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Go India Go

As India fights inflation and a slower growth rate, it is time to think hard and make things happen – to meet the targets set for economic growth. It is good to know that the National Highways Authority of India has initiated market borrowing as part of its plan to finance various NHDP projects and other government schemes.

While this is so, at the global level, the prime minister led a delegation to Russia recently to know from the Eurasian nation what it feels needs to be done to promote trade and investment as part of bilateral trade. "Our government is committed to creating a policy environment that is conducive for Russian companies to do business in India, and to invest in India," Dr Manmohan Singh told the industrialists in the world's 11th largest economy.

Such a dialogue for possible long-term trade agreements, the media reported, shows the sincerity of both the countries in promoting closer economic ties. Several meetings between India and other nations took place towards the end of this year for deliberating trade associations. All this portends well for a country beset with inherent issues given its size and diversity. Yet, a steady approach is the only way to grow in potential and position among the global league of economies.

The maritime sector too is eager to make things work as mammoth projects and transparent procedures are sure to create trade-



Going places: Prime Minister Dr Manmohan Singh and President of the Russian Federation Dmitry A Medvedev, during the Indian and Russian CEOs meeting, in Moscow, Russia recently. Union Minister for Road Transport and Highways Dr C P Joshi at a press conference regarding the proposed public issue of tax-free bonds of NHAI for ₹10,000 crore to be launched soon in New Delhi.

enriching capacities and thereby long-term growth. There is indeed a dire need to bring together all the stakeholders, including the government, to discuss ways of fast-tracking the growth plans envisaged for this decade.

A mighty endeavour in this direction, needless to say, is the unprecedented India Maritime Week that strives to spread the spirit of partnership, association and above all the commitment to make things happen, for the country. It is time for the industry to realise the significance of collective thinking and working to accomplish tasks big and bright. The government support to the shared cause will indeed go a long way in resolving issues and propelling projects.

Let's come together and be part of this maritime confluence happening in New Delhi.

Best Regards

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Nazery Khalid evaluates the importance of Straits of Malacca in facilitating container traffic and highlights the need to safeguard it from various risks arising from its intense use.



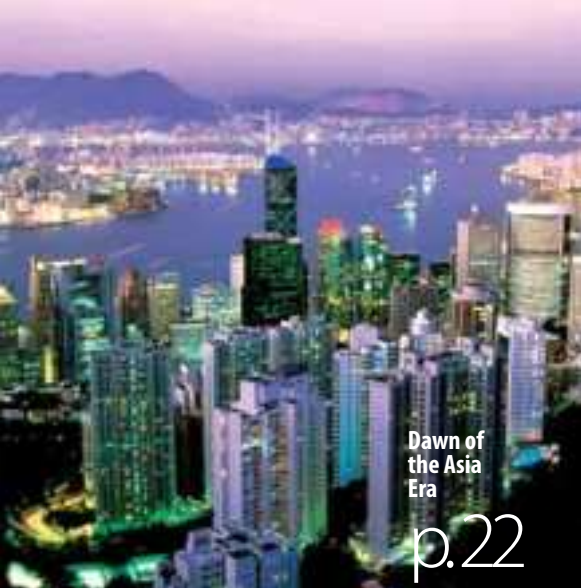
34 Time for Trade Fairs

Regular trade shows and exhibitions by Indian exporters are a sure way of creating awareness in the South African market that also serves as a gateway to Sub-Saharan Africa, notes Hariesh Manaadiar.

28 OCEAN TRADE Testing Times Yet Plans Persist

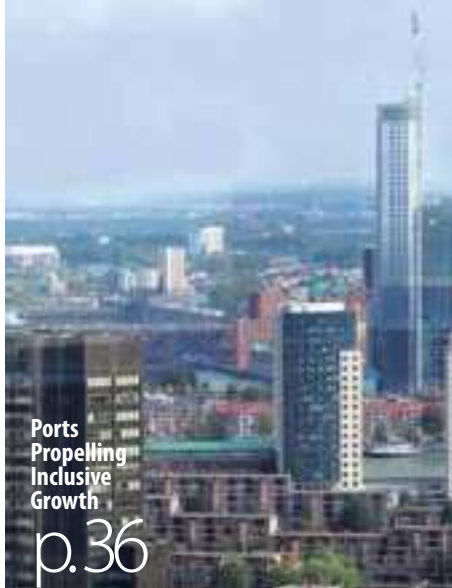
Singapore is not one to give up on growth plans despite a grim situation prevailing the world over, says Ramadas Rao.





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Ports Propelling Inclusive Growth

Niraja Shukla dwells into port-led development and its aim to serve the port's core requirements and leverage the region's maximum potential for infrastructure creation, wider hinterland and overall economic upliftment.

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Powering the NE Future

While the scope for developing hydropower projects in the NE India is huge, operational issues like transporting the ODC equipment through the Ganga and Brahmaputra rivers do remain, says Susenjit Guha.

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No Fine on Fines

Don't kill the goose that lays golden eggs, say Indian iron ore exporters as they explain the prevailing situation.



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Major
ports

Ministry asks states to identify land

The Ministry of Shipping has written to all the state governments of coastal states to identify and provide land for setting up a new major port, a new shipbuilding yard or a composite port cum shipbuilding yard project. The number of ports to be set up, timelines and the estimated investment will depend on the response received from the coastal states. The government has asked the maritime states of Odisha, Andhra Pradesh, Tamil Nadu, Karnataka and Kerala to offer land for the proposed ports. Proposals have been received from Andhra Pradesh and Karnataka, and are under examination. Response from other coastal states is awaited, said Union Minister of Shipping G K Vasan, in a written reply to a question in Lok Sabha.

Meanwhile, it is learnt that a committee studying the technical and commercial feasibility of the new port has visited Nakkapalli in Andhra Pradesh to identify a suitable location for a new major port on the state coast.

The committee comprising Paradip Port Trust chairman G J Rao, state ports director Muralidhar Reddy, Cochin Shipyard CMD K Subrahmanyam, senior scientist R D Tripathi, advisor to the Union shipping ministry Paiyam Ozhi and senior hydrographic surveyor D S R Surya Prakash and Girija Shankar are reported to have visited Nakkapalli in Visakhapatnam, Duggarajapatnam in Nellore and Ramayyapatnam in Prakasam districts for the probable site for the major port in the state.

New
milestone

MICT handles big APL ship

The state-of-the-art Mundra International Container Terminal (MICT) operated by DP World recently witnessed the berthing of the largest ever container vessel to call any port in India. The vessel *APL Italy*, 334 metre-long vessel with a carrying capacity of 8,402 teu, is also the largest APL vessel to call in India.

Anil Singh, Sr VP & Managing Director of DP World Subcontinent said, "Pushing boundaries and



APL Italy calls Mundra International Container Terminal



"This is an important milestone for us in MICT, and endorses our capability to handle the largest mainline container vessels with the highest productivity standards."

Ramji Krishnan, Chief Executive Officer, MICT.

challenging the status quo is what sets us apart from our competitors. APL's decision to bring the *APL Italy* to MICT reflects the growing faith of global shipping lines in the potential of the infrastructure we have built at Mundra Port."

MICT in Gujarat is the closest gateway to the largest cargo generating regions of north and north-west India. Open all year round with no tidal restrictions, the terminal can handle some of the deepest container vessels afloat today, a press release said.

Award for Adani Power



Rajesh Adani, Managing Director, Adani Power, receiving the National Energy Conservation Award from Union Minister for Power Sushil Kumar Shinde at Vigyan Bhawan in New Delhi recently. Adani Power is India's largest private thermal power producer and its state-of-the-art Mundra power plant was conferred with the first prize under the Thermal Power Station category by the Bureau of Energy Efficiency, Ministry of Power.

New
routes

Barak proposed to be declared as NW-6

River Barak in Assam is proposed to be declared as National Waterway-6 and will be developed with infrastructure facilities for commercial operations, Minister of State for Shipping Mukul Roy said in a written reply to the Parliament recently.

The first three National Waterways as well as Indo-

Bangladesh Protocol route for transit and trade are being used presently for commercial operations.

Waterways in Mumbai and Goa are also being used for commercial operation.

National Waterway-4 (canal connecting Kakinada and Puducherry along with rivers Godavari & Krishna in the states of Andhra Pradesh, Tamil Nadu and Union Territory of Puducherry), NW-5 (East Coast Canal along with rivers Brahmani and Mahanadi in the states of West Bengal and Odisha) are proposed to be developed for commercial operations in the near future.

ABG-LDA: Rising on the East Coast



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Sharing
expertise

Anupam-Mitsubishi JV to make port equipment

The ₹300-crore Indian crane manufacturing major Anupam Industries Ltd, and Japanese conglomerate Mitsubishi Heavy Industries Ltd (MHI) have joined hands to form a new joint venture company, Anupam-MHI Industries Ltd. The JV will manufacture port cranes and material handling equipment for domestic and global markets. It is aimed at aggressively exploring India's fast-growing market with the global markets in sight.



Anupam-MHI Industries CEO Mehul Patel exchanges greeting with Chairman Kanji Obata at the press conference in Mumbai announcing the formation of a joint venture company.

a capital expenditure of ₹280 crore. To facilitate fabrication and manufacture of these gigantic products, an inland manufacturing facility spread over 300,000 square metres of land area at Tarapur near Anand, Gujarat is in progress. Port cranes (ship-to-shore, rail mounted

gantry, rubber tyred gantry) require a seafront facility for final assembly and roll off of products into barges. Towards this purpose, Anupam-MHI has arranged for 120,000 square metres of land at Mundra Port and Special Economic Zone (MPSEZ) along with a load out jetty for roll on / roll off for the completely erected and commissioned equipment on to the barge / vessel for onward dispatch to customers. When the facilities are in place at Anand and Mundra, Anupam-MHI will have total manpower strength of around 2,000 people. This facility would be the first and only of its kind in India and one of the very few in the world. The first phase will have sufficient capacity to generate sales of ₹800 crore. Prospects for the next stage of expansion happening seamlessly and soon are very bright in view of the encouraging market potential.

The JV will invest ₹280 crore to build two units at Tarapur and Mundra in Gujarat, and manufacture port cranes and material handling equipment. Already two orders – one from JNPT and one from Krishnapatnam Port – are bagged.

Elaborating on the plans for this new JV, Mehul Patel, Managing Director of Anupam Industries Ltd and CEO of new JV Company, said, "The two JV partners will invest equity capital of ₹188 crore in ANUPAM-MHI Industries, with Anupam holding 51 per cent and MHI owning 49 per cent. The head office will be located at Anand in the state of Gujarat and two manufacturing units will be set up at Anand and Mundra in the state."

Kanji Obata, Chairman of new JV said, "Port crane and equipment market is expected to grow significantly in India, Middle East, Asian Countries and Latin America. Going forward, leveraging MHI brand, reputation and global customer base with JV's cost competitive production base and aggressive marketing, the JV expects a reasonable market share and position, globally." The first phase of capital expenditure for the JV has been finalised with

Container
trade

Vietnam gets Cai Mep terminal

Cai Mep International Terminal (CMIT), the first modern deep-water container harbour of this kind in Vietnam, was inaugurated recently in the country's southern Ba Ria-Vung Tau province in the presence of visiting Danish Crown Prince Frederik, reported *Vietnam News Agency*. Construction commenced in 2008 on a 48-hectare submerge area close to Cai Mep River, with a wharf of 600 metres long. With an investment of \$250 million from Vietnam Maritime Corporation, Saigon Harbour and APM Terminals of Denmark, CMIT is the country's first modern terminal to welcome big ships anchored at a depth

of 14 metres under the water surface. Still under construction, CMIT welcomed in March 2011 a ship from Columbia, *CMA CGM Columba*, with a weight of 131,263 dwt and a load capacity of 11,388 teu, the biggest ship ever anchored in Vietnam. So far, 104 ships landed at CMIT, from and to Europe, North America and Asia.

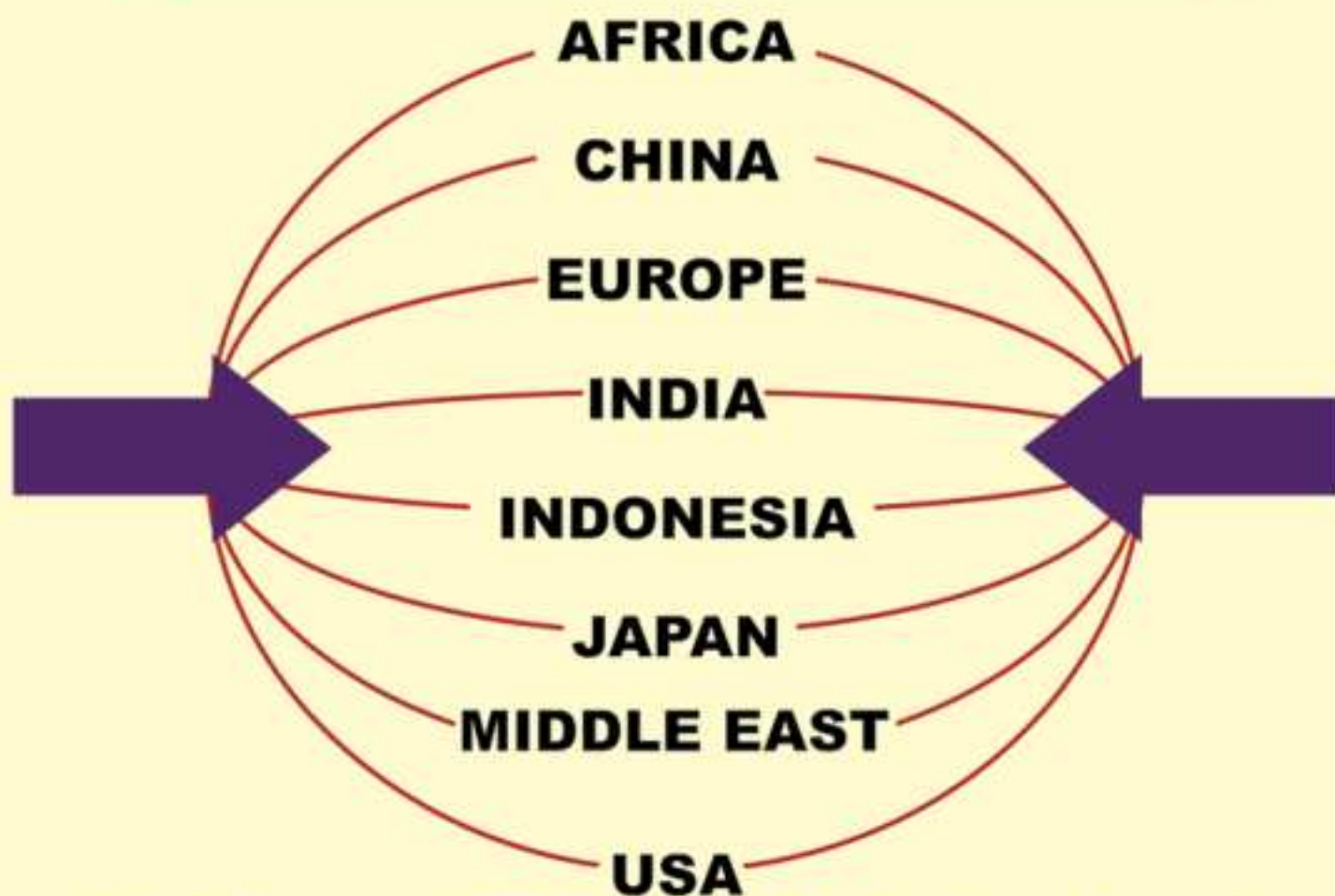
CMIT will contribute to socio-economic development in southern Vietnam in general, and Ba Ria-Vung Tau province in particular, by promoting goods transport between Vietnam and other countries, deputy minister of transport Ngo Thinh Duc said at the inauguration ceremony.



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The big
deal

MSC, CMA CGM sign partnership agreement

The world's second- and third-largest container shipping companies have announced the signing of a major agreement. The two family-owned companies, the Swiss-Italian MSC and France's CMA CGM, recently agreed to form a broad-based operating partnership spanning several trades, including Asia-Northern Europe, Asia-Southern Africa and all of the South American markets.

The agreement, which is designed to improve the two partners'

respective performance, will help to drive extensive operating synergies and enhance quality of service for all of their customers.

On a certain number of trades, the partnership will also enable the Groups to deploy the best ships in each of their fleets, while increasing the number of ports of call and frequency of sailings.

Rodolphe Saadé, Executive Officer of CMA CGM Group, said: "For more than 30 years, our two companies have followed the same trajectory and for a number of years we've cooperated on a few lines. Based on this experience and our shared vision of the shipping industry, we have decided to step up our partnerships, which reflect a commitment to long-term cooperation and will enable us to offer customers improved solutions and services."

New lighthouses

The Ministry of Shipping has identified the following location for new lighthouses in the country:



Gujarat	-	Bet Dwarka
Kerala	-	Valayazhikka
Tamil Nadu	-	Markannam, Vembar
Odisha	-	Devi Point, Maipura

40th
AGM

ASIC office bearers re-elected

The Association of Shipping Interest in Calcutta (ASIC) re-elected its office bearers during its 40th annual general meeting at Bengal Chamber of Commerce in Kolkata recently. Ashok Janakiram, the present president was re-elected unopposed for the 4th time and he will head the association activity along with two Vice-Presidents Arup B Guha (Marine Container Service) and Capt B K Khambatta (JM Baxi). The other six executive committee members are M Ghatak of SCI, G Kriplani of ULA, Felix Thakur of APL, Prema Krishnan of BTL, Neeraj Dil of CMA CGM and Subrata Chowdhury of MOL India.



GE Shipping sells Jag Pratap

The Great Eastern Shipping Company Ltd delivered its 1995-built medium range (MR) product carrier *Jag Pratap* (about 45,600 dwt) to the buyers. With the delivery of this vessel, the company's current fleet stands at 34 vessels, comprising 24 tankers (9 crude carriers, 14 product carriers, 1 LPG carrier) and 10 dry bulk carriers (1 Capesize, 3 Kamsarmax, 1 Panamax, 4 Supramax, 1 Handymax) with an average age of eight years aggregating 2.62 million dwt.

CSR
activities

SCI ties up with medical centres

The Shipping Corporation of India Ltd has announced its collaboration with the Tata Medical Centre, Kolkata for enhancing the facilities of cancer patients admitted in the General ward of the hospital by way of 12 Innova fully motorised beds. SCI will provide ₹13.12 lakh for the procurement of beds at TMC. The initiative is part of SCI's corporate social responsibility wherein it has formulated a policy to earmark 1 per cent of its net profit after taxes.

Trade
slump

MISC to exit liner business

Malaysian shipping company MISC Bhd said it will leave the liner business owing to changes in "operating dynamics".

The container shipping business has resulted in a loss of \$789 million for MISC over the past three years, the shipper said in a stock exchange filing. MISC said it would incur a one-time cost of \$400 million as a result of exiting the liner business, and this sum will be booked in its present financial year, a Reuters report says.

MISC owns 16 containerships with the biggest having the capacity to carry more than 5,000 teu and the smallest at about 1,000 teu.

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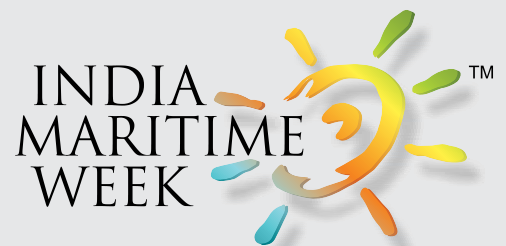
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Turbocharger
technology

ABB eyes China market

ABB plans to start production of its modern high-pressure single-stage turbocharger for low speed 2-stroke engines, the A100-L, in China soon.

The first A100-L turbocharger to leave the Jiangjin factory will set more than one milestone, the company says in a media release. "It is an example of the A165-L, the smallest A100-L model, and will be fitted to one of the first examples of a new, small bore 2-stroke engine to be produced at the brand new factory of a brand new player in



"The diversification we will see in the demand for turbochargers will set the pattern for the

future and is mirrored in the unique combination of ownership and design bases we need to supply in China."

the 2-stroke engine market," says Oliver Riemenschneider, head of the global ABB Turbocharging business unit. The engines will be used in a series of 20,000-dwt bulk carriers being built at a shipyard in Fujian province. The basis of the A100-Ls all round performance is advanced designs of turbines and compressors. "In daily commercial operation, fuel savings as high as 2 g /kWh are being achieved aboard a wide range of vessel types. For a 50-MW rated low-speed engine burning heavy fuel oil (HFO), and assuming a fuel price of \$500 per tonne, this amounts to savings of \$300,000 over a typical 6,000 hour operating year," the company adds.



A100 turbochargers cover a full spectrum of high, medium and low speed engines. The A100-L (L=low speed) addresses 2-stroke engines with bores from 35 cm (A165-L) to multiple turbocharger systems on the largest bore 2-strokes in existence (A190-L).



A Wärtsilä 6RT-flex 35, the first engine from Yuchai Marine Power Co, under construction at the company's new plant in Doumen and equipped with an A165-L turbocharger.

First
subsidiary

ClassNK set up consulting firm

ClassNK established a new wholly-owned subsidiary, ClassNK Consulting Service Co Ltd in Tokyo, the first ever subsidiary that heralds a new chapter in the long history of the Society.

The development was made possible by the Society's change in legal status to a general incorporated foundation under Japanese law on April 1, 2011, and promises much in terms of cultivating new areas of growth. The subsidiary will allow ClassNK broaden its activities in the field of maritime consulting, according to a press release.



ClassNK Chairman and President N Ueda, said: "We firmly believe in developing new ways to advance the global maritime industry. This new subsidiary allows us to do just that by opening up new possibilities for ClassNK, possibilities to provide customers with a new range of services at the same high quality they associate with ClassNK."

ClassNK Consulting will be involved in the inventory of hazardous materials (IHM) preparation based on the Hong Kong Convention, will offer consulting services for ballast water management systems and the Maritime Labor Convention (MLC2006).



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RT-flex48T
portfolio

Wärtsilä introduces latest engine

Wärtsilä, the marine industry's leading solutions provider, started its new 6-cylinder Wärtsilä RT-flex48T engine at the facilities of Wärtsilä licensee QMD in China. This new engine is the result of further development of the existing RTA48T engine. With the introduction of this new engine, Wärtsilä completes its work in adapting its range of low-speed RT-flex engines for all bore sizes. The engine type is also available in other cylinder configurations.

The RT-flex48T is designed to power small bulk and tanker vessels, including the Handysize and Handymax range.

With the implementation of the RT-flex common-rail technology, the conventional and well-known RTA48T engine has been upgraded to feature electronically controlled fuel injection,

The new engine is designed to power small bulk and tanker vessels. The flex common-rail technology lowers emissions and fuel consumption.



and exhaust valve activation for greatly reduced emissions and fuel consumption. One great advantage is its smokeless operation at all engine load levels.

"We are extremely pleased to add the Wärtsilä RT-flex48T engine to our portfolio of common-rail low-speed engines. We now have this industry-leading technology available for all bore sizes in our current low-speed engine portfolio," says Martin Wernli, President, Wärtsilä Switzerland and Vice President, Product Centre 2-stroke.

The key features of the Wärtsilä RT-flex common-rail system are the precise control of fuel injection, and the high injection pressure at all speeds which together give steady running. The electronically controlled exhaust valve opening/closing allows the best engine tuning for each individual engine rating.

D-version of Wärtsilä RT-flex48T marine diesel engine

Cylinder bore	480 mm
Piston stroke	2000 mm
Stroke/bore ratio	4.16
Power, R1 MCR	1455 kW/cylinder
Speed range, R1-R3	102-127 rev/min
Mean effective pressure at R1	19.0 bar
Mean piston speed at R1	8.5 m/s
Maximum cylinder pressure	160 bar
Number of cylinders	5 - 8
Power range	5100-11,640 kW
BSFC at full-load, R1-R2	164-170 g/kWh

Coal
handling

Cargotec wins contract

Cargotec has recently won an order for two Siwertell ship unloaders to handle coal at Jorf Lasfar, on Morocco's Atlantic coast. The contract comes from the Jorf Lasfar Energy Company (JLEC) and includes repositioning two existing unloaders as well as installing the two new Siwertell units when they are delivered in 2013.

The unloaders will suit a new jetty belt conveyor system with an increased travelling length at the Jorf Lasfar coal-fired power plant, which is undergoing major expansion. Each Siwertell type ST 940-DOB unit will have a coal-unloading capacity of 2,400 t/h.



"Cargotec's Siwertell system is technically superior to the other systems offered and is more efficient and environmental-friendly," says Bertil Andersson, sales manager, Bulk Terminals. The Siwertell Sulphur Safety System is also being offered to Indian Farmers Fertiliser Cooperative Ltd (IFFCO), Paradeep unit, which has ordered an enclosed screw-type unloader to discharge rock phosphate and sulphur. The

new unit will be rated at a capacity of 1,800 t/h and is planned for delivery in 12 months.

The values of the Indian and the Moroccan contracts total nearly € 40 million

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Inland manufacturing facility of 300,000 square meters area at Tarapur, Gujarat

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Making Things Happen

The Indian maritime sector needs to sustain steady headway towards capacity creation for meeting the needs of a growing economy.



by Radhika Rani G

Capacity of Indian ports will reach 3,130 million tonnes by 2020, says Union Minister of Shipping G K Vasan. The minister hints at the activity being steered around creating, building and sustaining infrastructural needs of the country through the vision document for the decade. The Maritime Agenda attempts a policy framework to facilitate enhanced private investment, service quality and competitiveness, apart from expansion of capacities in the country. The action plan, if driven towards the goal, will catapult India to the premier league of maritime nations in the world. From the present traffic of 870 million tonnes, a four-fold increase to 2,495 million tonnes by the end of this decade only means mission accomplished.

As part of the government plan, 23 projects have already been identified for the fiscal year 2011-12 under the Public Private Partnership (PPP) mode calling for an investment of ₹16743.92 crore. These projects are likely to increase the capacity of major ports by 236.63 mpta (million tonne per annum). For the current year however, “top priority is being given to modernising ports through expansion / upgradation projects for berths, construction of new berths/ terminals, installation of new and modern equipment, upgradation / replacement through higher capacity of cargo handling equipments, mechanisation of cargo handling operations, deepening of channels/ berths,” the minister explains. And under the National Maritime Development Programme (NMDP), 276 projects have been identified for mechanisation and 69 have been completed. Along with this, schemes for quicker evacuation of cargo through road and rail connectivity are also been implemented. In the wake of growing domestic demand from end-user industries, the outlook for cargo growth remains favourable, notes ICRA. “The main cargoes, the

volumes of which are expected to drive growth include coal, crude oil and containers. Accordingly, port ventures with an exposure to these cargo categories stand to gain,” it says in its latest rating feature.

But speed is an issue. “Yes, it is,” agrees K Mohandas, Secretary, Ministry of Shipping. “But when you work in a government system, and that too in a transparent setup, we have to go through the well-defined process. There are some delays but these are inevitable as part of the transparent process that we are following. Improvement of course will be possible,” the secretary says.

As for industry outlook towards capacity creation initiatives, it has been swaying between certainty and scepticism depending on the nature and time taken for implementing the projects. The industry seeks continual support from the government and a two-way interface to make things happen.

The prime concern is port infrastructure on the west ports, says Capt Deepak Tewari, President of Container Shipping Lines Association. “The major port that handles practically more than half of India’s import and export trade

like Nava Sheva does not have the necessary infrastructure. Its draft is low at 12.5 metres and does not have the capacity to handle larger ships."

If one port is constrained by draft, then obviously the vessels are not full and are not optimised. So service optimisation is not there, leaving the shipping lines in despair," he adds.

There is also the requirement for more terminal capacity, says Capt Dinesh Gautama, Advisor of CSLA. "As about 45 per cent of the containerised throughput of India goes via Nhava Sheva, it is important to all shipping lines," he says.

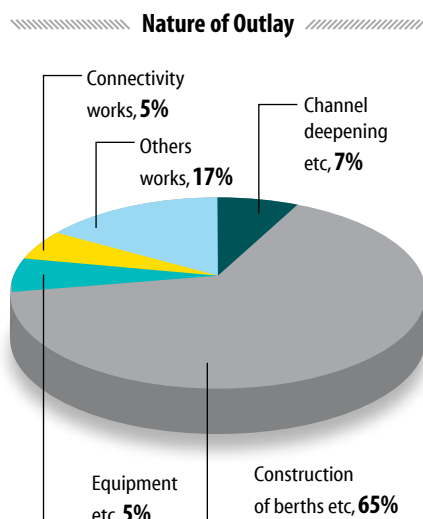
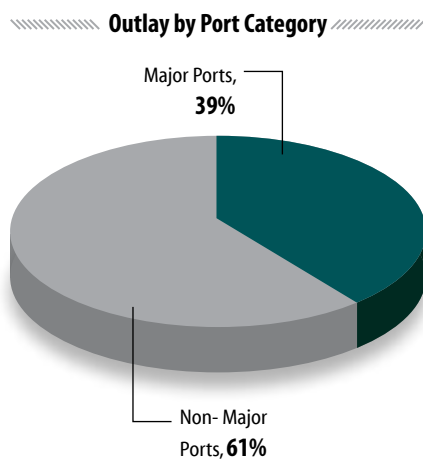
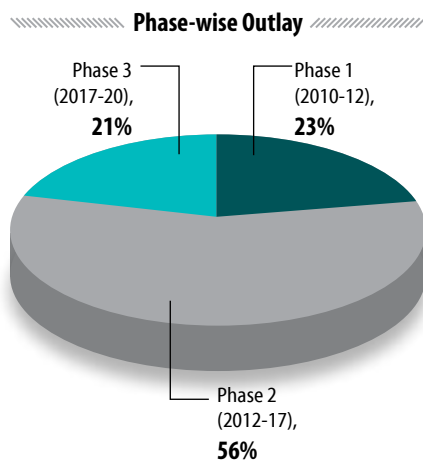
Chairman of Jawaharlal Nehru Port, L Radhakrishnan, agrees. "Creation of capacity should be in proportion with demand," he concurs. Capacity of major ports, he says, is hindered as the ports have limited authority. Delegation of powers is required at major ports," he opines.

"The powers vested with port trusts like us are too less and one needs to go through the approval process every time. Even, delegation for buying port equipment is very low." This is one of the main reasons for the delay in carrying a project forward, Radhakrishnan notes.

Also, there is the need to consistently relook PPP agreements. "The time period is usually 30 years and the technology and the business environment change with time. So it would be reasonable to have at least two such reviews in this period."

Calling on the need for collective approach to make the optimal use of capacities created, Ennarasu Karunesan, CEO, DP World, Chennai says, "All that the world class terminals require is the support of the local system. Then only the terminals can deliver result. Chennai has an age-old system in place. Projects are launched here in Chennai, but there they are not time-bound."

Details of Proposed Investment Outlay under Maritime Agenda 2010-20



TOTAL OUTLAY: ₹2,774 billion

Source: Maritime Agenda 2010-20

Elaborating further, Suresh Amirapu, Managing Director, Portman India Pvt Ltd, says better connectivity, capital dredging, tax concessions and quicker implementation of projects are required to make maritime sector the most viable sector in the country. As compared to all the major Ports of India, Chennai has issues like low land availability and a congested urban city in the vicinity.

All the major ports are no doubt in expansion and modernisation mode. However, the problem is on inland logistics front, says Ajeya Kallam, Chairman of Visakhapatnam Port Trust. Kallam, who is also the chairman of Indian Ports Association, feels that "we are not planning connectivity between the port and hinterland." He says, "A situation might arise where port capacities are ready but connectivity is still not addressed. Pollution is going to be another serious issue and has to be factored while planning and executing port expansion projects."

In this regard, the growing cargo demand in general can be met if connectivity (road, rail and approach channel dredging) can be improved to all the existing ports in a steady manner, smooth passage of traffic flow is ensured inside the port, gate complexes with multiple lanes are built to increase efficiency and shallow water berths are deepened and strengthened from time to time.

As for private ports, connectivity has been a major issue. MLN Acharyulu, Executive Director of Marg group that operates Karaikal Port stresses the need for better roads and rail network. He too lays the onus on collective participation for developing connectivity infrastructure. And that by itself is a challenge.

"From our experience we have seen that excellent berths can be created, good cranes can be purchased, complete dredging and receive a vessel at the port. But one can realise the problems only when the traffic at the port increases.

Projected Cargo and Capacity Scenario

In Million Tonnes	2011-12	2016-17	2019-20
Major Ports			
Cargo	630	1032	1215
Capacity	741	1328	1460
% Utilisation	85%	78%	83%
Non-Major Ports			
Cargo	403	988	1280
Capacity	499	1264	1670
% Utilisation	81%	78%	77%
Cumulative			
Cargo	1032	2019	2495
Capacity	1240	2592	3130
% Utilisation	83%	78%	80%

Source: Maritime Agenda 2010-20

We are fortunate and unfortunate to have more traffic. Fortunate, because the traffic is growing. In the first year of our operations, we did 4.8 million tonnes. Unfortunate, because other systems such as road, rail to handle this cargo are lacking. There is no owner for constructing roads, as National Highways, State governments and other agencies are involved. This requires much more effort more than constructing a port. Unless we work in tandem these things do not move," he adds.

According to Amit Bhatnagar President, Ahmedabad Steamer Agents Association, two important points that can improve capacity at ports are cost-effectiveness and efficiency. "Healthy completion promotes cost-effectiveness. This would not only help existing exporters to bag more orders, but also encourage entrepreneurs to start new ventures," he explains. As for efficiency, it is the key to enhance capacities at ports, he says.

"There were times when vessels used to anchor for days to discharge and load cargo before they could sail. Today technology has improved to an extent that ports are able to provide fixed window to carriers and they guarantee moves per hour such that no vessel is at berth for more than 24 hours." Efficiency, he notes, can

further be improved by having more and more skilled laborers. "There is a need of more institutions that specialise in maritime education. MBA courses being offered across the country can add port management and allied courses in their content," he adds.

On a macro level, the hurdles, as detailed by shipping lines, are:

- Capacity at Terminals: Although the government has been emphasising on having PPP in terminal creation and has also permitted 100 per cent foreign direct investment for construction and maintenance of ports and harbours, the projects need to be speeded up.
- Dredging: Indian ports are not deep enough to take mega container ships (capacity of 10,000 teu plus) and thus there is a need to increase the draughts to 16 m or 17 m. For instance, Nhava Sheva is a tidal port with a draft of 12.5 m. Kolkata and Haldia have perennial draught problems.
- Rail/road connectivity: Ports are bogged down either due to bottlenecks in the roads or lack of enough roads for evacuation of cargo.
- Antiquated regulation: It is time to revise and amend dated

policies. For instance, while the Tariff Authority of Major Ports is the economic regulator for major ports, with the main function as tariff setting for major ports and private terminals commissioned therein, the non-major ports, operating in the same environment do not have any economic regulator and non-major ports including private ports have liberty to fix their own tariffs. As a result, there is no level playing field, the government admits.

To hasten development, there is a need for a regulator for all the ports for setting, monitoring and regulating service levels, technical & performance standards, the ministry notes.

The Maritime Agenda justly seeks simultaneous multiple interventions to achieve goals. Its decade plan, in a nutshell, aims to

- Create port capacity of 3,200 MT for handling about 2,500 MT of cargo (necessitates an investment of ₹3 lakh crore)
- Improve port performance on par with the best in the world
- Increase tonnage under the Indian flag as well as control (needs an investment of ₹1.20 lakh crore)
- Increase coastal shipping and facilitate hassle-free multimodal transport
- Increase India's share in global ship building to 5 per cent
- Promote use of the inland waterways for cargo movement
- Increase the strength of Indian seafarers to 9 per cent of the global strength by 2015 and sustain above this level

While creating capacities is a continual and time taking process, the action plan needs focused efforts, especially at this juncture when India's global trade is growing. The stakeholders need to walk the talk to build a robust maritime India – the bedrock to the economy. While the potential is there, propulsion is what is needed now. 

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MARK MILLAR

Multinational corporations (MNCs) are becoming increasingly focussed on the Asia region, particularly those involved with consumer products – the retailers and the fast moving consumer goods (FMCG) companies.

The traditional strongholds of consumerism – the developed ‘western’ markets of Europe and the USA – are suffering from a range of economic woes and political challenges all of which are slowing down consumption, causing revenue and profitability challenges. Hence, these companies are increasingly looking to Asia for market expansion, revenue growth and increased profits.

Asia is where the consumer base is rapidly expanding – according to the OECD, by 2030 the Asia region will account for 66 per cent of the world’s middle class. India and China have combined populations of almost 2.5 billion people and are experiencing accelerated urbanisation, with an estimated 700 million people expected to move from the countryside to the cities in the next 15 years.



Dawn of the Asia Era

In China alone, it is estimated that by year 2025, 219 new cities with a population of over 1 million will be created. A major electrical products manufacturer projects that within the next ten years, some 500 million people in Asia will have access to electricity in their homes for the first time, driving exponential demand for a whole range of consumer products for the household – from rice-cookers and kettles, to plasma screen televisions and home entertainment systems.

Asia's role as the world's leading source of low-cost manufacturing has resulted in increased economic prosperity throughout the region – which in turn is driving rising spending. Multinational FMCG companies are therefore seeking to penetrate this rapidly expanding consumer market that has both increasing disposable income and rising global awareness. These customers have both the desire and the means to acquire more international branded consumer goods, to the extent that Wal-Mart predicts that by 2014 China will overtake the US to become the world's largest retail market.

However, there are numerous challenges that the multinational FMCG companies face in the Asia market, not least of which is selecting capable, trustworthy and reliable local partners who can enable

widespread and efficient distribution channels. Logistics to distribute the consumer products throughout these markets is fraught with many challenges, as the standard of supply chain ecosystems varies widely across the different countries throughout the Asia region. The need to localise products to suit local markets is another challenge – for example variations in terms of style, flavour and packaging – which is an eye-opening experience for many MNCs.

Rising consumerism

As more and more people in Asia join the 'middle class', we are witnessing rising consumerism at a terrific pace. According to the Economist Intelligence Unit, one of the expected drivers of consumption in Asia is the fact that a large number of people are on the cusp of entering the middle class. They consider a person to be middle class if he/she can afford to spend money on non-essential items. This drives continually increasing demand for FMCG products – for example, PwC have reported that spending on soaps and cleaners in China and India will continue to rise at over 15 per cent per annum.

The major retailers are seeking to capitalise on this rising consumerism, with Carrefour, Metro, Big C and Tesco all expanding their footprint in the region, whilst Wal-Mart opened

49 new stores in China during last year. The growing presence of these MNCs directly influences the efficiency of the FMCG sector, because they bring with them sophisticated, modern supply chain management practices and systems.

However, within the mass grocery retail sector across the Asia region, there are wide disparities in the proportion of modern versus traditional channels (see Figure 1).

This variety in the balance of traditional and retail channels is another reason why FMCG companies need to adopt different strategies for different markets – one size definitely does not fit all! With continuing market liberalisation and the expanding presence of the multinationals, we will see continuing increases in the proportion of modern retail, including rapid expansion of supermarkets, hypermarkets and malls, all of which will help further drive demand for FMCG products.

Distribution networks vary by territory

Whilst the proportion of modern retail and the tastes of consumers vary widely by geographic market, so do the capabilities of the logistics sector in each country. Expanding FMCG opportunities within modern retail channels need to be serviced by distribution channels and networks that are supported and enabled by effective and efficient logistics systems. However, this is not always the case, as can be demonstrated by a variety of results in the 'logistics performance index' for countries in Asia.

Compiled by the World Bank, the Logistics Performance Index (LPI) is a multidimensional assessment of a country's logistics performance. It uses more than 5,000 individual country assessments made by nearly 1,000 international freight forwarders to compare the trade logistics profiles of 155 countries. Categories for assessment include: Customs, infrastructure, international

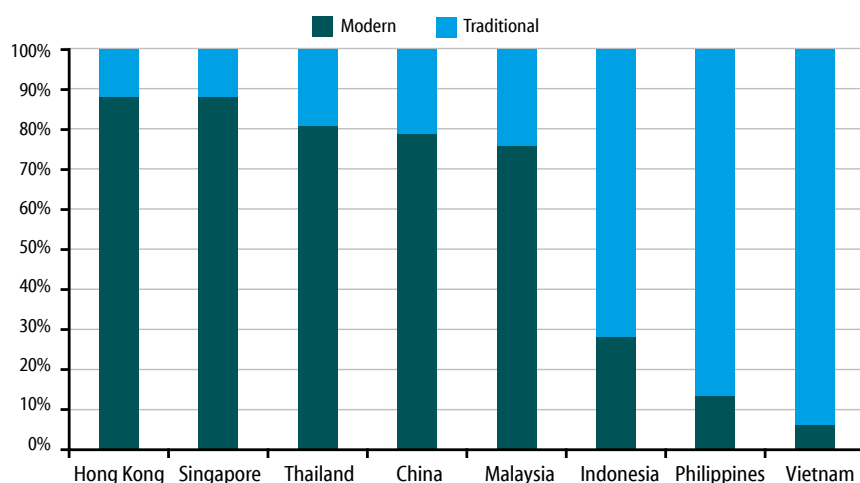


Figure 1: Differing levels of penetration of mass grocery retail across key Asian markets, Source: D Edwards 2010

shipments, logistics quality & competence, tracking & tracing, and timeliness. The categories are interlinked such that any desired improvements in a country's logistics performance need to be approached, not individually, but as a whole.

Throughout Asia, the LPI rankings are wide and varied. The developed markets such as Singapore, Japan and Hong Kong achieve high LPI scores, all being within the global top 15 ranked countries; whereas less developed markets such as the Philippines, India, Vietnam and Indonesia score lower LPI rankings, all of these four being outside the global top 40 (see Figure 2).

MNCs entering the Asia market therefore need to be aware of – and make allowances for – these variations in logistics capabilities in the different countries. Often the most attractive potential consumer markets have the most challenging logistics environments.

Additional logistics challenges for FMCG distribution include complex geographies such as the hundreds of islands in the Philippines and Indonesia consumer markets, plus the reality that many of the major consumer centres are cities with



extreme inner city traffic congestion such as Bangkok, Jakarta, Ho Chi Minh City, and Manila.

These logistics challenges prove hugely disruptive and extremely challenging for FMCG businesses, as they seek to capitalise on the rising consumerism throughout Asia.

FMCG growth outside of major cities

The fastest growth in consumer spending is now happening outside of the major cities. In China, where retail sales will maintain average growth rates in excess of 15 per cent over the next five years, the Chinese Academy of Social Sciences

confirmed that medium sized cities will have the fastest consumption growth – much faster than either the large cities of the small towns – hence the increasing interest from FMCG companies in the second- and third-tier cities for increased consumer spending. The rapidly rising consumerism is not just in China. In Vietnam, Big C already has 14 outlets and plans to open 15 more by 2013. Likewise, India and Indonesia are experiencing rapid growth in consumer spending, driving demand for international consumer products and expansion of modern retail outlets.

Servicing these consumer markets

Asia LPI Rank	Economy	Global LPI Rank	Customs	Infra-structure	International Shipments	Logistics Quality & Competence	Tracking & Tracing	Timeliness
1	Singapore	2	2	4	1	6	6	14
2	Japan	7	10	5	12	7	8	13
3	Hong Kong	13	8	13	6	14	17	26
4	Australia	18	14	18	3	17	20	18
5	Taiwan	20	25	22	10	22	12	30
6	New Zealand	21	16	26	23	26	25	17
7	Korea	23	26	23	15	23	23	28
8	China	27	32	27	27	29	30	36
9	Malaysia	29	36	28	13	31	41	37
10	Thailand	35	39	36	30	39	37	48
11	Philippines	44	54	64	20	47	44	42
12	India	47	52	47	46	40	52	56
13	Vietnam	53	53	66	58	51	55	76
14	Indonesia	75	72	69	80	92	80	69

Figure 2: LPI Logistics Performance Index - key Asia Markets Source: Connecting to Complete 2010 Logistics Performance Index, World Bank



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in the third-tier cities and inland population centres exacerbate the logistics challenges for FMCG distribution.

Likewise, the products frequently need to be adapted to suit the local markets – food products need to be tailored to cater for different tastes, for example wasabi flavoured ice cream is popular in Japan, while mango ice cream is more popular in Thailand. Religious or dietary needs also need to be considered, with large sectors of the India population being vegetarian, and with Muslim markets around the region requiring halal food products. This need to offer many variations of products for the different markets adds to the challenges for FMCG companies – expanding the range of offerings, thereby reducing lot sizes for production volumes, whilst having to address the need for increased visibility and tracking in more complex logistics environments. According to a PWC retail and

consumer study, the strategy of MNCs in emerging markets is to move even deeper into emerging markets to penetrate more rural and low-income populations.

However, these emerging areas of consumption are also extremely cost-conscious. By keeping products cheap and costs down – and investing in marketing and distribution – MNCs are able to develop profitable businesses. One way to keep consumer prices low is to package products in smaller bottles sizes and sachets to make them more affordable to rural populations. Some MNCs are also using localised modes of transportation such as motorcycles, rickshaws and tuk-tuks for lower cost distribution into rural areas, where more traditional delivery vehicles often cannot negotiate the narrow rural roads.

Growing consumerism

The emerging and developing markets in Asia are where the real

potential lies for growth in FMCG. Consumer spending in Asia is at an all-time high and is increasing every year – we are now expecting increased spending in Asia will aid the recovery of the world economy during the next few years. Rising consumerism is abundant. With our massive population, burgeoning middle-class, and increasing desire for fast moving consumer goods and international brands, Asia is set to lead consumer spending growth for many years to come.

I predict that the next 30 years of economic growth will belong to, and be driven by Asia – and will become known as ‘The Asia Era’. **MG**

Mark Millar

is Managing Partner at M Power Associates, providing supply chain and logistics consulting, education, advisory and recruitment services that empower superior performance for clients in Asia. Contact him at mark@markmillar.com

Dhamra Port inaugurated

Odisha Chief minister Naveen Patnaik inaugurated the all-weather deep sea port at Dhamra in Bhadrak district recently.

Dhamra Port Company Limited (DPCL), a joint venture of Tata Steel and Larsen & Toubro is a ₹3,500-crore project built on PPP mode. It became commercially operational in May after the completion of phase one work that included two cargo berths 350-metre long each. Nearly 50 ships, including Capesizes of more than one lakh

MT dwt can be berthed here. The port is equipped to discharge 600,000 metric tonne per day and loading 100,000 MT per day of dry bulk cargo.

It has built an 18-km channel to connect with deep sea and a 62-km fully electrified rail link to connect with the Howrah-Chennai main line for transporting cargo. CEO of DPCL Santosh Mahapatra said the port will have 14 berths after phase three work is completed.



Odisha Chief Minister Naveen Patnaik inaugurates Dhamra Port as Port CEO Santosh Mahapatra explains about the new project.

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Inland Water Transport in India

Opportunity Beckons: IWT in India

20 January, 2012

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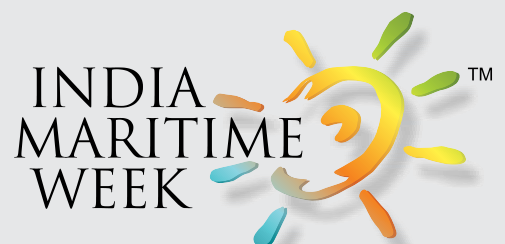
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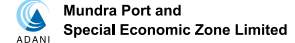
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Testing Times Yet Plans Persist

Singapore is not one to give up on growth plans despite a grim situation.

DARK, grey clouds hung over a limp December afternoon in Singapore. For those with a metaphor bent of mind, these seemed to portend bleak times in the New Year. But trust Singapore to spot positives in negatives, light amidst darkness and growth amidst decline.

So, there we were at the Pasir Panjang container terminal to partake in the celebrations of the Maritime and Port Authority of Singapore to mark the arrival of the ship that hit and surpassed the 2-billion gross tonnes (GT) mark within the span of a year.

Now I am not really enamoured with numbers especially for something that seems to be as vague and complex as vessel arrival tonnage. I can take in container volumes measured in 20-foot equivalent, bulk or liquid throughput or GDP growth or say the total number of ships that call at a particular port in a given time frame. But, vessel arrival tonnage? Trust MPA to be meticulous though, deeming it necessary to provide the



definition of gross tonne or GT. It bears repetition. "It (GT) is a way of measuring the size of ships and is the internal measurement of a ship's open spaces."

I do concede that numbers viewed in proper context do tell interesting stories. A spurt in vessel arrival tonnage, for example, could mean two things. Ships calling at the terminals may be getting bigger and arriving with greater frequency. Port

authorities are quite correct if they view this as a vote of confidence for quality, speed and efficiency. And as minister for transport Lui Tuck Yew pointed out, ship calls are not confined just to container vessels.

Often we seem to think that Singapore is all about sprawling, efficient and automated container terminals. Container facilities and container ships do define to a great extent the contours of Singapore



shipping. But there are any number of crude oil tankers, product tankers and dry bulk vessels that make up the diverse vessel arrival milieu. We should not forget that Singapore is an established oil trading and oil products trading hub drawing a number of tanker brokers. It is the world's biggest bunker port and has even drawn up a mega project to store liquid cargo underground. In the west, Jurong is a bustling dry and break-bulk port and has plans to expand facilities.

For minister Lui himself it was a pleasant coincidence as he had donned the mantle of Chief Executive of MPA when Singapore had hit the 1-billion mark in vessel arrivals seven years ago (2004). What this means is that despite being cramped for space Singapore has coped with increased traffic with admirable efficiency. On the container side, operations are predominantly transshipment. Singapore has managed to stay ahead of the game, judiciously expanding capacity, introducing automation and harnessing IT to develop systems that would facilitate smooth transfer of containers from mother ships to feeders and vice versa. Group President and CEO of Singapore's Neptune Orient Lines Ng Yat Chung acknowledged this when he complemented the "high service level" at the Port of Singapore. NOL makes as many as 900 port calls annually in Singapore and fittingly it was the berthing of *MV APL Washington*, close to 7,000-teu capacity and operated by NOL's liner arm APL that saw Singapore hit the 2-billion mark.

Indian ports such as JNPT, Chennai and Kolkata, which are struggling with congestion, could do well to study the way Singapore manages box flow. Terminal operator PSA's experience in running container terminals could be invaluable if it does get involved in the mega expansion of facilities at JNPT. Of course, the Indian scenario is completely different in that unlike in Singapore most of the boxes have

The harsh reality is that world trade is slowing down as the Euro is literally sinking and recovery is still slow in the US. Emerging economies in Asia, Africa and Latin America are faring better, but are buffeted with inflation and a growing income disparity.

to make way from the port to depots and warehouses over a not too efficient road and rail network rather than being switched between vessels.

Be that as it may be, even as the outlook for shipping looks grim for 2012 Singapore is not giving up on growth. For the first 11 months this year, vessel arrival tonnage rose over 10 per cent making Singapore the busiest port in the world. Container volumes continue to rise albeit at a slower rate while bunker sales are set to surpass last year's record of 40 million tonnes.

Minister Lui in fact disclosed that Singapore will continue to invest to grow capacity with the expansion of the Pasir Panjang Terminal to sustain its hub port leadership. As reported in this column, Singapore has invested heavily in a new Ports Operations Control Centre in Changi to enhance safety of navigation. "These initiatives will ensure that the Port of Singapore can accommodate not just more ships, but also the largest container ships which are coming on stream," Lui declared.

A little note of cheer towards the fag end of a traumatic year does help, but portends for 2012 cannot be overlooked.

How one wished the Year of the Dragon would see the world economy spitting fire and brimstone and burning bright, but no one dares to wager against the possibility of a limp and lame New Year. The tanker glut tsunami has dwarfed giant Genmar; more could be in line for bankruptcy protection; dry bulk shipping is barely keeping its nose above water while container shipping is in the doldrums. A tanker shipmanager remarked wistfully: "Yeah, we do have business, but what is the guarantee that we will

be paid?" There is much talk about consolidation in liner shipping, but the money is just not there for takeovers or mega mergers. NOL has scotched rumours that it has renewed its interest in Hapag Lloyd. What we may possibly see may involve service tie-ups and slot swaps.

The harsh reality is that world trade, which is the lifeline for shipping, is slowing down as the Euro is literally sinking and recovery is still slow in the US. Emerging economies in Asia, Africa and Latin America are faring better, but are buffeted with inflation and a growing income disparity, which means that consumer potential is not realised. Growth in China's export shipments have slackened while India is battling inflation and a wobbling rupee. Even Singapore has cut its growth estimates. As far as shipping is concerned, tonnage oversupply is compounding the misery.

But I would like to end this column in the Singapore way; with hope. Executives keep reminding me about their determination to look for opportunities in adversity. It will be interesting to see how entrepreneurship when tested to the limit, will rise to the occasion. Logistics and supply chain companies, for example, are ingeniously finding ways and means to provide cost-saving solutions to customers and also helping them tap new markets. For shipowners and shipyards offshore oil and gas offers promise as oil prices continue to rule high.

Not to forget that 90 per cent of global trade, whatever is left of it is still carried by sea.

Happy New Year! 

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NAZERY KHALID

Senior Fellow, Maritime Institute of Malaysia

Dire Straits

Nazery Khalid evaluates the importance of Straits of Malacca in facilitating container traffic and highlights the need to safeguard it from various risks arising from its intense use.



Strait of immense importance

The Straits of Malacca (SOM) is one of the most strategic and important trade passages. SOM facilitates the transportation of an estimated one-fourth of the global seaborne trade and one-third of its crude oil. It is a sea lane of immense strategic, political and economic importance not only to the littoral states of Malaysia, Indonesia and Singapore, but also to the international community.

The Straits provides a crucial route that links the trade between the West and the East. The East Asian economic powerhouses of China, Japan, Korea and Taiwan PRC are highly dependent on SOM as a shipping lane that facilitates much of their international trade. Given such dependence, it is no wonder that these economies consider the Straits to carry immense strategic importance and are concerned about the occurrence of any incidents or developments that may prevent ships from passing through smoothly.

Testimony to the commanding role it plays as a key global container

trade sea lane, SOM recorded 22,310 movements of container vessels in 2009 in SOM compared to 18,283 movements of container vessels in 2000 (Marine Department Malaysia, 2009). Based on these figures, growth of container shipping traffic in the sea lane from 2000 to 2009 recorded an impressive growth of 20 per cent year on year. This growth can be partly attributed to the growing trade between the West and the East, largely on the back of China's breakneck economic growth.

The spectacular growth of China's economy in the last two decades, largely on the strength of its international trade with all four corners of the world, can be attributed in large parts to the open, safe and secure route provided by SOM and the supporting facilities available along it.

Several of the world's busiest container ports are located along the Straits, which provides another evidence of the huge volume of container trade being carried out in the sea lane and along its coast. These ports include Singapore Port,

the world's second busiest box ports after Shanghai Port (2010 ranking) and its busiest container transshipment port, Port Klang (ranked 13th) and Port of Tanjung Pelepas (ranked 17th). These ports handled an estimated total of 40 million teu among them last year.

Various studies have been attempted to identify the carrying capacity of SOM. An unpublished study by Maritime Institute of Malaysia (MIMA) carried out in 2010 concluded that different safe distances and safe separation scenarios/domains between ships can alter the carrying capacity of SOM and affect its traffic occupancy/density. Taking a different approach from other studies that came up with absolute figures of the maximum number of ships that SOM can accommodate, the authors of this research maintained that maintaining different domains of 0.2 to 2.0 nautical miles (nm) safe distance variances and 0.5 to 5 nm safe separation would allow the ship carrying capacity in SOM to accommodate between 119,159 to 1,302,351 movements per year,

resulting in a traffic occupancy/density of between 6 per cent to 64 per cent of the current traffic volume in the sea lane.

Another study by researchers from MIMA and Cardiff Business School in 2007 examined database on shipping traffic and trade flow in SOM and explored the types of vessels and cargos passing through the Straits and handled by ports along the sea lane to identify the links between them. The study recognised that with the help of a systematic and comprehensive set of database on shipping traffic and trade flow in SOM, it would be possible for policy makers and other stakeholders to make sound judgment and decisions with regard to protecting and advancing their interests and priorities in the Straits.

The importance of SOM in facilitating global container trade, especially trade between East and West, is undisputed. The sea lane links the economic behemoths of East Asia with their key trade partners in the West. Standing between East Asia and its trading partners in the West is SOM which facilitates much of the container trade between the two areas and an estimated one-fourth of global container trade.

Straits under threat

Given the pivotal role that SOM plays in facilitating container trade, the safety and security of the sea lane is naturally a matter of great international interest. This is more so after the September 11 attacks, as analysts raised fear that terrorist attacks could occur in the Straits, although such fear has thus

A study commissioned by Nippon Foundation estimated that traffic in the sea lane could reach 200,000 ships a year by 2015. Another study conducted by MPA in 2009 maintained that the Strait of Singapore could accommodate double the capacity of shipping traffic of 2007.

far proven unwarranted, and the threat of piracy is not alarming. Parties along the 'maritime supply chain' – consisting of, among others, maritime industry players and security agencies – should develop awareness of the need to inculcate a culture of 'safety and security first' to secure a high-stake maritime area like SOM from multiple threats.

Protecting this busy sea lane featuring several chokepoints from pollution, is also a matter of great international concern. The intensity of shipping traffic in SOM and economic activities along its coastal areas give rise to a variety of threats and stresses to its environment and ecosystems. Activities such as shipping, tourism, agriculture and manufacturing, and urbanisation activities which predominate on the west coast of Peninsular Malaysia that borders the Straits cause considerable strains to the Straits.

Given the projection of greater container traffic in SOM and human activities along it in the foreseeable future, protecting SOM from ship- and land-based pollution will be an agenda of high priority in the years to come. This will increase the risk of accidents and pollution in the Straits.

This calls for serious attention by the littoral states and other 'stakeholders' of the Straits such

as the international users and International Maritime Organization (IMO) to boost navigation safety in the sea lane and to protect its environment. The littoral states of the Straits cannot be expected to bear the cost to maintain SOM alone. It is only fair that the international users, who use the Straits intensively and expect the sea lane to be open for their use all the time.

To this end, the establishment of Cooperative Mechanism of the SOM, established in 2007 as a voluntary mechanism for the littoral states and the international community to enhance navigation safety and environmental protection in the Straits, is a welcome development. The mechanism allows littoral states and users to exchange views, jointly undertake projects and contribute funds to an Aids to Navigation Fund set up to improve navigation safety in the Straits.

As container shipping traffic in the Straits grows and activities related to container trade and other economic pursuits increase, this pivotal and environmentally sensitive sea lane will come under pressure. It is crucial that its stakeholders join forces and share resources and the burden to ensure that the Straits remains safe, clean and secure. These measures will help it play effectively the role of a facilitator of global container trade.

The stakeholders must operationalise and sustain the projects under the Cooperative Mechanism, and start coming up with other projects to ensure the Straits remain safe for navigation and are protected from pollution and other threats arising from its intense use. 

Components of Cooperative Mechanism

1	2	3	4	5	6
Removal of wrecks	Cooperation and capacity building on hazardous and noxious substance	Demonstration Project on Class B Automatic Identification System	Setting up Tide, Current, and Wind Measurement System	Replacement and Maintenance of Aids to Navigation	Replacement of Aids to Navigation damaged by Asian tsunami in 2004



Time for Trade Fairs

Regular trade shows and exhibitions by Indian exporters are a sure way of creating awareness in the South African market that also serves as a gateway to Sub-Saharan Africa.

Like most developing nations, South Africa also depends a lot on the import of various kinds of cargoes. There are a lot of trading partners who do business with South Africa. Top 10 among them in terms of revenue, as classified by The Department of Trade and Industry of South Africa (<http://www.dti.gov.za>) are: China, Germany, USA, Japan, Saudi Arabia, Iran, UK, India, Nigeria and France.

South Africa's trade totalled 518,895,943 (Rand '000) revenue upto August 2011 as per the DTI. India is placed 8th in terms of the import trading partners of South Africa. Some of the major commodities/goods imported by South Africa are (but not limited to) petroleum products including petrochemicals, agriculture and

processed food products, paper, wood products, rubber, manufactured products, transport equipment, cotton yarn, fabrics, readymade apparels, textiles, machinery and equipment, chemicals.

Out of these, petrochemicals, agriculture and processed food products, paper and wood products, rubber, manufactured products, transport equipment, cotton yarn, fabrics, readymade apparels, made ups, auto parts and machinery are some of the main items that are imported from India. In terms of exports from South Africa, India ranks as the 6th largest trading partner for South Africa. A few of the Indian and South African companies are already working on setting up joint venture partnerships in the fields of textiles, pharmaceuticals,

information technology, automotive and hospitality services.

Although Indian products are not classified in the same bracket as some of the cheap Chinese imports, Indian products do not seem to enjoy a lot of confidence within the other racial cultures in South Africa, other than the indigenous Indian community. This may be due to the lack of exposure of Indian goods to the South African market, which could be due to the low migrant Indian population in South Africa as compared to Middle Eastern, Europe and Southeast Asian countries.

Given this scenario, there is good potential for Indian exporters to fill the gap by providing exposure to the various Indian products. This could be done by way of regular

Some of the forthcoming expos (<http://www.biztradeshows.com/southafrica>) happening in South Africa in 2012 are:

2012	January	February	March	April	May	June
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Decorex Durban

March 21 to 25

Venue: Durban Exhibition Centre, Durban
Decorex Durban is promising a myriad of decor delights for the year to come. Experience a world of ultimate decor inspiration & self-discovery with the latest trends & talent from South Africa as well as those from abroad. This exhibition will be held four days 21 to 25 March, 2012 at Durban Exhibition Centre in the South Africa and organized by the Decorex Limited.

Power Generation World Africa

March 27 to 28

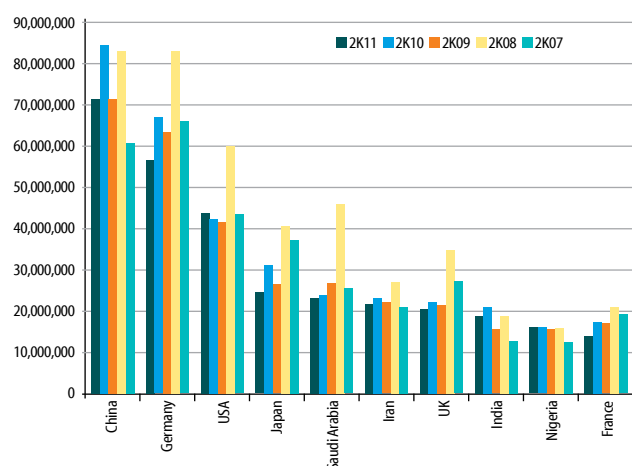
Venue: Sandton Convention Centre, Johannesburg, Gauteng
Power Generation World Africa is an unrivalled and cost-effective marketing solution for world-class vendors serious about selling their products, services and business solutions into Africa. This leading exhibition is THE meeting place for buyers and sellers who want to do business in this market, not only locally but right through Africa.

Decorex Cape Town

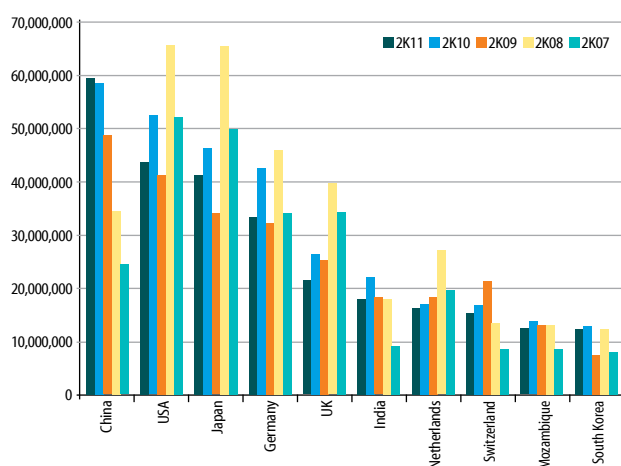
April 26 to 29

Venue: Cape Town International Convention Centre (CTICC), Cape Town, Western Cape
Decorex Capetown is promising a myriad of decor delights for the year to come. Experience a world of ultimate decor inspiration & self-discovery with the latest trends & talent from South Africa as well as those from abroad. This exhibition will be held four days 26 Apr to 29 Apr 2012 at Cape Town International Convention Centre (CTICC) in the South Africa.

Top 10 Countries - Imports into South Africa in 000 rands - 2007 to 2011 (Aug)



Top 10 Countries - Exports from South Africa in 000 rands - 2007 to 2011 (Aug)



Indian Expos in SA showcasing various Indian products. Such expos generally draw a lot of interested parties in and around South Africa. It is worthwhile to remember that when people speak about South Africa, they also cover much of the Sub-Saharan Africa for which South Africa is a major gateway.

Although many of the products are available in South Africa whether

produced locally or imports, major avenues that Indian exporters can further penetrate in the South African market and provide value for money quality products would be:

1. Infrastructure development (building materials, cement, electric fittings)
2. Food products
3. Energy Development

4. Retail industry
5. Engineered products
6. Pharmaceuticals 

Harish Manaadiar

is an Indian national now living in South Africa and associated with the shipping industry for the past 22 years. His blog – <http://shippinginsouthafrica.wordpress.com> – provides information on the container shipping industry in South Africa.

July

August

September

October

November

December

Southern African International Trade Exhibition

July 15 to 17

Venue: Gallagher Convention Centre, Midrand

This Exhibition is an eagerly awaited event where exhibitors across industry segments display their wares and services to a large number of national and international trade visitors. It aims to provide businesses in Africa a platform to form trade relations with their counterparts from the region and also engage in dialogues with other players in other countries.

Africa's Big Seven

July 15 to 17

Venue: Gallagher Convention Centre, Midrand

Africa's Big Seven is one of the largest events dedicated to the food and beverage industry in Africa. Combining seven co-located events, this event seeks to cover the entire production cycle of farm based goods, ending with the marketing and supply of products to retail chains.

Retail Solutions Africa

July 15 to 17

Venue: Gallagher Convention Centre, Midrand

Retail Solutions Africa is an important event that helps African market evolve and increase its potential in the retail sector by way of providing new solutions, technologies and systems to aid the entire African economic structure. This event gives a big boost to the business units by helping them learn new processes and methods that are applicable in today's business scenario.



Ports Propelling Inclusive Growth

Port-led development is an offshoot of a buoyant scenario around the existing port, with objectives like serving the port's core requirements and leveraging the region's maximum potential for infrastructure creation, wider hinterland and overall economic upliftment.

Seaports are no more mere standalone entities; they are now a focal point of a delineated economic and regional development plan. Developing a port is a capital intensive process with the necessary level of infrastructure creation it demands. The basic allied facilities like roads, railways, pipelines, industrial development and logistics infrastructure are naturally created. However, in cities like Mumbai, Chennai and Vizag, port operation is only one of the factors responsible for what they are today. There are also other factors: large-scale

industry creation, commercial & institutional development and population influx etc. Thus, ports have been instrumental for infrastructure creation at various scales.

Studying the case of Gujarat state, the port-led development initiatives have been successful mainly due to its well-framed legal policies, higher impetus on private participation and PPP schemes, tariff freedom, single-window framework under Gujarat Infrastructure Development (GID) Act, its support at initial stages of the project and

strong political will. What is notable here is that the government entities entrusted exclusively for project implementation have brought about control and structure in the process. A conducive environment for development was created through investor-friendly policies and by making the development of port regions complementary to the needs of ports. This led to the further growth of ports in the state.

Categories of port-led development

The port-led development can be categorised under several concentric



Photo: Peet de Rouw

spheres, based on the priority areas that a port needs to develop. The first sphere shows the core infrastructure that any port requires and the second sphere represents the possible facilities which can be subsequently created depending on the regional potential and port's performance (See Figure).

A greenfield port can be developed to provide an alternative to main port to decongest or handle certain commodities of the main port. For instance, JNPT has been created to support Mumbai Port; similarly, Haldia Port supports Kolkata Port. Further, investments could be attracted for the port-led development by creating SEZs and SIRs around the port. This can be done by providing investors with tax benefits and fiscal incentives.

Shipyards are another potential area which can also be developed along with port infrastructure, e.g. L&T shipyard and captive port in Kattupalli, Tamil Nadu. If inland waters are in proximity, its transport routes can be created to explore this environment-friendly and cost-effective method of transportation.

For passenger movement and tourism purposes, cruise liners are a lucrative option.

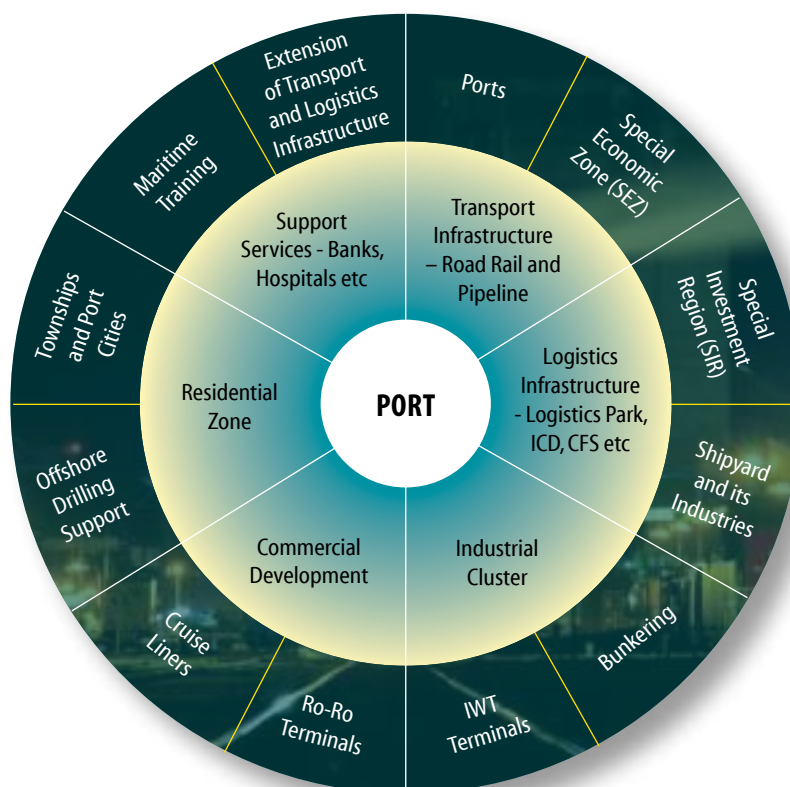
Port city is a newer concept in India with entire city planned around

the port. This enables the immediate region of the port to develop in an organised manner with adequate land use for commercial, residential, institution, industries and recreation infrastructure. Educational facilities like maritime training and institutes can be created in proximity for learning and R&D activities. The transport infrastructure can become more comprehensive with projects like airstrips and rail terminals. Also, logistics infrastructure can have specialised facilities like grain silos, cold storage warehouses and Free Trade Warehousing Zones (FTWZs).

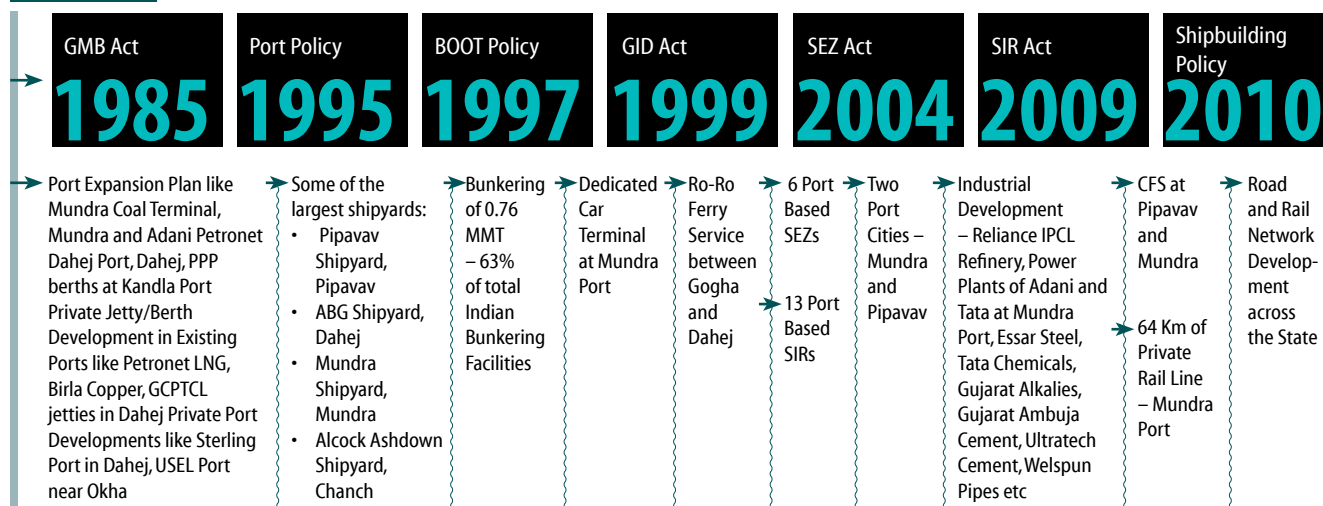
The port-led development could also be done in areas like power plants, vehicle traffic management (VTMS) system implementation, environment control system, mechanisation of port and fisheries terminal development.

Role Model

Gujarat has been a role model for other states in terms of scale and investments achieved for the port-led development. In addition to the initiatives of Government of India like 100 per cent FDI in port sector



Gujarat Ports



and Viability Gap Funding (VGF), Government of Gujarat has been able to make tremendous progress in port sector through its well-sketched legal framework, single-window clearances, greater impetus on PPP financing and political will.

Physical, economic and social aspects of the region have also been taken into consideration for bringing about port-led growth. This is particularly observed around ports of Mundra, Pipavav, Dahej and Hazira.

The coal terminal at Mundra is Asia's largest coal handling facility created and linked to Ultra Mega Power Plants (UMPPs) of Adani and Tata in the vicinity. Adani Petronet Dahej Port is developed jointly by Adani Group and Petronet LNG Limited in Dahej for handling solid bulk, break bulk and project cargo, with a capacity of 12 MMTPA. Kandla Port has floated PPP projects for its berth number 13 to 16 within its premise.

About 12 private jetties have been developed in and around Gujarat Maritime Board (GMB) ports. Greenfield port developments are proposed in Dahej by Sterling Group and in Bhogat near Okha by USEL Group. Gujarat has some prominent shipyards with a combined capacity of 150,000 dwt per annum and it has about 60 per cent of Indian shipbuilding order book. Bunkering

of about 0.76 MMT is carried out predominantly from four ports of Mundra, Dahej, Kandla and Sikka.

The mega car terminal facility at Mundra is an agreement signed between Maruti Suzuki and Mundra Port in year 2008, to develop a dedicated car handling facility. Maruti A Star is exported from this terminal. Due to this development, the back-end logistics also improved as auto-wagon railway rake is used to transport cars from their Manesar Plant to Mundra Port. The SIRs and port cities are at an advanced stage of physical planning. For Ro-Ro terminal, the tendering process is underway. Various industrial segments have developed over the years including power, cement, steel, POL and chemicals, capital goods etc. The transportation and logistics infrastructure have also improved, including projects like private rail lines and modern CFSs.

In addition to the above, Gujarat has witnessed notable benefits like increased employment creation, development of housing projects and optimum utilisation of state resources.

With the success stories created and ports poised for growth, there are further port-led projects proposed to be developed in coming years, which will enable further growth in the state.

Here are a few lessons one can take from Gujarat's initiatives in port sector:

- Investor-friendly atmosphere is required by way of political will and well-framed legal framework
- Forming government entities exclusively to handle activities like preparation and approval of master plan, obtaining clearances and land acquisition will simplify project implementation
- PPP needs to be leveraged
- Port and port regions should be witnessed as having a complimentary relation, as it together creates self-contained zonal development and economic enhancement of the region
- The port-led projects should be designed based on the regional profile of port
- Transport and logistics infrastructure plays a key role in the development of ports and regions around it
- Environment concerns need to be looked into while developing ports
- Social composition and fabric of the region needs to be considered 

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Powering the NE Future



While the scope for developing hydropower projects in the northeastern states of India is huge, operational issues like transporting the ODC equipment through the Ganga and Brahmaputra rivers do remain. But the government remains positive and hopes to add that important wattage to the national grid on time.

While speaking to media persons recently at Itanagar in Arunachal Pradesh, the union minister for power, Sushil Kumar Shinde, promised to extend all support and help for the development and speedy completion of all hydroelectric projects in the state. This show of support came despite the environmental concerns that have been expressed recently in the northeast against the construction of dams.

People were not convinced easily especially in Sikkim where they blamed the new hydropower

projects for the damages caused by the earthquake. Sikkim has 8,000 MW hydropower potential, but none of the projects were affected by the devastating earthquake which measured 6.9 magnitude on the Richter scale.

According to Shinde, “Completion of the project is the centre’s top priority, to provide relief to the power-starved nation.” Northeast is in fact power starved and it has to get the slew of hydropower projects up and running as soon as possible. To tap the vast potential for hydropower projects in the northeast, the central government had lined

up ₹84,000 crore in 2010 to ensure 14,000 MW of electricity generation in the region by 2020.

Bhutan has moved ahead since it has a hydropower potential of 30,000 MW with an installed capacity of 1,488 MW at present. The major benefit has been the abundant natural resources, which the power minister assured, would also work in favour of Arunachal Pradesh where anti-dam activists are protesting against the 2,000-MW Lower Subansiri hydro-electric project at Gerukamukh.

Arunachal Pradesh has a capacity

to generate nearly 58,000 MW of power. Shinde also said that the centre will extend all help for the execution of all projects and would take care to ensure the safety of large dams by doing away with storage tanks. The Water Resources Ministry would engage a team of experts for conducting a river basin study to allay fears of the local population in this regard.

After inspecting the ongoing Lower Subansiri project, Shinde said, "I will be visiting various parts of Arunachal soon."

Rush for setting up projects in NE

The recent rush of private power companies like Jindal, Reliance Hydropower and Gammon India, to name a few, to the northeast for setting up power plants is a welcome development as it is sure to bring in overall development of the region.

The initiative took place way back in 1897 when a small hydropower plant was set up for the first time near Darjeeling (West Bengal). The power sector grew remarkably after independence, but the northeast is lagging behind miserably.

While the country as a whole realised only 19.91 per cent of its total potential for power generation, Sikkim achieved a meager 1.72 per cent and the situation is even worse in other northeastern states. But the situation is bound to change with ONGC and BHEL partnering with Tripura for setting up of a 726-MW gas-based Project just 60 km from Agartala.

Transporting the equipment

The main challenge faced by the ongoing power projects would be the transportation of bulky capital equipment through inland waterways from Kolkata and Haldia ports. It is common for all logistics service providers to use the Ganga and the Brahmaputra rivers, which also runs through Bangladesh, to transport these oversized machinery and equipment.

of ODC in the rivers Ganga and Brahmaputra. Since there are a number of power plants coming up in the eastern and northeastern region, the only way to transport heavy machinery is by waterways."

According to Singhee, the huge potential is testified by the fact that in the last three years there has been a constant movement of ODCs

There is a huge potential for the movement of ODC in the rivers Ganga and Brahmaputra. Since there are a number of power plants coming up in the eastern and northeastern region, the only way to transport heavy machinery is by waterways.

Y K Singhee
Eastern Navigation Pvt. Ltd

Key issues to be resolved

- (a) Insufficient draft required for economical power to load ratio.
- (b) Infrastructure facilities are not adequate such as night navigation facilities
- (c) Delays at Farakka Lock Gate and for opening of Pontoon Bridges on the Ganges
- (d) Delays due to holidays at Customs points on the Bangladesh-Brahmaputra sector. Singhee was optimistic about coal movement on the Sagar-Farakka sector and expected it to start soon as the draft on the sector is 2.5 metres and therefore the power to load ratio is better.

At present, 90 per cent of the project cargo, including 8 ODC (above 100 MT), are transported by waterways from Kolkata via Bangladesh, says Vimal Kumar, who is an expert in this field. For those in the logistics services business, there is a huge potential, but issues relating to draft and navigational facilities continue to dog.

Y K Singhee of Eastern Navigation Pvt. Ltd, a leading logistics service provider based in Kolkata, told *Maritime Gateway*: "There is a huge potential for the movement

on the Ganges and a few of ODC movements have gone to Assam on the Brahmaputra. Also, a huge amount of machinery has been transported to Palatana in Tripura via Ashuganj in Bangladesh. Vimal Kumar told *Maritime Gateway*, "Movement of cargo is possible between the months April and October when the water level is high due to the monsoon." The rivers in Bangladesh will also remain dry rest of the year making transportation of crucial equipment difficult. Singhee, however, cautioned that political and environmental concerns in northeast will impact the movement of heavy cargo through Brahmaputra for the hydropower projects.

The draft available in the Ganges is 2 metres till Patna and 1.5 metres beyond Patna. In light of the restricted draft, the movement of the vessels is slow and costly and therefore ODC movement is not economical.

When asked whether cargo movement will be a profitable business in the light of immense possibilities, Singhee said that movement of general cargo is not economical in comparison to rail and road.

To sort out the operational issues and arrive at a solution, Singhee suggested that the major issue to be resolved is to try to increase the draft gradually to 3 metres. IWAI has been trying their best with the limited resources available to them for improving the navigability. However, the success rate has been limited to just keeping the movement going, but due to shifting of the channel, the operations were never smooth.

Other logistics operators concurred with this. IWAI are doing all they can with the limited resources at their disposal, but they opined a master plan should be in place for having a minimum draft of 3 metres. Singhee also added that capital subsidy should be revived and tonnage tax should be allowed in the IWT sector. **MG**

No Fine on Fines

Don't kill the goose that lays golden eggs, say Indian iron ore exporters as they explain the prevailing situation.

In the wake of ban imposed on iron ore exports following allegations of illegal mining across iron ore exporting states, the export volume of iron ore in the first 11 months of 2011 stands at around 80 million tonnes, representing a year-on-year fall of 22 million tonnes.

Though the ban has subsequently been lifted in a few states, it has rendered 5 million people jobless especially those involved in the export of iron ore fines, says P Chaki, Secretary of Indian Iron ore Exporters Association (IOEA). "People dependent on the infrastructure created by exporters and the livelihood generated by 200,000 trucks cannot be ignored."

The fate of workers in mining and transportation hangs in the air following the curbs imposed on the export of iron ore fines, Chaki says. As the transportation tariff by the railways has gone up 600 times from the normal price and export duty imposed by the finance minister

Iron ore production & usage in million tons (mt)

Data	2010	2011	2012 projected
Production	226	191	230
Domestic Use	109	121	139
Available (exports)	117	70	71

Source: IOEA



on the fines has shot up to 20 per cent from the earlier 5 per cent, there is a need, Chaki observes, for the government to provide a level-playing field to exporters to increase the coffers of the exchequer.

"For domestic transportation over the same distance, the Railways charge a BFR of ₹480.10 per tonne (\$9.98), whereas for exports, over the same distance the freight is five times higher at ₹2,440 (\$50.30)," he says.

Used largely in the production of steel and not suitable for use in India as major steel plants like SAIL and TISCO have their own captive mines and the process of pelletisation is cumbersome, the low grade fines or calibrated or sized ore (CLO) are shipped out of India. Though the process of beneficiation or making pellets for use in sponge iron / blast furnace plants of the country can still be considered, the domestic pellet plants suffer from power availability and cost, he notes.

Owing to drop in exports, fines are lying idle. This in turn has spurred countries like Australia, Bolivia, Malaysia and the Philippines to step up their production to meet the needs of the global steel industry, especially in China. Not to be left behind, China itself is producing iron ore, setting a record in October 2011 with 132.4 mt, up 36.9 mt than last year.

Also, the production of ore and fines in India has surpassed the domestic requirement leading to piling up of fines. But the ongoing ban in Karnataka and the embargo imposed in Goa and Odisha could bring down the production for 2011 to 191 million tonnes, he adds. "Yet, the problem of unemployment will continue."

It is therefore time, Chaki suggests, for the powers that be to ensure that the competitive edge of iron ore fines from India, deemed as the third largest reliable exporter to China, is not lost and the mining community is bailed out. **ME**

Costs at a glance

Assumed FOB price \$120 per dry M/T @ ₹ 50/\$ = ₹6,000 (As on 14.11.11)

S.No	A/C Head	₹	Paid to
1.	Material Cost	2,000	Mine Owner
2.	Cess & Royalty	501	State Government
3.	Railway Freight	2,750	Indian Railways
4.	Rake Loading / Unloading	500	Local Population
5.	Av. Port Expenses	60	Port Authority
6.	Stevedoring / Plot Expenses	200	Local Business
7.	Finance Cost	100	Bank/ Government
8.	Administration Costs	20	Local Business
9.	Income Tax	0	Central Government
10.	Export Duty	1,200	Central Government
	Total	7,331	
	Merchant Exporter's Margin	(1,331)	Negative by \$27

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The Clean Cut

The first-ever mandatory energy efficiency measures aim to provide an economic incentive for the maritime industry to invest in more fuel-efficient ships and technologies and to operate ships in a more energy-efficient manner.

The global shipping industry is witnessing the strongest push in recent years to adopt energy-efficient methods following IMO's mandatory technical and operational measures to reduce GHG emissions from international shipping. In this backdrop, Indian shipowners and stakeholders can identify and implement cost-effective methods to improve energy efficiency of their fleet and retain their competitive edge in the process. With rating agencies such as Fitch having a negative outlook for the Indian shipping industry, shipowners need to strongly reconsider their strategy regarding implementing energy efficiency measures across their fleet and to pay closer attention to relevant regulations.

The IMO regulation agreed upon in July requires all ships of 400 gross tonnage and above and expected to enter into force on 1 January 2013 to have an Energy Efficiency Design Index (EEDI) for ship design. It further mandates ships made in 2015 to 2019 to be 10 per cent more efficient as compared to the baseline reading from 2013, rising to 20 per

cent over the next five years and 30 per cent thereafter. The EEDI, a non-prescriptive performance-based mechanism, gives shipowners the freedom to adopt customised cost-effective technology to achieve the set targets. Developing countries such as India have been given a grace period of 6.5 years. However, it is prudent for shipowners to consider adopting EEDI and related options sooner lest they should slip into further economic losses.

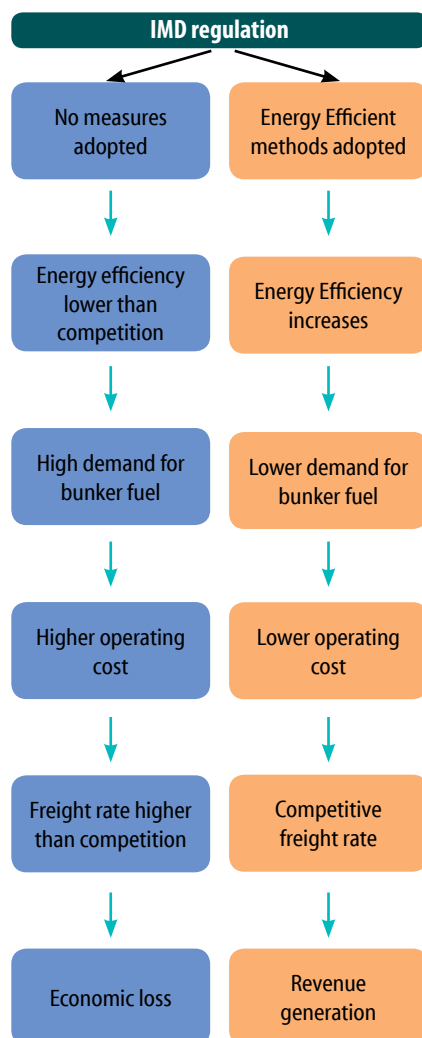
Economies of scale

The provisions of the new regulation call for a strategic approach in two ways: purchase new ships and attend to the existing fleet and ensure that they continue to be productive assets. To achieve the first, shipowners could look at economy of scale, energy efficiency and environmentally improved models of ships. For instance, *Maersk Triple-E* is an 18,000-teu vessel which claims to produce 50 per cent less CO₂ than the industry average on the Asia-Europe trade lane and utilises 35 per cent less fuel per container than a 13,100-teu vessel.

As for the second way, the IMO methods can be used to improve the energy efficiency of existing ships by cleaning the hull and fitting the ships with waste heat recover generators. The most cost-effective methods can thus be identified and implemented fleet-wide. Also, energy-efficient technologies will lead to less fuel consumption and reduce the operating cost, as 50-70 per cent of it is incurred on bunker fuel, depending on the size of the vessel. The need of the hour for the shipping industry is therefore to identify the most cost-effective methods for improving energy efficiency, and to stay relevant in the global scenario. **MS**

Shresth Shrivastav

works as an Associate Consultant at Emergent Ventures in the Sustainability and Climate Value Advisory (SCVA) team. The views expressed are his own.



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High-sea talk

Cruise shipping policy discussed

G K Vasan, Minister of Shipping onboard *MV AMET Majesty* along with other dignitaries.

(below)

Capt. Bhardwaj, Vice Chancellor, AMET University, detailing on the cruise vessel to the shipping minister as the Pro Chancellor, Ramachandran looks on.

The Parliamentary delegation on Shipping, led by Union Minister for Shipping G K Vasan, met on board *MV AMET Majesty* at Kochi Port recently to chalk out the fresh cruise policy for the country. Five Major ports – Goa, Chennai, Cochin, Mumbai and Mangalore – have been identified for development of cruise terminals.

The team was accompanied by Secretary Mohandas, joint secretaries and Chairmen of Kochi, Mumbai, Goa and Chennai Ports. The delegation had first-hand experience of cruising when *AMET Majesty*



casted off at 11 am and returned to berth at 14:30 hours after a short cruise outside the picturesque Kochi harbour. The delegation was impressed by the five-star facilities on board the vessel and enjoyed the cruise. They promised to recommend special tariff and rationalisation of port charges which are exorbitantly high as compared to Colombo and nearby ports.

Annual Day Celebrations

ICCSA honours shipping industry leaders

The ICC Shipping Association (ICCSA) recently celebrated its annual function in Mumbai. Earlier known as the Indian Coastal Conference, ICCSA now has 59 members and represents the interests of Indian coastal shipping industry and development of seaborne trade along the coast.

Senior representatives of shipowners, DG Shipping, the Mercantile Marine Dept, classification societies and various maritime associations and ICCSA members were present with their families. Chairman & Managing Director of Shipping Corporation of India Ltd

and President of INSA Sabyasachi Hajara released a souvenir on the occasion. Later, he was felicitated. Dr Satish Agnihotri, Capt J C Anand, Arun Sharma, Capt L K Panda were also honoured. The function was compered by the wife of Sudhir Subhedar and the daughter of Capt Vikas Vij. ICCSA chairman G S Bhalla, President Capt S Naphade and managing committee members took part in the function.



SOLARCON Convention

DB Schenker woos solar and semicon industry

Schenker India Pvt. Ltd. exhibited its worldwide capabilities for solar industry in recently concluded SOLARCON India 2011 at Hyderabad, India. At the Hyderabad International Convention Centre, DB Schenker was present with the logistics experts for the solar and semicon industry.

It showcased its expertise to its potential clients in the event. Its service variants include equipment logistics, spare-part logistics, finished and semi-finished product logistics and value-added services.



2nd India Food Retail & SCM and Agro Logistics Summit & Awards

Food bosses hail FDI opening in retail

The food retail and SCM industry congregated at the 2nd India Food Retail & SCM and Agro Logistics Summit & Awards against a backdrop of the opening of multi-brand retail in India to foreign players. The gathering, while welcoming the decision, suggested that the industry – manufacturers, retailers as well as logistics service providers are ready for it.

During the summit, KPMG released a white paper titled 'Managing Food Inflation – Innovations in Agricultural Supply Chains' containing several examples of operational innovation from the food and food logistics business in India.



Expanding presence

CSCMP opens 2nd Students Roundtable at SPJIMR

CSCMP has announced the opening of its 2nd Students Roundtable in India at SPJIMR, a leading business school in India, located in Mumbai. SPJIMR also figures among top ten B-schools in South Asia. CSCMP now has 5 Roundtables in India - Mumbai, Delhi, Kolkata, XLRI Jamshedpur, SPJIMR Mumbai.



Reducing Carbon Footprint

DHL and Blue Dart announce GOGREEN

DHL and Blue Dart jointly announced the GOGREEN Carbon Neutral Service initiative at a recent press conference. Present in the press conference were: Malcolm Monteiro, SVP & Area Director - DHL Express, South Asia, Anil Khanna, Managing Director, Blue Dart Express Ltd., Keith Ulrich, Vice President - DHL Solutions & Innovations and Head of Research & Innovation Management and R S Subramanian, Country Manager, DHL Express India.



On January 18th, 2012 you will not find Maritime CEOs in their offices!

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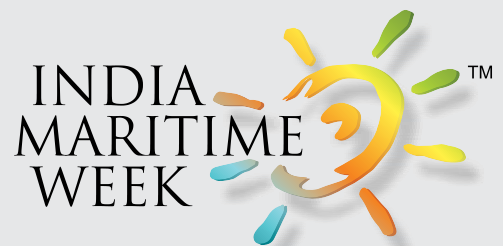
- A par 72, 7204 yards 18-hole course
- Landscaped by Bell Collins and developed by Ranjit Nanda Associates
- Designed by the legendary King of Golf, Arnold (King) Palmer
- Constructed to United States Golf Association (USGA) standards
- Carpeted with: Tiff dwarf 11 for greens and Tiff way 419 for tees, fairways & roughs
- The only course in the country to offer 18-holes of Day/Night Golf.



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Briefing : 1:45 pm
Shotgun Start : 2:00 pm onwards
Scoring : 7:00 pm
Cocktail : 7:30 pm
Award Ceremony : 8:00 pm
Dinner : 8:30 pm onwards



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The Australian Defence Minister Stephen Smith and Defence Minister A K Antony at the delegation level talks, in New Delhi recently.

Building Ties

The navies of India and Australia have been tasked to expand and deepen maritime cooperation between the two countries significantly. This cooperation, said Australian Defence Minister Stephen Smith, would include more bilateral exercises and bilateral, quasi-official defence and security dialogue.

Smith implicitly acknowledged that Australia's decision to lift the ban on uranium sales to India had opened the doors to a broader strategic relationship between the two countries.

Meanwhile, India will send a high-level army delegation to China before the end of next month soon after the Annual Defence Dialogue (ADD) between the two countries to improve the bilateral ties.

"Both sides will undertake a further round of delegation exchanges before December-end," the Defence Ministry said in a release here.

Defence Secretary Shashikant Sharma and Deputy Chief of General Staff of the Chinese PLA Gen Ma Xiaotian at the 4th Annual Defence Dialogue (ADD) in New Delhi recently.



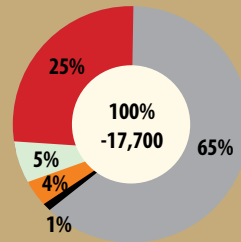
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RAIL TRANSPORT

Plan for Incremental Freight

Sector-wise split of additional human resource required by 2020



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INTERVIEW

Piyush Lohia

Managing director, Lohia Warehouse

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gateway

SCM & LOGISTICS

SECTION

Policy

FDI in Retail: What will the LSPs get?

The Indian government's proposal to allow 100 per cent FDI in organised retail has rocked both the houses of Parliament. The intense nationwide debate that followed resulted in the government holding it up until a consensus is arrived. What got lost amidst this chaos is the potential impact the decision will have on the logistics sector.

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NEWS

Manpower
Training**DHL opens Gurukul in Bengaluru**

DHL, the leading logistics company, launched its third operations simulation centre, Gurukul in Bengaluru. An Initiative of DHL Supply Chain, the training centre is aimed at developing the skills of blue collar workers by imparting a consistent and standardised training on several aspects of warehouse operations, which would include the critical subjects of safety, health and environment at their warehouses across the country.

This is the third Gurukul centre set up by DHL Supply Chain in India, the earlier two being in Mumbai and Delhi. Spurred by the demand for world class quality warehousing solutions, DHL Supply Chain is rapidly expanding its footprint in India and recently announced a state-of-the-art Multi-Client Site (MCS) in Maharashtra. Currently, a large number of industries in India are integrating logistics requirements into global supply chains.

Gurukul will impart best practice knowledge to employees thereby enhancing their expertise and competencies enabling them to deliver quality along with safe and superior operations. "This initiative will set a new benchmark in



service delivery for our customers in South India," said Vikas Anand, Chief Operating Officer, DHL Supply Chain India. "We realise professional employees need to be fully equipped with appropriate skill sets to meet customer expectations to provide world class service," he added.

A combination of classroom coaching and practical assessment will form a part of the curriculum. Employees will be trained on various aspects of warehouse operations including order picking, inventory management, housekeeping, hazard awareness and security.

Alliance

NTPC may join JV of CIL and SCI

Power major NTPC is likely to join the coal logistics joint venture proposed by Coal India (CIL) and Shipping Corporation of India (SCI). "Talks are at an advanced stage with NTPC for the proposed joint venture," SCI Chairman and Managing Director S Hajara said.

Coal India and SCI are banking on NTPC, a major buyer of imported coal. A firm commitment will help the coal major to finalise import contracts with suppliers. NTPC aims to import 16 million tonnes of coal during the current year to meet its feedstock requirement.

The power generating company, however, wants to restrict coal imports to 10 per cent of its total consumption to keep power price in check. CIL has said it wants to deliver imported coal at the doorsteps of customers through a SPV in which likeminded companies will also join.

It has already signed a MoU with SCI and invited Indian Railways to join the consortium. CIL Chairman NC Jha said 4-5 proposals have been received for long-term off take contract of imported coal and it will be taken up with the board in the near future.

The PSUs have proposed joint venture for the import of 25 million tonnes of coal per annum. The supply contract for acquisitions will also ensure a steady supply of imported coal for the joint venture. CIL said the hindrances for overseas acquisitions have been removed by the Centre, and CIL's sub-committee on acquisition will take up proposals shortly. Meanwhile, CIL has finalised the consultant to carry out a feasibility study, facilitate incorporation of the joint venture company. /PTI

GST

Belkin may set up warehouse facility in India

US-based firm Belkin said it may set up a warehousing facility in India depending on the launch of Goods and Services Tax in the country. "Yes, India is a big market for us. We may set up, but that depends upon the roll out of GST...", Belkin India Managing Director Mohit Anand said. Anand feels that GST will help the company on the larger perspective, with uniform fee collection. He, however, did not rule out the possibility that it may even look at Singapore for setting up the warehouse if GST was not rolled out in India next year. The US-based company has two warehouse facilities in the Asia-Pacific region. On future plans, he said, the company aims to generate revenue of ₹1,000 crore over the next three years. /PTI

Diversification

Kale enters 3PL space

Kale Logistics Solutions Pvt. Ltd, a leading IT Solution provider focused on Airports & Logistics Industry, has now expanded its IT portfolio to meet the requirements of Warehousing, 3PL/ Manufacturers, Transport & Fleet Operators.

At CTL Expo 2011, Kale Logistics introduced PYXIS – a web based warehousing and distribution management system, and HELIOS, an end-to-end web-based transportation & fleet management system. D T Joseph – IAS & Former Secretary-Ministry of Shipping, and L Radhakrishnan, Chairman-Jawaharlal Nehru Port Trust were present at the launch function.

PYXIS Warehouse Management solution optimises every stage of the warehouse process starting from the point an inbound shipment enters the warehouse until an outbound shipment leaves.

PYXIS is a readily configurable system in which the user can define the location rules, package types, picking rules, shipment procedures, packaging techniques, and all

other significant details regarding warehouse operations. These extensive PYXIS functions help in improving the distribution centre's operations by minimising costs and increasing productivity.

HELIOS is a web-based transportation & fleet management system comprising of two modules – HELIOS TRANS and HELIOS FLEET. HELIOS TRANS helps transportation service providers to manage entire business life cycle including vehicle request, placement, delivery and billing. HELIOS TRANS provides an end-to-end business visibility to transportation service providers/manufacturers and within the ambit of available costs and resources.

HELIOS FLEET allows companies which rely on transportation in their business to control the risks associated with vehicle investment, improve efficiency and reduce their overall transportation and staff costs while remaining compliant with the statutory requirements.

Logistics
Award**CEVA is Airfreight Forwarder of the Year**

CEVA Logistics, a leading global supply chain management company, was presented with the Airfreight Forwarder of the Year award at the Supply Chain Asia Logistics Awards (SCALA) 2011.



The annual awards organised by Supply Chain Asia (SCA) are designed to recognise and commend companies and key individuals in the logistics and supply chain community for their excellence and contribution to the industry. Didier Chenneveau, CEVA's President of Asia Pacific commented: "I am very pleased that CEVA has been presented with the Airfreight Forwarder of the Year award in Asia Pacific."

CEVA has also recently announced its continued growth in LCL consolidation services. CEVA has introduced an additional 30 new consolidation services worldwide. With strategically located consolidation points in America, Europe, the Middle East and Asia Pacific, new offerings include: Los Angeles to Shanghai, Singapore, Hong Kong, Sydney and Melbourne; Hamburg to Shanghai, Singapore and Dubai; Shanghai to Dallas, Singapore and Hamburg, and Nhava Sheva, India to New York.



NEWS

Destination
India**GEFCO enters Indian logistics market**

GEFCO, a major player in global transport and logistics, is entering India by joining forces with Mercurio Pallia, a leader in vehicle transport in India. Present in over 150 countries, GEFCO is pursuing its international expansion in Asia, a strategic growth region for the group. The alliance is aimed to develop three main activities: outbound automotive logistics, outbound two-wheeler logistics and inbound logistics. The two partners'

engineering offices will focus on designing efficient and responsible transport plans for shipping new vehicles from production sites to dealerships. Furthermore, in 2012 the two partners will introduce turnkey logistics offers for manufacturers in the fast moving consumer goods (FMCG) sector. Mercurio is one of the world's key players in vehicle transport and distribution. Catering to the logistics requirements of Japanese, European and US carmakers, Mercurio is a joint venture of Italian group Gruppo Mercurio SPA and the Indian company Pallia Transport Co. Pvt. Ltd.

GEFCO acquired a 70 per cent share in Gruppo Mercurio in May 2011. The move helps the company to grow internationally, stepping up the development of outbound automotive logistics and the diversification of its customer portfolio.



(left to right) Vipul Nand, Chairman, Mercurio Pallia; Yves Fargues, Chairman and Global CEO, GEFCO; and Christophe Poitrineau, Director of International Development East Asia – India, GE

FTWZ

Broekman begins operations at Panvel

Broekman Logistics India Private Limited has begun utilising Arshiya's FTWZ in Mumbai (Panvel) as a hub for all of Broekman's distribution activities in India. Broekman Logistics India Private Limited is a subsidiary of Netherlands-based Broekman Group, a 51-year-old \$335-million-turnover company that specialises in Shipping, Automotive, Logistics and Special Products.

Operating as the unit holder in the zone, Broekman Logistics India Private Limited will be using the FTWZ in Mumbai to cater to their India-based customers especially in the chemical and engineering products segment. The zone will be the central hub for all imports of Broekman Logistics India

Private Limited, for feeding their customers across India. Broekman Logistics also operates a significant facility in Rotterdam Port where it does similar such activities.

Rajiv Nathan, Vice President-Indian Operations, Broekman Logistics India Pvt Ltd., commented "From initially starting our operations in June, 2011 at Arshiya's FTWZ near JNPT port, we have already scaled our operations into the second phase with expanded space as we are successfully offering Vendor Managed Inventory solutions to our customers in the Chemical and Engineering space. This kind of state-of-the-art infrastructure and integrated logistics framework is common in many parts of the world but is only now available in India."

Air
Freight**DB Schenker Logistics offers new capacities**

DB Schenker Logistics is connecting Europe and North America with new air freight routes. The logistics division of Deutsche Bahn is offering new freight flights from Luxemburg to Toronto and Chicago and back. The new Atlanta and Houston route will also be served from Luxemburg.

"Our new flights enable us to offer shippers secure capacity on interesting routes," says Thomas Mack, Senior Vice President Global Air Freight at Schenker AG. "We implement the complete chain from door to door, with pre-carriage and onward carriage through our integrated networks, via our Euro hub in Luxemburg and our network in North America." Flights depart every Sunday from Luxemburg to Toronto and Chicago and every Wednesday and Saturday to Atlanta and Houston. Direct flights mean fewer take-offs and landings, thus helping to reduce CO₂ emissions.

M&A

SBS Holdings acquires Atlas Logistics

Japan-based SBS Group has acquired Bengaluru-based Atlas Logistics for an undisclosed amount. "The acquisition of Atlas Logistics will expand our footprint, add depth and efficiency to our network and offer convenience for our customers who are expanding globally," SBS Group Director Akihiko Okamoto San said in a statement. The director said that buying 80 per cent stake in the Bengaluru-based firm is part of the long-term strategy of SBS Holdings to make an inroad into Asian market. "In the near future we hope to develop a strong hold in logistics business in India by providing know-how on land transportation business, warehouse business and third-party logistic services," he said.



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RAIL TRANSPORT

Plan for Incremental Freight



The 2011-12 railway budget has placed a colossal freight loading target of 993 million tonnes. To attain the targeted freight projections, the railways will bank upon its recent initiatives for optimum asset utilisation. Besides, it will importantly look for its new freight pulling provisions to yield dividends. The railways handled a total of 887.79 million tonnes of freight traffic during 2009-10.

Speaking at an interactive session recently in New Delhi, the Union Minister of Railways, Dinesh Trivedi emphasised on utilising the recently announced initiatives to attain the targeted projections. Prominent among these will be to maximise utilisation of our rolling stock assets. The ministry is also targeting incremental traffic in coal, iron ore and other bulk traffic from various points of origin to unloading points. He pointed out, "The emphasis on attracting incremental traffic will be beneficial for the industry and railways on two fronts. This is because it will, to a large extent, take care of the non-utilisation of the empty rakes both during inward and outward movement."

The minister said a major initiative for attracting incremental traffic has been for coal cargo movement through longer leads. The railways has begun the movement of coal cargo for beyond 500 km, which was not the case earlier. This decision

has addressed, to a large extent, the issue of timely evacuation of coal cargo for many ports, and also helped the railways in the smooth movement of coal cargo through coastal routes.

The railways had a revenue erosion of ₹2,000 crore due to ban on export of iron ore. Loading target was reduced by 20 million tonnes to 924 million tonnes. This was however compensated by raising the tariff of iron ore transportation in sync with global movement of iron ore, Trivedi clarified. This enabled the railways to earn additional freight traffic receipts.

In the long run to attract incremental traffic, Trivedi said, the railways will bank upon its new R2CI policy and R3i. Under R2CI policy the railways will provide incentive to developers by way of return of capital invested in the construction of line over a period of 25 years through a surcharge on freight. The railways will undertake the operations and maintenance of line at their own cost after the ownership of line is transferred to it. Under R3I the railways will look to retain and increase its cargo traffic share. It aims at making rail option more competitive for prospective customers by sharing their burden in getting rail connectivity and allowing them to get a share in freight revenues generated by traffic moving through the new line. The recently created Dhamra rail link connecting

Dhamra Port has been based on the guidelines of R3i policy.

The minister said that it will be essential that the railways are able to generate sufficient resources for its modernisation through identification of potential revenue models to ensure viability gap support. He lamented saying, "though the railways are very good in taking care of operational issues, it has been weak in identifying business models that will attract private investment."

Support from states urged

The railways is looking for private investments mainly for the modernisation of stations and freight terminals. Responding to a query by *Maritime Gateway* on what will be the clauses for private investment in the areas identified, the minister said, "The railways will have to look into investment models that will be beneficial for stakeholders and users." However, he said, "The economical viability of the project will be looked into. Viability of the freight terminals can be ensured through support of states by providing better access to the freight terminals." He informed, "I have spoken to chief ministers of many states to extend their support for the same; however, the response has been lukewarm." The minister opined that, for GDP to grow at 8 per cent, Indian Railways will have to grow at the rate of 10 per cent supported by adequate investments in freight infrastructure. **MG**

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Mike Brissette is the president of MosaicHydro, a company specializing in hydrographic training and service delivery. Prior to forming MosaicHydro in 2004 Mike retired from a 20 year career in the Canadian Navy having been in charge of hydrography for Canada's west coast Navy for his last 7 years. He has a Bachelor of Computer Science degree from College Militaire Royal de St. Jean and a Master of Survey Engineering degree from the University of New Brunswick.



About Visakhapatnam: Visakhapatnam, often called "The Jewel of the East", is a coastal port city situated in Andhra Pradesh. Nestled among the hills of the Eastern Ghats facing eastward the Bay of Bengal it is both the administrative headquarters of Visakhapatnam District and the home of the Eastern Naval Command of the Indian Navy.

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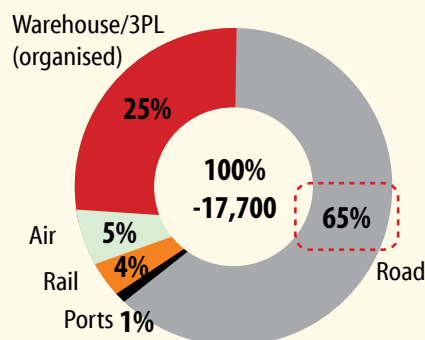
HUMAN RESOURCES

Yawning Gaps

Given the breezy growth of logistics sector in India, the pace with which skilled human resources need to be developed to take the sector forward, is not happening, says KPMG, the leading advisory and audit firm, in a recently released research paper highlighting the glaring gaps.

According to this paper, the requirement of human resources is going to magnify almost 3.5 times

Sector-wise split of additional human resource required by 2020



by 2022 as compared to 2008 levels. Titled 'Glaring Need to Bridge Skill Gaps in the Indian Logistics Landscape', the paper highlights that the demand for human resources in the road and organised warehousing/3PL segments will increase by 3 to 5 per cent, while rail as a segment will witness a relative fall of over 10 per cent. Of the total additional requirement of human resources for the next ten years, road segment is likely to garner almost two-thirds of this (65 per cent) followed by organised warehousing/3PL taken together at 25 per cent.

The suboptimal quality of the existing human resources across the segments is likely to become more challenging in the coming years, reveals the paper. It may be noted that this can be largely attributed to lack of adequate training facilities focussing on these skill sets. Logistics is one sector that has been neglected by both the industry and government as far as manpower training is concerned. This has been emphasised by the paper: "The current dismal state of skilled resources is primarily a function of two factors: (1) shortage of suitable result-oriented and formal education and training, and (2) lack of much needed thrust on part of employers to invest in training personnel instead of opting for cheaper and larger pool of low/unskilled workers."

The KPMG paper further reveals that logistics segments that would require maximum human resources are also the ones that currently suffer from most unsatisfactory quality of skills and knowledge. Despite the current lack of skilled resources, there are a few services that may witness relatively less acute concern. Segments like multimodal and cold chain services may fall in this category as a result of intense demand and hence the focus on skill set upgradation. Other sub-segments within containerised logistics may also witness lesser issues due to its inherently organized nature. **MG**

Afflicted logistics sector	Target human resource	Critical skill sets to be urgently upgraded
Road transportation	Vehicle drivers	- Basic driving skills keeping in mind the in-transit safety of cargo/vehicle - Best practices in driving and road safety, especially when handling higher tonnage or technologically advanced (e.g. reefers) vehicles or hazardous cargo - Fundamental knowledge of tax-related documentation (e.g. octroi, VAT, excise) and procedures, those particularly applicable at inter-state transportation.
Warehousing	Managers	- Staying updated with latest technology applications – IT systems, Warehousing Management Systems (WMS), RFID, etc. - Supervisory capability to ensure timely and optimal training in picking, packing and distribution.
	Loading/unloading and general supervisors	- Loading/unloading skills to ensure minimal/no damage to cargo, particularly fragile items while also ensuring quick turnaround time - Training skills to scale up operational abilities of equipment operators - Good people management skills given that Indian warehouses still depend a lot on manpower than automation - Adaptability to new technologies such as Put-to-Light, Pick-to-Light, IT systems, WMS, handling equipment (e.g. pallet trucks, stackers, fork lifts) and stock keeping - Effective and cordial supervisory skills, good warehousing hygiene practices.
Emerging services (cold chain, 3PL/multimodal)	Supervisors, equipment operators	Technical skills to operate complex and partially/fully automated equipment, particularly in cold chain sector and process integration software systems that find increasing application with emergence of 3PL players.

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INTERVIEW

The Sourcing Specialist


Piyush Lohia

Managing Director, Lohia Warehouse

The next time you buy a product from any of the biggie retail chains, in all probability it would have been sourced by Lohia Warehouse on behalf of the retail chain. Yes, Lohia Warehouse is a sourcing specialist for many of the large retail chains like Reliance and Bharti Walmart. As a supply chain partner, Lohia Warehouse undertakes the responsibility of sourcing products for the retail giants from countries like China. In addition to sourcing, the company offers a broad spectrum of other services from assortment creation to financial services. **Piyush Lohia**, managing director, Lohia Warehouse, shares his thoughts on the intricacies of this business and allowing FDI in retail in a tele-conversation with Jagadeesh Napa. Excerpts:

Service offerings

We are primarily a sourcing company with export background. Our end-to-end services include financing, logistics, sourcing, merchandising, imports and distribution. We provide a complete assortment of services especially to the retail chains from end to end.

Issues & intricacies

By integration we mean moving the goods across the supply chain on time. As a supply chain partner, the biggest challenge for us is to see that the goods reach the destination on time. We are working on and trying to reduce the time taken by us to source the goods from the supplier till getting them stored in our warehouses.

Liaisoning with Customs is a challenge as the Customs department is very unpredictable. They take 15 to 18 days to clear the consignments due to heavy traffic at the ports. This has been a perennial problem as Indian ports are heavily congested. Secondly, India's bilateral trade policy towards China also plays a role here. Not everything is smooth in doing business with China. There are also issues within China that affect the consignments like manpower issues, supplier-related issues etc. At times such issues cause delays and we are forced to pay extra for those delays.

Client profile

As of today, we are working with all the big retail chains like Bharti Walmart, Reliance Retail and Metro.

All of these are our customers and we are doing very good business with all of them. The consumer demand is growing and thus our business too is growing. We feel we are a major player as far as servicing clients is concerned. We have very sound relationships with our clients.

FDI in retail

Our position on this very clear – I am very much in favour of this policy change. Frankly, such move would move towards strengthening the entire supply chains and building the logistics infrastructure. I feel that at this point of time our country needs more money to flow into this sector. It would have led to faster growth of retail trade in India and putting in place adequate infrastructure. This would have been something that would have taken the leap, but unfortunately got stalled for now.

GST

We expect to benefit from GST as and when it is implemented. The inter-state transportation will become much smoother and faster. I don't see a reason why it should be held back for so long. Lot of traffic that currently goes unaccounted for and not reported, will get reported in the GST regime as it will be easier and simpler to manage.

Expansion plans

I think the retail sector looks very vibrant and full of growth. Going forward, we expect a growth of 30 to 35 per cent in this sector. We are expanding not only in India, but also in places where we source our products like Southeast Asia, Vietnam, Thailand and Malaysia. These are some of the countries that we are exploring right now for sourcing, and this is going to have huge impact on our business in the near future. 

INFRASTRUCTURE

Logistics Parks: Future Drivers of Growth

The growing trend in logistics outsourcing and rise of 3PL business calls for well placed logistics infrastructure to meet the future demand. The upcoming Goods & Services Tax (GST) regime too indicates towards having robust infrastructure in place. Touted as drivers of growth, logistics parks and hubs play a crucial role not only in boosting the trade, but also in furthering the economic activity.

Many of the large players in this domain have realised this well in advance and are in the process of creating capacities. While there is a rise in non-asset-based LSPs, asset-based LSPs are not left far behind. In fact, this is the right time for the latter to build capacities.

New Delhi-based Safexpress, an end-to-end supply chain and logistics services provider, is spearheading the momentum in meeting the client demands through establishing these vital assets. The company is in the process of developing mega logistics parks or hubs across the country to service their clients.

The company has recently launched the largest warehousing facility of central India at Indore. This logistics park is spread across more than a million square feet. Located strategically on the Agra-Mumbai National Highway 3, the facility is expected to fulfill the warehousing needs of companies

located in and around Indore. Given the size and the quantum of business that it can garner, this logistics park is expected to trigger an economic revolution in the region.

Speaking during the launch ceremony, Pawan Jain, CMD, Safexpress said, "We feel great pride in having launched this logistics park at Indore, which will help raise the standards of supply chain & logistics in this region to a very different level. As an industry leader, we feel that the onus of taking such path-breaking initiatives rests with us."

Jain elaborated, "We have invested ₹85 crore in developing this facility at Indore. We expect the economy of Indore region to continue growing at a very healthy rate in the years to come, and keeping that in mind we have made a significant investment here. We plan to not only leverage from the healthy growth of this region, but also to contribute in bringing about this growth in the first place by setting up world-class supply chain & logistics infrastructure."

On the other hand, Container Corporation of India (CONCOR) has drawn up a five-year plan to set up 13 big multimodal logistics parks across the country to handle domestic as well as exim container traffic. The first of these parks was established at Khodiyar near Ahmedabad in the first half of 2011

and the second one at Nagulapally near Hyderabad in December. "We will be developing the network of logistics parks through private participation. We will be investing in the basic infrastructure and other facilities such as warehouses will be set up through private investments on a revenue sharing model," said Anil K Gupta, Managing Director, CONCOR to a national daily during the inauguration of the Nagulapally terminal.

While CONCOR is looking to cash in on the growth in containerised cargo, Safexpress is inching towards creating a revolution in the 3PL business. Though they are different in their approach, both the cases are resulting in development of logistics infrastructure that helps in providing quality and cost-effective services to the trade. With more and more manufacturing companies outsourcing their supply chain and logistics operations, 3PL service providers are coming under pressure to improve their quality in service delivery. Vineet Kanaujia, General Manager – Marketing, Safexpress believes that such mega logistics parks will provide the required impetus to bring in a revolution in the 3PL business in India.

Kanaujia remarked, "With GST all set to happen soon, we are developing 32 logistics parks at key industrial centers across India with an investment of over ₹600 crore. In the GST era, most companies will be adopting newer business models and supply chain models, since warehousing will no longer be taxation driven. Our logistics parks will enable us to provide clients with cutting-edge transshipment and 3PL services." 

With more manufacturing companies outsourcing their supply chain and logistics operations, 3PL service providers are coming under pressure to improve their quality in service delivery. Such mega logistics parks will help 3PLs to improve their service delivery.

POLICY

FDI in Retail: What will the LSPs get?

The Indian government's proposal to allow 100 per cent FDI in organised retail has rocked both the houses of Parliament. The intense nationwide debate that followed resulted in the government holding it up until a consensus is arrived. What got lost amidst this chaos is the potential impact the decision will have on the logistics sector.

Looking beyond the political motives, the logistics companies have been eagerly waiting for this policy change for quite a long time. Industry strongly believes that allowing FDI in retail will have a multiplier effect on the entire logistics sector – from transportation to warehousing to packaging. Almost every segment is expected to experience its impact.

The demand for logistics and supply chain services due to this

policy change will be humungous. A lot of preparation on part of the LSPs will have to be made and this in turn calls for lot of investments. Therefore, for the next five to ten years, logistics sector will remain a gold mine for investors. In fact, the FDI proposal prepared by the cabinet comes with a rider that is highly relevant to logistics – 51 per cent of the investment should be dedicated to strengthening the backend supply chain and logistics infrastructure.

As is the practice of organised retail chains, most of their logistics activities will be outsourced while they focus more on attending to the consumer. Thus, LSPs and 3PL players are looking forward to grab their share of the pie in this gold rush. Vineet Agarwal, Joint Managing Director, Transport Corporation of India, says, "The boom in the retail sector has been and will continue to give an impetus to the logistics sector. Big retail



chains are already following the global model of outsourcing their logistics activities to service providers in order to manage complex supply chains and focus on their core business. The success in the competitive and dynamic retail sector depends on achieving an efficient logistics and supply chain, which could be provided by professional logistics service providers, as they provide best practices and expertise to manage a ready flow of goods and services."

The decision to allow FDI is expected to benefit farmers immensely, provided the logistics infrastructure that is directly related to making the produce available to the consumer is beefed up and made available at the right time. This includes, warehousing, refrigerated transportation and cold chain infrastructure. According to industry estimates, about 40 per cent of the agri food produce is being wasted due to poor infrastructure. Considering that the organised FDI would chip in to reduce this waste, huge investments have to be made in developing the cold chain infrastructure. "The most significant will be the creation of backend infrastructure from a very low base across farm level pack-houses for horticulture and agriculture products, establishment of cold chains at all levels from mandis to retailers," adds Agarwal.



"The most significant will be the creation of backend infrastructure from a very low base

across farm level pack-houses for horticulture and agriculture products, establishment of cold chains at all levels from mandis to retailers,"

Vineet Agarwal, Joint Managing Director, Transport Corporation of India

It is typical of the organised retail players to follow the distribution centre model for the flow of goods from source of production to retail outlet. As the retail chains move from tier I cities to places below in the pyramid, the quantum and

importance of distribution centres will be further elevated. This will further throw open huge windows of opportunity to the LSPs at large. 3PL players specialising in warehousing and distribution centres are expected to play vital roles in running such facilities, catering to the requirements of the retail chains. This in turn is expected to create hub & spoke system of operations benefitting a whole array of LSPs. Agarwal says, "The policy will further allow multi-brand foreign retailers to set up shop in cities with a population of over 10 lakh which according to the 2011 census is prevailing in 55 cities. The big retail chains can now move beyond the metros to smaller cities thus enhancing the networks. This would lead to creation of better distribution networks, ideally through a hub & spoke system."

Last but not the least, timing of nationwide rollout of Goods & Services Tax (GST) is sure to add momentum to this. GST is expected to roll out in 2012, probably the same time when the parliament clears the FDI proposal. The timing is perfect that the benefits of GST add to this big opportunity contributing to reduction in logistics costs and improvement in efficiencies. **MG**

Retail sector to grow at CAGR of 12%: Ernst & Young

Foreign Direct Investment (FDI) in single-brand retail currently is 0.03 per cent of cumulative FDI of around \$149 billion from April 2000 to September 2011. The relaxation is likely to result in an increase in FDI in retail sector, especially in greenfield and brownfield investments. Indian retail market, which was around \$220 billion in 2005, is now expected to hit \$700 billion by 2015, with a CAGR of about 12%. Within retail, modern, or organised, retail is growing at a fast clip, with CAGR of about 21%. Though the industry was expected to grow at a much faster rate 5-7 years ago, the actual growth rate was much lower. Lack of retail expertise and experience has been the main reason for this subdued growth. The sophisticated front-end that international players are likely to bring will boost investment in infrastructure by retail players, third-party supply-chain companies and the government. This will improve efficiencies in the supply chain, cut wastage, increase efficiency and bring down consumer prices.

Source: Ernst & Young



programme at a glance

INDIA MARITIME WEEK

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DAY ONE

TUESDAY
17th JAN, 2012

Workshop on
Container Logistics
by Eredene
Infrastructure

DAY TWO

WEDNESDAY
18th JAN, 2012

- 2nd India Maritime HR Summit
- Golf Tournament

DAY THREE

THURSDAY, 19th JAN, 2012

Plenary Session:

Creating Capacities: Lessons Learnt

Session II:

Future of Dry Bulk Market: Keeping with the Demand

Session III:

Changing face of Container Shipping: What to expect?

Special Sessions:

NISAA Business Forum
Inland Waterway Transport in India

Presentation of Gateway Awards of Excellence:

Ports & Shipping 2012

Cocktail and Networking Dinner

DAY FOUR

FRIDAY, 20th JAN, 2012

Maritime States Plenary Session:

Port-led Development: Government & Industry Role and Strategies

Session II:

Port Infrastructure and Connectivity: Meeting Growing Demands

Session III:

Ship Building and Repair: Opportunities in Offshore & Defence Market

Special Sessions:

Shipowners Forum
AMTOI Business Forum

Networking

Social Event over Cocktail and Dinner

DAY FIVE

SATURDAY, 21st JAN, 2012

Session I:

Liquid Cargo - Driving New Opportunities

Session II:

Bunkering: Can India be a Destination?

Session III:

Technology and Innovation at Ports & Terminals

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