnage?

A: To say that we have remained untouched by this global turmoil is a farce. Exports have taken a huge knock on the anvil… but they say there is always a silver lining to the dark cloud. We also see this juncture as an opportunity. Every entrepreneur is forced to think out of the box to make his logistic chain more efficient and cost-effective. There is a willingness to listen to new ideas and a willingness to change. The option to use Vizag as an alternative gateway seems to invoke better acceptance today.

Quite a few lines have suspended their services globally. Indian liner business has also taken a hit. Ocean freight rates have dropped to unprecedented levels. Inland transportation cost has suddenly gained prominence over freight differential amongst gateways. Cargoes have started moving to new gateways with lower inland logistic cost – advantage Vizag.

Business equations have been constantly changing ever since the meltdown has rippled. Consortiums have seen collapses as line partners have backed to basics and exclusive strategy to deal with the crisis. While some have shied away from business, some have emerged with new equations and services. Vizag has been on the agenda for some, enhancing connectivity and encouraging new cargo streams. The new SCI-Seaways service is a perfect example.

Q: How is VCT poised to meet its target / future requirements?

A: VCT is a workhorse designed for the bigger league. It has every trait to become a regional hub on the eastern coast.

Unlike other ports, the terminal development and operating costs are very low. One does not have to spend on expensive dredging or connectivity related matters. The operational area is very compact with the apron integral with the stack yards and rail sidings. In other words, as the traffic picks up, the THCs will become even more competitive.

We also believe the pie is too large. There will be a future demand for more terminals in the region. As of now, we have a head start; customers will prefer continuance if we ensure customer satisfaction and service levels – which I am sure will remain on the top of our agenda.

Coastal Shipping

A Viable Option

India needs an efficient, cost-effective, world-class integrated transport system for carrying the growing domestic and overseas trade. **Coastal shipping** has a great potential to serve as an environment-friendly, efficient and cost-effective mode of transport. By **Gargee Borah** and **Allister Mark Syiemlich**

A sustainable transport option is one that cuts transportation costs considerably while still maintaining optimum levels in the cargo haulage. Today, a fast expanding economy has led to a higher density of traffic on national highways and increased fuel consumption by rail and road transport. The country's accelerated trade demand growth is far outstripping transport capacity (road and rail).

India has a long mainland coastline of 5,560 km with 11 major and 168 minor/intermediate ports and a vast hinterland. Due to this, the coast is well suited for transportation of bulk cargoes at low cost. Being energy efficient as compared to land modes of transport, it works out to be a viable transport option in the movement of the nation's domestic cargo.

Considering the country's vast coast line and severe congestion faced by the land modes of transport, alternatively, coastal shipping offers a cheap mode of transport for bulk movement of commodities over long distances.

According to a study conducted by Tata Consultancy Services (TCS), Rs 40,000 crore is lost annually due to congestion and accidents on roads. Coastal shipping can offset the economic losses as the coastal route does not impose costs related to congestion, accidents or any other related costs like energy consumption and environmental damage.

Fuel consumption for every tonne/kilometre of cargo carried through waterways is only 15 per cent of that consumed by road transport and 54 per cent of that by rail. Further, coast-to-coast carriage of goods by coastal shipping costs 21 per cent of that by road and 42 per cent of that by rail.

Key industries such as petroleum, iron and steel and cement rely on the coastal shipping network for the transportation of materials because it works out to be cost-effective for them. Japan's key industries and industrial complexes in the coastal areas are linked by coastal shipping because of its capacity to transport large quantities of materials at a low cost. Coastal shipping in Japan accounts for 41 per cent of the freight volume as compared to just 7 per cent in India.

Traffic through coastal shipping at major ports was 90.48 million tonnes in 2005-06 representing less than 10 per cent of land and water-borne traffic in India. The TCS study says that volume of traffic will increase up to 220 million tonnes by 2012.

Presently, the cargo moved by coastal shipping in the country comprises coal, clinker, cement, crude oil, POL and iron ore. Over the years, the general cargo, which is an important component of the coastal trade, has been weaned away by other modes of transport. Thermal coal is presently the major commodity moved by coastal shipping with a share of 63 per cent followed by POL (23 per cent) and iron ore (12 per cent). General cargo accounts for just 2 per cent of the total coastal cargo.

Coastal shipping is not being exploited to its full potential despite the advantages. Its development has been slow even though the entire coastal trade is reserved for Indian vessels. Considered the cheapest of all modes of transport, it currently accounts for a measly 7 per cent of the country's total domestic cargo movement. This is in sharp contrast to the European Union where its share is as high as 43 per cent.

Bottlenecks such as complex customs procedure, time-consuming system of port clearance, high manning scales at par with overseas shipping, poor port infrastructure etc. must be looked into.

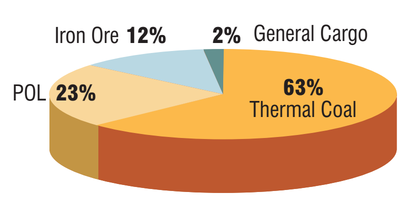
Initiatives from the government like tonnage tax concessions to coastal shipping, development of strategically located minor ports, establishment of road and rail connectivity to these ports, establishment of a coastal shipping development board and setting up of dedicated berths for coastal ships can improve the low performance of coastal trade.

In order to fully utilise the coastal shipping potential, policy makers could divert more investment to the shipping sector. Road and rail transport sectors have 'infrastructure' status, with incentives and tax holidays. Therefore to develop coastal shipping, policy makers could give infrastructure status to it and more investment must be poured into the shipping sector to capitalise on the advantages that can accrue from it.

Integration of the shipping sector with the rail and road transport sector will ensure overall movement of goods and meet the country's accelerated trade demand growth. MG

At a glance

- Coastal shipping is the cheapest mode of domestic transport. Annual losses due to road congestion in India range between Rs 200-300 billion. Diverting 5 per cent of road cargo to the coast results in savings of Rs 15-20 billion annually
- Coastal shipping has lower emissions of harmful chemicals such as carbon dioxide, carbon monoxide, hydrocarbons, particulates and nitrogen oxides compared to road/rail transport
- Known as short sea shipping (SSS) at the global level, coasting shipping handles 43 per cent of cargo in Europe while it is less than 10 per cent of India's domestic traffic
- Today, coastal shipping also comprises offshore supply and multipurpose support for oil/gas energy and petroleum industry, port and harbour services and dredging
- Wafer-thin margins for investors: End-to-end cost by coastal shipping is high due to inadequate port and landside infrastructure, cumbersome customs/other procedures, low port productivity with high tariffs



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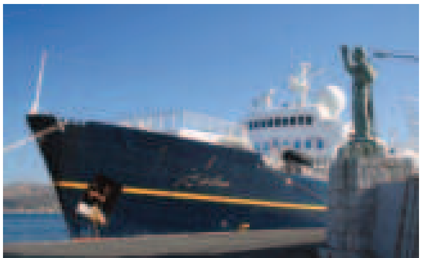


Maritime Security
Calls for a Sea Change!

The recent terror attacks in Mumbai have left behind a lingering question: Does India need as jolting a wakeup call as this for strengthening its maritime security? How prepared are we to tackle a coastal intrusion in the future is an issue more critical now than ever before.

by ***Mona Ramavat***

The maritime security of India – the need for it, our preparedness and how it can be improved – has come under scrutiny in recent times, in the wake of the Mumbai attacks and other incidents. They have exposed the vulnerability of India's coastlines. The term maritime security is defined as comprising those issues which pertain to the sea and have a critical bearing on the country's security. These include seaborne trade and commerce in energy resources, the management of living and non-living marine resources, the delimitation of international seaward boundaries, and the deployment and employment of naval and military forces in the Indian Ocean.

The current situation

A lot is being said about the intelligence failure of central agencies and the Navy with regards to the attack on Mumbai. However, a review made by the Centre recently on the status of patrolling of its maritime zones across eight coastal states revealed a sordid saga of neglect and apathy. A report submitted by the Comptroller and Auditor General to the Government in October said that a central scheme to procure 26 patrol boats at a cost of Rs 25 crore for patrolling of exclusive fishing zones in the first 12 miles of the coastline of eight states was largely unfruitful. The boats were "either not constructed or were lying idle and not being used for the intended purpose" while authorities even failed to carry out mid-course correction, it pointed out.

Maharashtra has been one of the states that were most callous towards maritime security. Out of the eight coastal states, only two Kerala and Tamil Nadu agreed to bear the cost of operation and maintenance of patrol boats.

Others, including Maharashtra, were indifferent to the central scheme to procure patrol boats and communication equipment. They refused the patrol boats, saying they "cannot bear the cost of maintenance and operation of the boats". Under the Marine Fishing Regulation Act (MFRA), enforced since 1993-94, the Centre provides 100 per cent assistance to states on capital costs of patrol boats and communication equipment to be used for patrolling. Between 1995 and 2007, the Centre had provided Rs 25 crore for procurement of gadgets and patrol boats for purposes of surveillance to eight states under the MFRA plan. This is over and above the Rs 400-crore assistance provided under Coastal Security Scheme, approved in 2006 but which is yet to take concrete shape. The surveillance of the first 12 nautical miles of the coastline is the responsibility of the state marine police, the Coast Guard is responsible from 12 to 200 miles and the Navy beyond that. But the Navy, Coast Guard and marine police are supposed to work in close coordination if the threat is close to the shore.

> "There is a need for increased bilateral, multilateral and regional cooperation to combat piracy and maritime crime."

Future action

To combat terror: India will have a federal investigation agency, strengthen air and maritime security and establish four regional hubs of the counter-terrorism force, Prime Minister Manmohan Singh told an all-party meeting a few days following the Mumbai terror attacks. The government has been debating proposals to toughen the existing legal framework for more than a year. The Mumbai attacks seemed to have nudged the government to move from the stage of intent to that of implementation. "But much more needs to be done and we are determined to take all necessary measures to overhaul the system," Singh said in his opening remarks.

The prime minister mentioned steps to strengthen maritime and air security involving the navy, the Coast Guard and coastal police, as well as the air force and the Civil Aviation Ministry. He announced strengthening and streamlining of anti-terrorist forces including the National Security Guard, which would be given additional facilities and manpower.

To combat armed robberies and piracy: Amid a spate of incidents of hijacking of ships by Somali pirates, India has sought strengthening of international cooperation to enhance maritime security and ensure sustainable use of marine resources. Addressing the UN General Assembly, Minister of State for External Affairs E Ahamed expressed serious concern over increasing number of incidents of piracy and armed robberies particularly off the coast of Somalia and called for assisting the developing nations to enable them to participate in the maritime security. After several incidents of hijacking off Somalia coast, UN Security Council recently adopted a resolution authorising all states to use their navies to check the menace.

Welcoming the measure, Ahamed, however, cautioned that the authorisation, which had become necessary due to particular situations in Somalia, should not be considered as establishing customary international law. In addition, he stressed the need for increased bilateral, multilateral and regional cooperation to combat piracy and armed robbery by coastal states. But such cooperation must be based on respecting coastal States' territorial integrity, sovereignty, sovereign rights and jurisdiction in accordance with international law, he added.

Referring to attacks by pirates and armed robbers in the Asian region, Ahamed said that there has been decrease in such incidents because of increased national action and regional cooperation. In February this year, Ahamed told the delegates at the 192-member Assembly, India too launched an important regional maritime security initiative, namely, the 'Indian Ocean Naval Symposium' with focus on 'Constructive Engagement' amongst all littoral states of the Indian Ocean region. Its primary aim is to sustain a regionally relevant, consultative forum to promote a shared understanding of issues and concerns relevant to the Indian Ocean region, which bear upon maritime security, he said.

How serious are Indian coastal states about surveillance?


MAHARASHTRA

The Centre gave Rs 4 crore for four patrol boats in 1995. Boats were constructed but not used for surveillance as the state expressed unwillingness to bear the cost of operation and maintenance. In May 2006, the boats were declared un-seaworthy.


GOA

The Centre gave funds for two boats at Rs 50 lakh each in 1998, work order for one boat awarded in October 2001 but no boats delivered so far.


ANDHRA PRADESH

In the last decade, the state acquired Sagar Rakshak-I & II for surveillance of its coast. The boats were, however, not used for the intended purpose and in February 2006, it sought Centre's permission for disposal, citing lack of funds for operation.


KARNATAKA

The Centre released Rs 2 crore for two patrol boats to the state. It, however, expressed its inability to bear the operational and maintenance cost and refunded the money in March 2003.


KERALA

Out of Rs 6 crore Kerala got for six boats, it constructed five but the government was not aware of their use for the purpose of surveillance.


ORISSA

A sum of Rs 1 crore was given to the state for construction of two boats, but it expressed its inability to bear the running and maintenance cost.


TAMIL NADU

The state constructed five patrol boats with Rs 4.5 crore but the boats were lying unutilised at Chennai harbour. In 2006, three of them were declared un-seaworthy while two had earlier been washed away in the tsunami in 2004.


WEST BENGAL

West Bengal got Rs 3.6 crore for four patrol boats but after construction it refused to put them for surveillance saying it had no funds. The state also approached the BSF and Coast Guard to take the boats for their operation but the proposal was rejected.

Initiatives

The only Indo-international mega show dedicated to maritime security, and focussed on the buoyant Indian and international maritime and naval sectors, took place in November 2008. Informa in association with Lloyd’s List, has launched India's first large-scale exhibition dedicated entirely to maritime and naval defence and security.

MSI 2008 which was held in India in November 2008 is a three-day international exhibition and conference, which brought together a large number of end users and

buyers from Indian and international navies, coast guards, shipping companies, ports and governments. The event was launched after several months of research conducted by Informa & Lloyd’s List in India, the US, Europe, Asia and other key regions.

“The realm of maritime security today extends to comprehensively include the defensive and anti-terrorist role of navies, the anti-piracy and anti-smuggling responsibilities of coast guards as well as of course the commercial interests of shipping companies and ports all over the world.

India as a major geo-strategic and maritime power has, in recent years along with many of her international counterparts, placed significant emphasis on the safeguarding of its maritime and sea-influenced national security,” says Abhaey Singh, managing director of Informa India. MG

New Security Regime

KoPT Braces the Challenge

In the last one and a half years, Kolkata port has raised its declared level of security as per government directives.

by **Gautam Chakraborti**

For the port of Kolkata, challenge is a byword. Since ages, this port has faced challenges with sheer determination and conviction that it can not only exist, but also excel. Thus, when International Maritime Organization issued a circular on March 29, 2004, to SOLAS-contracting governments fixing July 1, 2004 as the deadline for the implementation of the amendments to the Annex to the International Convention for the Safety of Life at Sea (SOLAS), 1974 and the Government of India was called upon to join in as a primary littoral and contracting state, Kolkata Port Trust, one of India's major ports, saw it as yet another opportunity to prove itself.

The Kolkata Port literally caught the ISPS (the International Ship and Port Facility Security Code) young in early 2003 to enter IMO's 'White List' well within the dateline. A port with a variegated history and a unique work culture that compares with no other port in the world, introducing every new regime posed a unique conundrum. Although some ports have developed in such a way that security can be tightened relatively easily, many ports are extensive in size and have dispersed enterprises intertwined with such security concerns as long riverine channels, public roadways and bridges, large oil storage facilities (Budge Budge and HDC), unguarded access points, and a need for ready access on the part of thousands of workers and customers.

The Kolkata port has many such vulnerabilities, and contrary to its younger sister Haldia Dock Complex, Kolkata Dock System is situated in a relatively cramped urban location with too-close-for-comfort sort of proximity to other sensitive installations. The task was never an easy one, particularly for a port of 133 years. If security was important, so was the overriding necessity of ensuring a free and expeditious flow of traffic that was taking the port's cargo handling statistics to a new pinnacle. To the extent that better security impinges on this economic vitality, it represents a real cost to the system something that the port carried smilingly, without hurting the trade.

The hallmarks of the ISPS Code as implemented by the Port are general organisation and performance of port facility security duties, access to the port facility, monitoring restricted areas within the port facility, handling of cargo, delivery of ships' stores, handling unaccompanied baggage, monitoring security as per the security level declared by the government or by the port authority depending on circumstantial threat perceptions and updating / maintaining the compliance statement. It might bear repetition that the Kolkata Port Trust under an admirable leadership achieved the compliance status within the timeframe fixed for both the dock systems. Since then, it has not been resting on its laurels. No port possibly could, given the threat perceptions due to a vulnerable border along a neighbouring country like Bangladesh, secure the long unguarded shoreline and the regular passenger service that it hosts. Users of this facility know that the Port Administration has gone that extra mile to ensure that every entrant who steps into the ISPS zone has to have his profile recorded, a photo-ID generated from an archived database and his or her antecedent verified by the state.

Review of preparedness is monitored at the highest levels of the administration on a regular basis and surveillance is never compromised. As part of an ongoing process, it has dovetailed its regular ISPS inter-organisational manoeuvres with disaster management exercises involving the state and local authorities. Today it is embarking on revamping its security preparedness in many directions, with an elite CISF unit, a BDDS, a dog squad, a closed-circuit monitoring system, a technologically advanced access control mechanism, aided by cargo scanning line ups being contemplated by the Revenue and the Home Ministries.

While no major breach or interception has been reported at this port since the implementation of the new security regime, it is fully aware that the first nemesis of vigil is complacence. From any angle, the Kolkata Port Trust is up and ready to prove that it is in step with the national initiative. MG

The writer is Deputy PFSO (Traffic) & CPIO (Traffic), Kolkata Port Trust

A Sour Deal

Every time an incident related to maritime pollution occurs, seafarers are pilloried for their alleged negligence which may have serious implications on attracting talent to this industry. The latest incident involving Hebei Spirit and the verdict given to the 'Hebei Two' highlights the necessity to bring out the measures pertaining to the safety and rights of the seafarers.

by ***Jagadeesh Napa***

What is being termed as criminalisation of seafarers undermines the importance of the human resources at a time when this resource is in heavy demand world over. It is being voiced from across the world at towering decibels of the denied justice to the two Indian seafarers of MT Hebei Spirit. In spite of this, the Korean courts regarded this denial as legal, sending out strong signals to the maritime fraternity that seafarers are always the scapegoats in such maritime incidents. The captain of the Hebei Spirit was awarded 1.5 years jail term and 20 million Korean Won as fine, while the chief officer was given eight months imprisonment and 10 million Korean Won as fine.

On the flip side, which very few maritime publications have covered, the environmental impact that the accident created was deeply taken to heart by the Koreans. For that case, everyone would take to heart if such a devastating pollution happened in their backyards. The oil spill from the Hebei Spirit has caused an oil slick which was

Above: Hebei Spirit after the collision with the oil leaking from the dent.

Below: The Hebei Two – The captain and the chief officer of the ship.

33 kilometres long and about 10 centimetres in height at some places. This had lead to serious ecological imbalance and threat to the marine flora and fauna in that area. In such a situation, it is obvious for any country to act stringently against the agents responsible for this. The reasons stated by the court for support the judgement was mainly negligence to act in time.

Given situations like this, how can the shipping industry attract talent at a time when the industry badly requires it? India is the prime supplier of officer cadets and now Indian students will be forced to find alternative careers that are less risky and provide good growth prospects. The mushrooming IT and ITES industries have already taken away the sheen from this industry and very few students opt for a career as seafarers today. A spokesperson for a maritime academy on condition of anonymity said that it is really sad that the Hebei Spirit Officers were sentenced severely and it is a blow to the seafaring community. But he adds that though such incidents evoke negative vibes among the students, they will neither deter their spirits nor demoralise their commitment towards their careers. The International transport Worker's Federation (ITF) has condemned the Korean court's decision as incomprehensibly vindictive and said that it will impact on all professional mariners.

Seafarer criminalisation is not a new thing. It has happened earlier too and instances like the Prestige and the Tasman Spirit incidents are testimony to this. As a majority of the seafaring Indians are in officer cadre, a serious concern arises among the seafarers of their safety and basic rights in such incidents. In all the incidents quoted above, the concerned officers and crew did their best in containing the leaks, limiting the damage to the environment and saving their crew. Despite their best efforts, they are criminalised on the grounds of negligence to act on time. A few years back, the European Union issued a directive which specified that it will prosecute and penalise only the "seriously negligent seafarers". Under this directive, the European Union can criminalise the seafarers in the acts of pollution even if their involvement is unintentional. However, ITF feels that the European Union is using a vague concept which is outside the European law as this directive fails to safeguard the basic rights of the seafarers in midst of such incidents.

While the shipowners and insurers provide legal support and advice, the state under which the ship is flagged can initiate legal proceedings for immediate and safe release of the seafarers taken into custody following the incident. But many of the Flags of Convenience (FOC) States that are more interested in registering more number of ships fail to exercise this right during such incidents. It requires time and collective efforts of all the maritime stakeholders to safeguard the rights of seafarers and avoid branding them as serious criminals. A serious negligence of this may lead to an "acute seafarer shortage syndrome," the effects of which are well known to the maritime community world over. MG

Singapore

The 'Mecca' for Offshore

The Singapore Marine Industry has seen significant growth over the last 40 years, evolving from a small regional ship repair and building centre into a world-class industry that serves international clientele. The Republic is a recognised market leader in all segments of the offshore sector. These include specialised jobs which are in the higher end of the ship repair segment and cannot be provided elsewhere, giving Singapore the repute of being the **Mecca** for the Offshore industry, says **Sowmya Shenoy**.

Singapore has had a rich maritime history that reached the peak in 1963 when many prominent sailors berthed and traversed through the Keppel Harbour waterway. Increasingly over time, as many ships began calling at Singapore, they needed docking and repair facilities. Although Singapore started to provide basic ship repair services in the 60s and the 70s, the island nation was quick to realise that such services can be easily replicated in the region with competitors Vietnam, Thailand, China, and Indonesia vying with each other to provide cost-effective services.

Taking cognisance of this trend, Singapore made a bold decision to move into the higher end of ship repair and building by diversifying into the offshore sector. This gamble has paid off very well today. These specialised jobs include producing drilling rigs, semi submersibles, platform support vessels, sophisticated anchor handling tugs and conversion to FSOs and FPSOs. Its extensive capabilities in ship repairing include a multitude of repair, reconstruction and conversion jobs that are delivered in time with high quality.

Jurong Shipyard, Singapore, has secured US$ 132 million contract to convert the Very Large Crude Carrier (VLCC) tanker, the PSVM (ex Bourgogne), to a Floating Production Storage and Offloading (FPSO) vessel for MODEC. This conversion contract involves the installation of an external turret mooring system and process facilities, which include gas turbine generators, oil separation, gas injection / gas lift and water injection system. The vessel is scheduled for delivery to MODEC in early 2011.

According to Mr Heng Chiang Gnee, President, Association of Singapore Marine Industries (ASMI) and Deputy President, SembCorp Marine Ltd. Singapore, "Besides adopting new technologies to improve their engineering and production processes, our companies have developed proprietary designs and strong project management know-how in executing contracts in excess of S$ 1 billion (US$ 0.6 billion)."

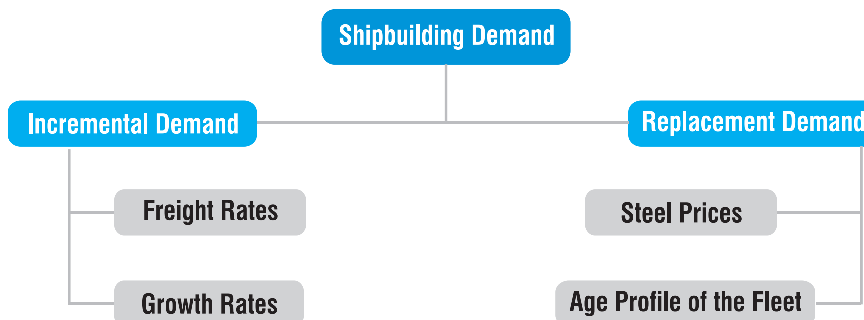
Dry docking costs are among the most expensive elements of any ship's lifetime operational costs. Not surprisingly, then, owners / managers are always looking for the best deals within the general repair market within their favoured areas. The basic repair cost, especially its labour and steel components, remains the most important factor when negotiating a repair operation, although for some niche markets, such as cruise vessel, delivery times also play a major role. For the past two decades, the Singapore area has retained its place as the world's leading ship repair centre. However, yards from Singapore area have lost, in recent times, many general repair contracts to Chinese yards due to cheaper repair prices in mainland China.

In view of higher freight rates, vessel owners are demanding for more efficient vessels. Most of the vessels have a useful life of 25 years and can be used up to 30 years with the help of refurbishment. Replacement demand is triggered when ships approach the end of their useful life.

As shipbuilding and repair grew with the increasing world trade volume, the industry went through dramatic periods of growth as well as downturns. Through it all, the maritime industry stepped up to the challenges and continued to reinvent itself and grow.

Singapore expanded into offshore construction in 1969 when oil exploration intensified in South-east Asia. The proximity to the drilling sites and well-developed engineering capability made Singapore the natural choice for offshore fabrication. They also have the expertise and experience to produce rigs of their own designs. Within a short span of five years, it grew to become the largest builder of jack-ups in the world.

Two Singapore companies, Keppel Corporation and SembCorp Marine, are benefiting from a growing demand for oil rigs. Together, they have secured more than 80 per cent of the jack-up rig orders worldwide,



"Singapore-listed yards have secured well over half the 92 oil drilling rigs under construction worldwide, and are now looking to expand capacity to meet a next wave of demand for vessels and platforms needed to pump oil and gas from the ocean bed to the market."

Marine Industry's Turnover by Sector, 1998 to 2006 (S$ Billion)

Year	Total Turnover	Ship Repair Sector	Shipbuilding Sector	Offshore Sector
1998	3.86	1.99	0.92	0.95
1999	3.12	2.16	0.44	0.52
2000	2.76	1.68	0.45	0.63
2001	4.03	2.56	0.54	0.93
2002	4.40	2.73	0.53	1.14
2003	3.79	2.29	0.72	0.78
2004	5.30	3.10	0.90	1.30
2005	7.43	3.79	1.26	2.38
2006	9.80	4.90	1.67	3.23

Source: Economic Development Board

Worldwide Cost of Ship Repair Comparison

Singapore	100
S. Korea	105/110
China	50/65
Indonesia	60/75
Japan	250
Middle East	100/105
S. Africa	110/115
Mediterrannean	125/130
Balkans/Turkey	110/115
N. Europe	140/150
Scandinavia	150/160
Baltic/Russia	110/115
USA	170/180

Where Singapore Stands

Industry	Global Market Share
Floating Production Storage and Offloading Conversion (FPSO)	70%
Jack-UP-Rigs	60%
Fast Ferries (up to 60 m)	50%
Ship Repair	20%
Offshore Support Vessels	20%

placing Singapore firmly in the map for oil rig production. In the late 1970s, the frontier for offshore drilling was 600 feet below sea level. Today, it is 10,000 feet below sea level. By 2010, it has been estimated that most, if not all, of the offshore growth will come from deep water. By 2015, deep water will account for 25 per cent of all offshore production, up significantly from the current 9 per cent.

Keppel FELS, Singapore, is set to deliver a jack up rig ahead of schedule to Virtue Drilling, an associate company of India's Jindal Drilling & Industries (Jindal). 'Virtue I' is the second jack up rig Keppel FELS has completed for Jindal and has been contracted by India's Oil and Natural Gas Corporation (ONGC) in the Indian Ocean for a period of five years. The first rig, 'Discovery I' was delivered in September this year.

Keppel O&M Chairman & CEO, CB Choo (now replaced by Tong Chong Heong) said, "This accomplishment demonstrates Keppel FELS' strong project management skills and excellent teamwork with Discovery Drilling and Jindal. Safety remains our top priority at all times. It has been etched into our processes and even more so, our mindsets." Noting the good relations between businesses in India and Singapore, he said, "Keppel FELS' collaboration with the Jindal Group is a win-win relationship between two industry leaders, and another win-win tie-up between Singapore and India. There is much potential for Singapore companies to work with their Indian counterparts as India intensifies the development of oil and gas resources."

As 2008 draws to a sorry close, the boom momentum that the shipping industry was enjoying at the start of the year is now a distant memory with demand falling in direct proportion to the slowdown.

Charter rates continue to plummet with the scenario of idle tonnage becoming a certainty for the near future, especially as new buildings ordered during the 'good times' are now being delivered. Unsurprisingly, the volume of these deliveries is unlikely to be repeated for some time. Singapore's Keppel Corporation announced that US$ 790 million worth of orders (9.6 per cent of its order book) was under review.

As ship operations feel the pinch, shipyards also get affected in a big way. Added to this, lack of financing from banks and drop in demand exacerbate their plight. MG

TECHNOLOGY

Moving a consignment within the fixed time to the destination of a consignee may be the core business of a freight forwarder but connectivity to customers, suppliers and supply chain partners still remains a challenge. Advanced technology such as e-commerce strategies and new-generation web-enabled services can help these relationships prosper and create a world-class business environment, says Sumeet Nadkar.

Freight Forwarding Going Futuristic

If we look at the past decade, we may note that freight forwarding (FF) has been one of the booming sectors of the logistics industry. Globalisation has witnessed many manufacturing units being relocated to the developing markets like India, China, Middle East and Latin America. This has created the demand for those international forwarding services that global players were quick to exploit. However, the 'credit crunch' has brought an end to a prolonged period of growth for the US economy, and the downturn is gradually spreading to other parts of the world.

In order to stay competitive, both logistics and freight forwarders are now focussing on building their capabilities to meet global service standards set by the larger service providers. Freight forwarding companies in India, with a global perspective are realising the need to collaborate their business processes to meet international best practices and adopt industry standard technology and communication systems.

Business dynamics

The buoyant economy of the Indian industry has spurred international trade necessitating better logistics infrastructure, increased privatisation of government-owned sectors like airports, container freight stations (CFS), inland container depots (ICDs), and rail, increased government spending on developing and upgrading logistics infrastructure.

As more Indian companies extend their reach to global markets, they discover the need for a broad range of support that only a well-connected freight forwarder can deliver. To gain greater flexibility in transportation, many top companies are aligning themselves with forwarders and customs brokerages. Some are even buying freight forwarding companies or forming divisions to handle logistics efficiently.

Additionally, partnerships are changing at a very basic level. Indian freight forwarders have been seeking international partners for many years. Now, many companies from all over the world seek Indian partners.

Other trends include mergers, the growth of just-in-time (JIT) inventory management and a sharp increase in intermodal shipping methods. In an effort to enhance customer service, transportation providers are upgrading from telephone / fax to IT. Although the costs of implementing these systems have been reduced considerably, providing connectivity to customers, suppliers and supply chain partners still remains a number one challenge before IT. Electronic commerce and the Internet are key enablers for IT strategies.

Industry challenges

The scale of these changes call for the freight forwarding community to jointly manage the complexity of related elements of this new business environment like language, Internet, business collaboration, supply chain globalisation, time zones, local economy, available technology, stability of the local government, availability of human resources, local customs and laws. Some key challenges are presented by increased competition as the large forwarders become more versatile and drive margins downwards. The global customers demand real-time visibility and transparency along the supply chain. There is constant pressure to meet service response standards. Dealing with multiple systems used by a variety of vendors across intermodal transportation across the globe is yet another issue that needs to be sorted out. Often, the systems used by forwarders or their trade partners are manual or semi-automated and this adds to the cumbersome task of maintaining and verifying records of information. Also, the inaccuracy in available information affects the performance of carriers.

For most forwarders, developing global partner network is crucial to gain immediate access to any country. However, challenging a well-established player can prove to be an uphill task in a new market. Forwarders need to forge strong professional relationships worldwide and find the right partner who best understands local business and governmental practices to stay ahead of competitors.

> **“The current systems used by freight forwarders are not centralised, and therefore lack complete business visibility.”**

Current needs

Increasing adoption of the Internet and electronic communication systems has brought about drastic changes in the industry landscape. As a result of these changes, multimodal transport and freight forwarding have evolved as the intermediaries between buyer and seller. Freight forwarding systems have provided clients access to information related to the status of their cargo, to extract reports from their databases and process the information related to shipments in an error-free and timely manner.

However, the current systems used by freight forwarders are not centralised, and therefore lack complete business visibility. The use of disparate systems results in data duplication and redundancy in processes. Since the current systems are not web-based and scalable, they fail to provide much needed benefits of the web-based applications for improving the processes. These systems do not generate proactive alerts to prevent failures and hence fail to support critical functions like sales management and customer relationship management.

Freight forwarders today need systems with service-oriented architecture that can support EDI, third-party ERP systems and other emerging technologies to cope up with a dynamic business environment. The freight forwarding community needs to embrace e-commerce strategy as a step towards maintaining a competitive market position similar to those being practiced by their more technologically advanced counterparts in the developed world.

Next-generation technology

The primary benefit of the new-generation systems is that they inculcate industry-best practices and standardised processes. The global business presence requires that the key managers have access to MIS reports at all locations and a decision support system to enable critical decision-making. These systems are designed to be user-friendly requiring minimal human intervention along with real-time tracking and tracing. The systems being web-enabled can provide authentic information tied by proper accountability and can be accessed anytime, anywhere. Data exchange between these applications, as well as legacy and external systems, can be achieved through multiple technologies message-based EDI, Internet applets, middleware or other messaging software layers. The future solutions for the forwarder community need to interface with all trade partners systems providing centralised, uniform software with suitable upgrades that comply with security norms.

Solution providers like Kale Consultants help freight forwarders beat their competition, minimise the dependency on partner's network and match the capabilities of the integrated carriers without spending the billions they did. This is achieved by using innovative models like SaaS to enable IT adoption across all value chain participants irrespective of business size.

The future technology needs can be largely classified as intra-organisation automation covering enterprise-wide business applications; mobility solutions; security solutions; business support applications / ERP and inter-organisational automation covering EDI interfacing with customs, agents, carriers and community systems.

The right solution

In today's fast paced business environment it is technology that makes these relationships prosper. Because of technology, customers have access to the total information available from their partners. Therefore, it is vital that partners have sophisticated information and communications systems. After all, partnerships can provide freight forwarders with global representation and expertise in each market. These global partnerships enable small and mid-sized freight forwarders to compete with the largest companies in the market. In particular, the Internet has helped small and mid-sized freight forwarders to introduce worldwide communications between offices and customers. A freight forwarder harnessing next-generation technologies is clearly well placed to deliver world-class service! MG

Sumeet Nadkar *is currently working with Kale Consultants Ltd. as Head of Logistics SBU*

Lifting High & Wide

The future of the crane industry depends on industrial growth and growth of the infrastructure industry such as ports. The surge of new projects has increased the demand for material handling equipment. To keep pace with this, Konecranes – market leader in both industrial cranes and crane services for ports, harbours, shipyards and offshore industry – has embarked on a major drive to push itself to a higher position.

by ***Sadhana***

The future of the crane industry depends on industrial growth and growth of the infrastructure industry such as ports. The surge of new projects has increased the demand for material handling equipment. To keep pace with the demand, Konecranes market leader in both industrial cranes and crane services for ports, harbours, shipyards and offshore industry has embarked on a major drive to push itself to a higher position.

"As one of the world's foremost manufacturers of container handling equipment we feel that the time is right to enter the Indian market and continue to expand our product offering," says Niklas Brönn, sales director.

Konecranes started its Indian operations in 2007 in Pune. To keep pace with the tempo of growth, the company's operations grew fast covering operations, engineering and service.

Konecranes, with head office and share listing in Finland, is a world-leading lifting equipment manufacturer serving manufacturing and process industries, shipyards and

harbours with productivity enhancing lifting solutions and services. With a global presence in 43 countries and 9,600 employees it provides the industry a leading technology, global modular product platforms and service contracts for more than 370,000 cranes.

With a total of 400 cranes in India, Konecranes covers a wide spectrum of customer categories such as steel, automotive and petroleum industry and is now all set to take the next step by promoting their reach stackers, empty container handlers and heavy forklifts to Indian ports, container freight stations and inland container depots. The main focus area for the company is an efficient supply chain and continuous optimisation of operational efficiency.

"All our Lift truck equipment are built on modular basis which means that parts are interchangeable between an SMV Reach Stacker and an SMV Empty Container Handler which will improve the uptime of the equipment. Other benefits include the load-sensing hydraulics fitted throughout the product range which saves not only fuel, but also wear and tear and improves the lifetime of the equipment," Brönn says.

On a quest for higher margins and increased customer satisfaction, Konecranes is continuously developing its products keeping in mind both environmental and safety concerns and has since worked in compliance with the highest international standards. The equipment uses only the cleanest engines and by utilising the optional 'Eco Drive System' which enhances the driving economy by monitoring and benchmarking individual drivers. The resulting figures of merit are compiled and analysed to promote cost-efficient behaviour in order to save fuel and thus protect the environment.

Production facilities for container handling equipment are located both in Sweden and in China and cater to major port operators' such as AP Möller Terminals and DP World. With close to 3,000 units manufactured since its start in 1995, Konecranes has a thorough knowledge of different local conditions and is easily adopting the equipment to customer-specific needs. For instance, it has the world's largest reach stacker with an impressive wheel-base of 9 metres for barge handling operations and it also manufactured the rail stacker with remote control for safe handling from the second rail.

To keep the material handling and logistics on a healthy economic path, the company has a wide range of container handling equipment and focusses on new generation of fuel-saving non-hydraulic RTGs designed to take account of future environmental requirements. The new facilities have helped companies to save up to 40 per cent of fuel consumption by eliminating high-speed idling besides reducing noise and emission. The RTGs can stack one over six containers high and seven wide plus a truck lane.

The latest technology in the RTG sector is the electricity-fed cable-reel RTG which is equipped with a cable reel, a feeding cable and a transformer station, which feeds low-cost electricity from the grid to the crane. By being connected to an electric network, the RTGs can also function as a small power plant, taking the electricity generated during braking action and feeding it back to the grid. This way, the terminal will benefit from it since less energy is needed from the power station. Konecranes is the only RTG manufacturer to supply this technology today!

Port operators that use a Terminal Operation System (TOS) such as Cosmos, Tideworks and Navis are able to utilise their container handling equipment to a maximum by adding Konecranes' Container Positioning Information System (ContPos) being installed on more than 350 different types of equipment and used by 25 ports worldwide. It is based on a dual GPS-antenna system with auto-steering that measures both heading and position of the equipment in order to achieve a 100 per cent accurate container yard. But it doesn't stop there! Put together with an Automated Stacking Crane (ASC) yard, one achieves fast operation cycle times with minimal weight due to the patented Active Load Control system.

Konecranes will celebrate its 100 years in 2010 with an impressive history. It has the resources, technologies and attitude to deliver their customer promise of lifting businesses.

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EDUCATION

AMET University

Moulding Mariners

A Lloyds List Training Award and a Grade-I Crisil Rating for its DG approved courses. AMET now aims to improve its quality of education to international standards and produce the finest shipping professionals in the world. A peek into its programme and plans.

by ***Radhika Rani G***

The projected demand for qualified seafarers by the year 2015 is 25,000 a figure inspiring enough for a maritime institution to buckle up and brand itself as the best. AMET was quick to realise that round-the-year marketing and brand agenda can work wonders. It went ahead with vigorous awareness campaigns and counselling sessions for youth. Today, this 14-year-old institution educates 1,500 students. Brand positioning indeed led to a 200 per cent growth in a decade.

"Brand AMET now draws sufficient responses, so our admission ratio has always been more than at least 1:3," says the vice-chancellor Captain S Bhardwaj. "It is on the strength of this branding, that last year when we launched as many as six new marine related undergraduate programmes, the response was excellent," he muses. AMET, that became a deemed university in August 2007, added new courses BE Petroleum Engineering, Harbour Engineering, EEE-Marine, Advanced Marine Information Technology, BE Naval Architecture & Offshore Engineering and BBM-Shipping, taking the total list of its courses to nearly 25.

Formerly known as the Academy of Maritime Education and Training, AMET University, is working jointly with other global institutions to improve its standards and benefit Indian youth in terms of their career prospects in the global shipping industry. Already, diploma courses in marine engineering and nautical science are being offered in collaboration with Glasgow College of Nautical Science and South Tyneside College, UK.

"Our Indo-Japanese Network shall be the world's first postgraduate level multi-discipline centre of excellence in the area of maritime research and capacity building," informs the VC. By establishing an international maritime office in the university, the bilateral platform shall function as a 'world hub' through distance education via the 'Circle Eurasia Optical Fibre network'.

AMET is glad that 6,000 of its cadets have been successfully placed in

> "Maersk visited the campus this academic year and selected 59 cadets from first-year BE Marine Engineering and BSc Nautical Science to meet its demand for 2012 – a record by itself in marine education, the university says."

leading shipping companies worldwide so far. Maersk visited the campus this year and selected 59 cadets from first-year BE Marine Engineering and BSc Nautical Science to meet its demand for 2012 a record by itself in marine education, the university says. Companies sponsoring students with guaranteed employment is an added advantage.

The university prides in its infrastructure. Classrooms with modern teaching aids, well-equipped workshops for practical training, marine workshops for hands-on training on marine auxiliaries, ship in campus, furnished hostel and canteen, indoor and outdoor games, a swimming pool and medical facilities ensure a congenial environment for the students. According to Captain Bhardwaj, the model of maritime education can fetch the desired results if it lays stress on hands-on training and not merely replicate academic ivory tower concept. "Talent transformation this is what sets our students apart from generic engineering graduates," he adds.

So, the sprawling Kanathur campus on the outskirts of Chennai can be the sojourn for an aspiring seafarer before he can bugle Destination Sea. MG

Adani Group to start infrastructure management institute

The Rs 25,000-crore Adani Group has announced the launch of Adani Institute of Infrastructure Management (AIIM) at Navrangpura in Ahmedabad. The one-year full-time residential course will begin on September 3, 2009, said AIIM Director and former director of Indian Institute of Management, Ahmedabad Dr Bakul H Dholakia.

The new institute will try to bridge the gap between general management courses being offered currently by more than 1,500 business management schools across India and the emerging specific needs of the industry, Dholakia said. "Our aim is to train a set of specialised managers who can cater to the huge infrastructure management market," he added.

The course is being designed to make it relevant to the present-day industry requirements. Academicians from reputed management institutes will be a part of visiting faculty. It will focus on three key areas – transportation (ports, shipping, railways, roads, highways and civil aviation), energy (power, petrol, nuclear energy, gas and energy exploration) and real estate (development of integrated townships) and special economic zones.

Course: Postgraduate Programme in Infrastructure Management (PGPIM)

Programme fee: Rs 10 lakh, apart from Rs 2.25 lakh for an international visit that is part of the curriculum.

Admissions: In two cycles – February and April 2009 for the September batch. Online applications are on.

Intake: 40 to 50 students, to go up to 150 in the next three years.

Admission criteria: GMAT/CAT score of the test taken after January 1, 2006.

Minimum Qualification: Graduates in any discipline with a minimum of five years' work experience, and aged above 25 years, would be admitted after an interview.

Website: http://www.aiim.ac.in/

India is hub of seafaring education

J Ramachandran, Chancellor, AMET University

Q: What are the plans to make maritime education a viable option for youth in India?

a) We have a concerted, ongoing, marketing programme to reach out to the youth with awareness about the maritime career.

b) We have brought the biggest name in shipping – Maersk line of Denmark to select and sponsor the finest maritime training for the youth of this country.

c) We are bringing major shipping lines of the world, like Shell of the UK, Mitsui and K-Line of Japan to give scholarships to our students selected by them.

Q: How is the maritime education scenario going to change in India with the setting up of the Indian Maritime University? What will be its impact on AMET University?

A: The setting up of the Indian Maritime University as a Central University by the Act of Parliament has been a long pending need for the country to provide the specific government focus on maritime education and enhance its scope, which was hitherto limited to shipboard competency only, as per the mandate of the Director General of Shipping. There is such a vast scope in the fast emerging and evolving fields of shipping that we see it much complimenting our own efforts in this area. Since the demand for Indian seafarers is high, how will it affect the educational standards in the long run?

The seafaring education is an optimum mix of academic and skill-based education, which makes them (seafarers) industry-ready on completion of their course. Our policy makers have a very rich experience in this and I am sure nowhere will this aspect be diluted.

Q: How do you foresee India as a maritime education hub?

A: India is the only country that has the demographic advantage of a young population, and given the advantage of English language as well as proven intellectual capability as compared to the traditional crew supplying nations of the world, there is hardly any doubt that India will long continue to be a major maritime education hub.

'Placements are our USP'

Captain S Bhardwaj
vice-chancellor of AMET University

Q: How is AMET different from other maritime institutions?

A: We are the first and the only maritime university in the private sector dedicated to maritime education. No wonder the Secretary General of IMO deems it fit for himself to come and inaugurate this University early February this year. We have a Board of Advisors who are some of the global leaders and front-runners of the International Shipping Industry. With the University status, we are now empowered to respond quickly to the needs of the industry with suitable programmes.

Q: What are the job prospects and monetary benefits for aspiring seafarers?

A: Excellent job prospects. Indians are the most preferred nationality as officers on international merchant fleet. At AMET, placements are our USP. Today, we are in a position whom to serve. The world's best shipping companies vie to be first on campus. The placements happen in the first year itself and now more so with scholarships and sponsorships.

Q: Are there any sought-after job locations for young cadets?

A: Well, generally the European and Japanese ship operators are most preferred due to their deep commitment to professionalism, safety and excellent HR practices.

Q: In what way will the global economic downturn influence recruitment of seafarers now and in the next two years?

A: The economic downturn is hitting the shipping industry as well. But why it will not have so much impact on recruitment is because, (a) the shortage has been tremendous, (b) the span of seafaring as a career is reducing. The companies have realised this fact and recruitment will be more to keep balance with the attrition.

Q: How do you see AMET as a world-class institution?

A: We have joined the International Association of Maritime Universities and now our access is to the world's best. We have signed our first MoU with Danish Maritime University; and are now getting into the prestigious Indo-Japanese network which has many centres of excellence like IITs, JNU, IISc Bangalore in it.

EVENTS

Indian Maritime University

New varsity for seafarers

Indian Maritime University was formally inaugurated by the Tamil Nadu Chief Minister M Karunanidi on January 1, 2009. The first of its kind, the university will play a vital role in producing quality seafarers who are very much in demand today. India is already known to produce high quality seafarers in the offer cadre. The introduction of this university can boost the number of cadets passing out every year and can meet the ever growing demand for the seafarers.

Speaking on this occasion, T R Baalu, Union minister for shipping, expressed concerns over the shortfall in supply of officer cadres which a study predicted to be 27,000 by 2015. "The situation warrants urgent steps to be taken in preparing the seafarers and making them competent to undertake the jobs.

After Chennai, IMU will also have its campuses at Kolkata, Mumbai and Visakhapatnam. Consequently, the current maritime academies

Tamil Nadu Chief Minister M Karunanidhi and other ministers inaugurating the Indian Maritime University.

including the ones run by the government and the ones aided by the government will be merged in the IMU. The central government also has plans to establish a National Maritime Complex at Chennai to showcase the various aspects of Indian maritime industries.

NISAA CUP 2008

Cricket match for a change

The grand Finale of the Nisaa cup finals was held at Vinay Marg grounds in New Delhi recently between the defending champions Hi Tos and earlier champions MSPL. Despite the chill weather, spectators turned up in large numbers to watch the mega finals. The match began with Hi Tos batting first and putting up a good total on the board. Chasing this total, MSPL started cautiously, but soon after the drinks break, the entire batting collapsed within a span of four overs, and Hi Tos were on a High again, retaining the cup for the second consecutive year.

Capt Ram Ramachandran, president of NISAA thanked the organisers and sponsors of the show and the hard work that they had put in to ensure that the cricketing season went off without any hitch.

Capt Ram Ramachandran, president of NISAA giving away the awards after the NISAA CUP 2008 cricket match.

Boat India 2008

Boat, yacht industry meet

Marine BizTV, the global maritime channel, supported by leading marine organisations, organised Boat India Expo 2008 at Kochi recently. Regional, national and international boat and yacht establishments took part in the event. Charter services, yacht brokers, the latest marine equipment & technology and all other services and products associated with the boat industry were also displayed as part of product demonstrations.

The first International Boating Awards – IBA '08 were given away. Gulu Lalvani, the well-known Royal Phuket Marina developer was presented with the 'Best Boating and Yachting Personality of the Year'. Elegance Yachts of Germany was adjudged the best yacht manufacturer. Dubbed as the most in-depth and comprehensive platform on the boat industry, the expo was also the first to launch the concept of new generation digital booths offering simplified business solutions to network, strike deals, forge trade relations and discover new realms of success.

Gulu Lalvani, Royal Phuket Marina developer being presented with the 'Best Boating and Yachting Personality of the Year'.

Seatrade Middle East Maritime

Countries discuss 'hot' topics

Piracy and the imprisonment of the 'Hebei Spirit Two' dominated conference sessions at the fourth edition of the Seatrade Middle East Maritime event in Dubai recently. More than 310 exhibiting companies, including eight national pavilions, took over 4,380 square metres of space at the accompanying exhibition, opened by Dubai World chairman Sultan Ahmed bin Sulayem. Inaugurating the show, he said, "There is still heavy demand for cargo operations – both importing and exporting – between the region and the rest of the world."

Christopher Hayman, managing director of Seatrade addressing the Seatrade Middle East Maritime event.

Seatrade Middle East Maritime, held every two years, under the patronage of Sheikh Mohammad bin Rashid Al Maktoum, Vice-President and Prime Minister of the UAE and ruler of Dubai, is ranked among the industry's top 10.

With vessel hijacking on the increase off the Horn of Africa and the Gulf of Aden, the event incorporated a special session, which had speakers from the security industry, legal advisors, tanker operators and seafarer organisations. Other issues dealt on fuel, emissions and green technology; the challenge of manning; regional port and trade development; along with shipbuilding and repair. The participants lamented the creeping trend towards criminalisation of seafarers and stressed that the priority was to get the men free.

EXECUTIVE DIARY

FEBRUARY 2009

12-13

5th Philippine Ports and Shipping 2009

At The Peninsula Manila Hotel, Manila

Hosted by the Philippine Ports Authority, the 2-day Container Ports and Terminal Operations exhibition and conference, held every two years, is deemed one of the largest trade events of its kind in the ASEAN region. It will feature 25 world-class conference speakers analysing latest global and regional transport and logistics issues facing shipping lines and cargo owners.
http://www.transportevents.com/

24-26

Asian Shipping and Work Boat 2009

At Hall 401 of Suntec Singapore

To be held for the sixth time in Singapore, the event offers local and international exhibitors a first-class medium to promote their products or services to a high quality international audience. A large number of vessel owners, operators, builders, designers and maritime equipment/service suppliers for all types of ships and workboats are likely to take part in the three-day event.
http://baird-online.com

MARCH 2009

26-27

7th Intermodal Africa 2009

At Le Méridien President Hotel, Dakar, Senegal

The largest annual Container Ports, Shipping and Logistics Exhibition and Conference event in the African continent, being hosted by the Port of Dakar Authority, in bilingual English and French, will feature 35 world-class conference speakers addressing latest global and regional issues and challenges on transportation and logistics. A gathering of 700 senior executive decision makers from the Americas, Europe, Africa and the Asia Pacific region are likely to attend.
www.transportevents.com

APRIL 2009

10-12

India International Maritime & Logistics Expo

At World Trade Centre, Mumbai

SBeing organized by the India Trade Promotion Organisation and the World Trade Centre, the event will help the industry understand the true potential of the promising and emerging maritime sector through indepth discussion on various current issues. http://www.maritimeexpoindia.com

MAY 2009

06-07

Shiptek Expo 2009

At Singapore

The international conference on technology revolution in marine and offshore industry will comprise of a 2-day conference on the hottest current issues, a maritime expo, the third International Maritime Video Awards and the launch of Marine BizTV in South East Asia. http://www.Shiptek2009@marinebiztv.com

EVENTS

It's time for trade shows, exhibitions and conferences in the maritime sector. Here are a few events lined up for the coming months.

DEC 14-16

Boat India 2008

At Hotel Taj Residency, Marine Drive, Cochin

Will be represented by delegates, management representatives within the boating industry all round the globe and will serve as networking session to the boating and yachting industry.

www.boatindia08.com

JAN 19-20

Ports in India: New Scenario: Issues & Opportunities

At The Leela, Mumbai

Will discuss Key Sector Trends and Impact of Slowdown, Operator Issues and Government Perspective, New MCA and PPP, Port Financing Revisited, Customer Service and Best Practices, Changing Role of Ports, New Port Development, Hubbing Opportunities and Issues, Update on Connectivity and Modernisation.

www.indiainfrastructure.com

JAN 21-24

World Maritime Technology Conference (WMTC 2009)

At NCPA Marg, Nariman Point, Mumbai

Will bring together professionals from marine industry to exchange ideas on the latest developments and seek a way forward for working together.

www.wmtc2009.com

JAN 29-31

CTL-IMEX 2009 Bombay Exhibition Centre, Mumbai

The event will display new services and latest technology in the buyout maritime and port industry across the world. Focus will be laid on project cargo, free zone/SEZ, ports, shipping & logistics.

www.tradeindia.com

FEB 18-20

TranSec India Expo

Mumbai, Maharashatra

The meet brings leading technologists and thinkers together to discuss the security of high throughput mass transit systems and other pressing issues within the transport arena.

www.transec.com

THIRD EYE

Grand Debut in India

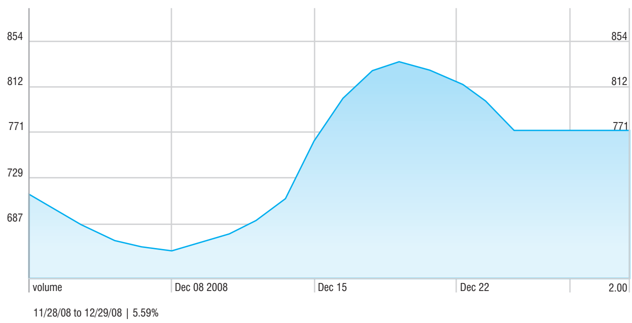
Volvo Ocean Race, the largest and most watched professional sailing competition in the world, received overwhelming reception as it reached the Indian shores for the first time ever at Kochi. Commemorating the Volvo Ocean Race 2008-09, Volvo Car India introduced the Volvo XC90 Ocean Race Edition in Ocean Blue colour. The Ocean Race edition had it all: compelling performance, distinctive styling and of course the legendary Volvo safety. It was an ultimate mix of world class sporting competition and on-the-edge adventure.

Commenting on the launch, Paul de Voijs, managing director, Volvo Car India said, "The Volvo Ocean Race reflects the values that we deliver through our luxury cars. It's all about an active lifestyle, adventure and passion – in short it is living life at the extreme. It has been our endeavour to take the Volvo Ocean Race to different geographies and with the inclusion of Kochi as one of the stopovers, we further reiterate our commitment to India."

Volvo Ocean Race in its 35 years history has for the first time stopped over in India at Kochi. Started from Alicante in Spain, on October 4, 2008, the race will last for nine months and finish in St. Petersburg, Russia, in June 2009. The race is expected to span over 39,000 nautical miles, halting at 11 ports across the globe over this period.

(Pictures courtesy: Volvo Ocean Race)

Baltic Dry Index - December 2008



Source: www.wikinvest.com

Charter Rates

The world market of ship chartering has experienced a situation of standstill in December as the shipping lines were not willing to take new tonnage nor renew their expiring charters. With trade pundits making depressing forecasts for the year ahead, many of the carriers resorted to fixing ships on spot basis which is in contrast to the long term charters.

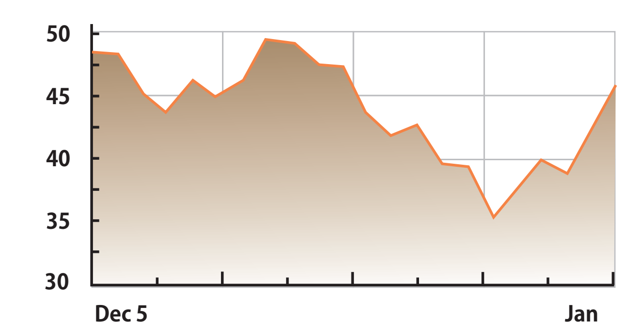
With the freefall in the charter rates for container lines, many of the owners and carriers are laying up their container vessels and it is expected that this trend is only going to increase in the near future. While some ships were put in the breakbulk and project cargo segments, many other shipowners chose to lay them up. By first week of December, around 135 vessels with a combined capacity of 300,000 TEUs were laid up of which 90 were considered to charter ships. This figure is estimated to have risen to 150 vessels by the end of the month.

Average charter rates that prevailed in December 2008 in the container liner market:

1,100-TEU vessel	-	US$ 5,200
1,700-TEU vessel	-	US$ 6,500
2,750-TEU vessel	-	US$ 10,500
3,500-TEU vessel	-	US$ 15,000

Source: Traffic World Online

Crude oil price moment



Source: www.oil-price.net

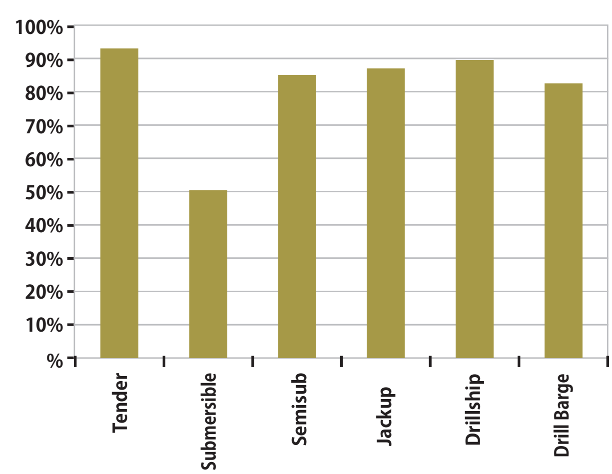
Stock price movement of Indian shipping and logistics firms

COMPARISON OF SHARE PRICES

Company	Closing Price in Rs. 30-Dec-08	Closing Price in Rs. 24-Nov-08	Percentage Change
Shipping Corporation of India	79.20	75.10	5.45
Essar Shipping Ports & Logistics	37.20	27.15	37.02
Varun Shipping	45.50	42.60	6.80
Great Eastern Shipping	210.45	160.30	31.28
SKS Logistics	14.37	12.55	14.50
Sical Logistics	25.45	25.95	-1.92
Allcargo Global Logistics	654.25	473.70	38.11
Container Corporation of India	618.40	562.85	9.87
Transport Corporation of India	37.45	39.50	-5.19
Gati	39.05	39.20	-0.38
ABG Shipyard	124.60	98.90	25.98
Mundra Port & SEZ	318.90	279.95	13.91

Compiled from www.bseindia.com

Rig utilisation by type of rig - Dec 2008



Rig Type	Current	Month Ago
Drill Barge	81.8% (9/11)	81.8% (9/11)
Drillship	89.5% (34/38)	92.1% (35/38)
Jackup	86.5% (334/386)	89.3% (341/382)
Semisub	85.1% (137/161)	85.1% (137/161)
Submersible	50.0% (3/6)	50.0% (3/6)
Tender	92.3% (24/26)	96.2% (25/26)

Source: www.rigzone.com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