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INDUSTRY UPDATE
RECESSION BLUES

PORT SCAN
**TUTICORIN
A FORWARD
LOOKING PORT**

OPINION: GANESH RAJ
**PROPER PLAN
FOR TRADE**

INTERVIEW
GOING GREAT GUNS
M PREM KUMAR
GROUP MD & CEO
UNIWORLD LOGISTICS

Engines of Growth

As ports metamorphose into dynamic business facilities and catalysts of socio-economic growth, their role in the sustainable development of the region for the benefit of the present and the future generations becomes significant

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Engines of Growth

Ports have been contributing to the economic development of a region through both international and domestic trade. As they metamorphose into dynamic business facilities and catalysts of socio-economic growth, their role in the sustainable development of the region becomes significant, more so in the present context when the natural resources of the earth face the threat of depletion and extinction.

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M Prem Kumar, group managing director and CEO of Uniworld Logistics.



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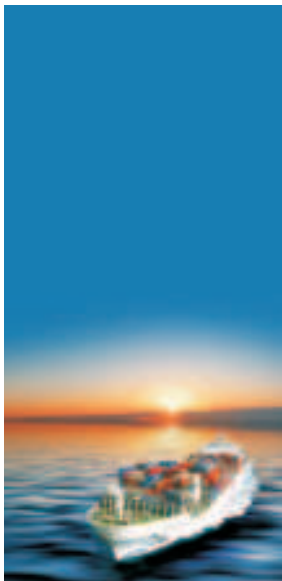
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Proper Plan for Trade

Ganesh Raj, senior vice president & managing director of DP World Subcontinent.





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Dubai World Central project, though slow in the wake of the economic crisis, is likely to be grounded by 2020. Once complete, it promises to be an integrated logistics development hub for the world.

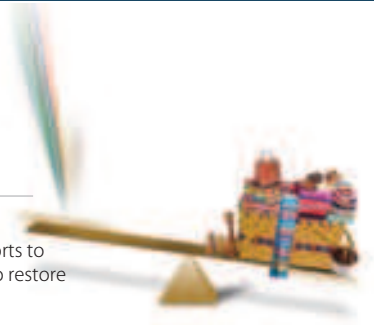


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Going down to come up



As the economic crisis cycles its way around the globe, heads of states hint at crucial times ahead and no abatement in the near future. The Indian government has solemnly stated that there are still no indications as to how the crisis will progress and when it will bottom out. Well, even the Nobel-winning economist Paul A Samuelson was humble when he acknowledged that

“what we know about the global financial crisis is that we don’t know very much.”

Does that mean we have to relax and enjoy the crisis! This might sound blatant but then one cannot get lost in a labyrinth but be spirited enough to find a way out. So, world leaders seem to be unlearning their learning and getting back to the basics: institutional capacity building. Countries like ours have realised that they can wriggle out of the maze by propping up their social infrastructure and rural economy.

If this is the scenario at large, credit squeeze continues to affect the shipping industry and shipowners seek government help to finance their new vessels. The fraternity is asking respective governments to rescue it with stimulus packages. On the other hand, fluctuating freight rates owing to a dip in the demand for steel, coal and iron ore, are keeping dry bulk carriers on their toes. Some charterers are even demanding drastic rate cuts to ply vessels forcing owners to scamper to law firms.

The looming crisis has made the world introspective. And nations have been conferring on various platforms to question themselves and their role in sustaining the earth, in fiscal and physical terms. They have come to realise that a change in perspective, priorities and procedures alone can sustain the present and future generations. Our Cover on ports talks about the same – sustainable development and the proactive role of ports in environmental and social stewardship. Well, ports have far surpassed their function as static merchandise lots to being dynamic partakers in regional growth. Our special focus on Tuticorin Port and the ports in Gujarat offers more insight on the subject.

In keeping with the mood, an industry update gives an elaborate account of the industry’s trials to bounce back in these testing times. The repercussions of recession on a maritime giant like Dubai are discussed, so also on the logistics players.

And all the discussions invariably point to one cosmic fact: If the crisis is a cycle, there is always a better tomorrow!

Warm regards,

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Maritime Gateway is printed and published by
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 Hyderabad-500 033, INDIA
 Phone: +91(40) 2355 0991, 2355 0992
 Fax : + 91(40) 2355 0994 www.gatewaymedia.in
 Printed at Kala Jyothi Process Pvt. Ltd.
 1-1-60/5, RTC Cross Roads, Hyderabad - 500 020

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**A K Mohapatra**

Former Secretary,
Department of Shipping

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

**K Suresh, IAS**

Chairman,
Chennai Port Trust

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

**Ganesh Raj**

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

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

**A Janardhan Rao**

President, Indian Ports
Association
Former chairman,
Kandla Port Trust

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

**Dinesh Lal**

Executive Director,
Maersk India Pvt. Ltd.

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

**Sudhir Rangnekar**

Managing Director &
Group CEO,
Sical Logistics Limited

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

Editorial Advisory Board

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

**Yogendra Sharma**

Chief Executive Officer,
Adani Rail Logistics Ltd.

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

**Sachin Bhanushali**

President,
Gateway Rail Freight Ltd.

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

**S S Kulkarni**

Secretary General,
Indian National
Shipowners Association

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

**Capt. Ram Ramchandran**

President,
NISAA

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

**Capt. Subhangshu Dutt**

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

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



Proper Plan for Trade

A clear policy that encourages private operators to invest more in the port sector and build better capacities can stimulate trade and stretch India's business growth to greater levels.

There is a lot of focus on commerce and trade liberalisation, but very little on the “vehicle” of this growth i.e. the maritime sector. To increase trade and commerce, we need to bring larger focus to this sector and open it up to development, technology improvements, efficiency and globally recognised standards. If we look at maritime nations like Netherlands, Singapore or

Dubai, a flourishing maritime industry has been the single most important factor for their rapid economic development. In India, I believe that there has been a considerable progress and in turn policy changes in the past decade. However, some of them have been inconsistent with each other and have more often than not, remained independent policies. For example, in the liberalisation process, private participation in maritime sector was proposed and it was a positive step. However after that, no effort was made to see that this sector moved from infancy to maturity. Foreign investments and inward remittances have no doubt increased multi-fold. But, policy makers have not done enough to ensure that maritime

infrastructure support grows at a pace faster than commerce to ensure bottlenecks are minimised and growth is not artificially restricted.

Whether it is the new PPP agreement or any policy change that has come up, the time taken by each project from being conceptualised to being implemented is way too long at 2-3 years. What is equally important is for the ministry to take the stakeholders into confidence when making these policies. There is also the notion that the private sector, if given too much of leeway, may misuse it and almost always results in undue enrichment, and hence the policies are based more on mistrust rather than on trust. As a result, there is always a conflict between private and public sectors. We should rather create a policy that is in the interest of the nation. To cite an example, there are policies for federal-run and private ports. While there is some amount of similarity, there is absolutely no correlation between the two. What we as a country could have done, was to come up with a singular policy to promote infrastructure development. On the one hand, government-run port trusts are encouraged to maximise their sources of revenue through higher revenue share and lease rent collections from private investors and on the other hand, they

are asked by the Ministry of Commerce to cut down on the transaction costs to the end user. How do they manage these two conflicting approaches of the Government? Ideally one would expect that the focus of the government would be more inclined towards encouraging creation of new infrastructure and to let free market forces to determine the pricing mechanism.

The current bidding model entails that ports authorities award concessions to a bidder who gives them the highest royalty share. They also want to ensure objective to bring down the transaction cost. There is a little bit of paradox here. That's where the policy starts to stretch itself beyond its limits.

When you create capacities, demand automatically follows. This is what all the other countries are following. Look around. Terminals which started off with 5 or 8 million TEU are now talking of capacity expansion to 57 million TEU. The government as a port operator should be a nodal agency which ensures that infrastructure facilities are available. It should not get into the same business that a private entity is already engaged in. **ME**

Ganesh Raj is senior vice president & managing director of DP World Subcontinent

If the policy clearly states that promoters create the best of the infrastructure and as large capacities as possible, it will be in sync with what the country needs.



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Major ports

Baalu reviews progress of projects

Minister reviews the progress of port connectivity projects as well as modernisation and upgradation of equipment projects at all the major ports.

Union Minister of Shipping, Road Transport & Highways T R Baalu recently reviewed the progress of the ongoing projects in all the major ports of the country. He also discussed the status of projects and the constraints being faced in their implementation and hoped the work would be completed by June this year.

The minister also reviewed the progress of port connectivity projects as well as modernisation and upgradation of equipment projects at all the major ports. The draft position at Kolkata Port and Haldia Dock Complex was also discussed. Chairman of Kolkata Port Trust Dr A K Chanda informed him that the deterioration of draft at Haldia has been arrested with the deployment of seven dredgers. Baalu urged all the

port chairpersons to monitor the implementation of all the projects to expedite their completion within the stipulated time frame.

At an earlier meeting, Chennai Port Trust officials declared that a mega container terminal, at a cost of Rs 3,686 crore, is being planned for the new outer harbour of the port north of the Bharati dock and the RFQ (Request For Qualification) for the bids has already been issued. The terminal being built on a BOT basis, when operational, would require massive evacuation of containers, the officials said. It will have a two-kilometre long quay, with an alongside depth of 22 metres, backup area of 90 hectares and would be capable of handling ultra large container ships of 18,000 TEU and more.

Important projects in progress

Outlay (Rs in crore)

Offshore container terminal, Mumbai Port	1,300
International Container Transshipment Terminal, Cochin Port	2,118
Second container terminal, Chennai Port	-
Ennore Port: Iron ore terminal	488
Coal terminal	399
Marine liquid terminal	249
2 berth development projects, Vizag Port	150
Capital dredging, Ennore Port	90
Capital dredging, Paradip Port	253

Projects in the pipeline

- Deep draft iron ore and coal terminal, Paradip Port
- Stand-alone container handling facility, Jawaharlal Nehru Port
- Second container terminal, Tuticorin Port
- Four multipurpose berth projects, Kandla Port
- Iron ore terminals, New Mangalore and Mormugao Ports

Transshipment hub

Cochin port to invest \$ 2 bn



The Cochin Port will invest \$ 2 billion (Rs 10,000 crore) to set up a new International Container Transshipment Terminal (ICTT), an LNG terminal, and reconstruct old berths.

According to the port authorities, a sum of \$ 500 million (Rs 2,500 crore) will come from Dubai Port World for the ICTT on the Vallarpadam Island on a BOT basis. The terminal will be commissioned in November 2009 with a capacity to handle 3 million containers a year.

The port trust will spend over Rs 1,100 crore to create rail connectivity, increase the draft to 14.5 m from the current 12.5 m and strengthen the road network to the terminal. Petronet LNG Limited will invest Rs 5,000 crore for an LNG Terminal, which will start working in 2011 with a capacity of 5 million MMBtu. Seven of the total 18 berths handling small vessels will be modernised at a cost of Rs 71 crore.

Mundra Port

Chemoil starts bunkering

Chemoil announced that it has started supplying marine fuel in India in a joint venture with Adani Enterprises. The service is led from Mundra Port, the largest private port in India in Gujarat. Chemoil is the first international bunker supplier to have officially entered the Indian market.

Besides Mundra, supplies will also be made at Kandla, Sikka, Jamnagar and Bedi. The supply infrastructure based at Mundra Port is owned and operated by the Adani Group, with storage terminal facilities leased from the Mundra Port Special Economic Zone. There is currently an aggregated capacity of 90,000 cubic metres (cbm) available for the storage of fuel products, which can be increased to 120,000 cbm in line with market demand. Additionally, the port's upgrading programme to develop infrastructure and expand capacity is in progress.

Chemoil-Adani's product offerings will include IFO 380 cst (RMG 380), IFO 180 cst (RME 180) and MGO (DMA). Fuel deliveries at Mundra will be made via pipelines to all 12 berths, while supplies to the other ports will be via a combination of Adani-owned and chartered barges – AEL 1, KAMAL XXI, HOPE ISLAND 1 and HOPE ISLAND II. All fuels sold comply with ISO8217:2005 and Marpol Annex VI.

Paradip Port

Dry dock inaugurated

The dry dock of Paradip Port, constructed at a cost of Rs 18.5 crore including the cost of dredging, was commissioned recently. The dry dock has been built in continuation to the wet basin having a size of 75 metres long, 15 metres wide and 11 metres depth.

The dock can now accommodate vessels up to 60 metres LOA, 12 metres beam with 6 metres draft for taking up repair and maintenance required in dry docking. Hitherto, the port depended on the Kolkata and Visakhapatnam dry docks for repair and maintenance of its vessels. "With the commissioning of the dry dock, Paradip Port (PPT) will save the extra cost and time in sending the vessels to other ports. The facility is an added asset that will not only provide dry docking facility to the port's vessels but would also cater to the needs of other vessels including those of the Coast Guard and the Navy," port chairman K Raghuramaiah said.

Non-major ports

Hajara calls for balanced trade growth

S K Hajara, CMD of the public sector shipping giant, Shipping Corporation of India has expressed concerns over the fact that a majority of the Indian cargo is being handled by a single gateway port. Only one port on the west coast is handling around 60 per cent of the country's total container throughput of 6 million TEU. While all the west coast ports together handle 70 per cent of the container cargo, east coast ports handle the remaining 25 per cent. Hajara said "This is not a healthy trend. What is particularly upsetting is that this is happening at a time when the growth of India's trade with the countries in South-East Asia and Far East is much more than with that with western countries."

He said that the east coast ports should have the large share of trade with countries in the east. But then, to have a large share of the container traffic, the eastern ports must also gear themselves up by adding to their container handling facilities and removing connectivity bottlenecks.

The east coast ports, Hajara said, should prepare themselves in such a way that they could handle large size vessels, provide value-added services as the lines too were emerging as total logistics service provider covering terminal operation and be part of the global maritime security initiatives. He added that Indian ports targeted to handle 11.7 million TEU by 2011-12 and 52.86 million TEU by 2022.

Expansion & Development

Mundra inks Rs 150 bn deal with Gujarat

Mundra Port and Special Economic Zone Ltd. has signed a preliminary deal with the Gujarat state government to invest Rs 150 billion in phases. It will invest in the development of a modern coal handling terminal capable of handling Capesize vessels at Vandh, a container and Ro-Ro terminal in Bocha Island and a port with dry, bulk and liquid cargo berths at the Mundra port.

The company, in a statement said, it intended to start commercial operation of the proposed facilities in a phased manner from 2011 onwards.

Coastal security

Boats for Andaman on priority basis

Boats under the Coastal Security Scheme will be delivered to the Andaman and Nicobar Administration on a priority basis. Two boats will be delivered to them in April, 2009. In the mean time, boats may be hired locally. Union Home Minister P Chidambaram conveyed this decision to the Lieutenant Governor of the Andaman & Nicobar Islands recently.

In the first phase, the islands will be covered for issue of identity cards / multi-purpose national identity cards. Enhanced financial powers have been delegated to the Lieutenant Governor. A decision has been taken to regularise 495 daily rated mazdoors (DRMs) / temporary status mazdoors (TSMs) of the Electricity Board of the A&N Administration. However, no further recruitment in DRMs / TSMs shall be done.

The decisions have been taken following a meeting of the Island Development Authority held on January 19 after which the Union Home Minister went through some of the issues involving the Union Territory.

Call for cargo

Tuticorin Port slashes rates

Tuticorin Port Trust has reduced the handling charges for industrial coal by 30 per cent from February 1, 2009 so as to promote the trade, according to the chairman of the port trust G J Rao.

"This scheme will be in force, on a trial basis, till March 31 and will benefit the trade enormously," G J Rao said. "The trade will now be paying Rs 72.87 for a tonne of coal as against Rs 104.96. We are charging a land rent of Rs 8 a month per square metre of coal, the cheapest among the ports in India. Though we can handle 12 million tonnes of coal, we are currently only 2 million tonnes a year."

As of January 26, 2009, the port handled a total of 17.71 million tonnes of cargo and 3.6 lakh TEU of container cargo. It recorded a growth of 6.76 per cent in cargo handling in the nine months from April to December 2008.

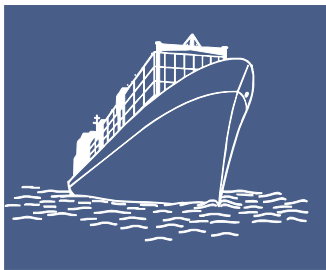
Port projects

Government approves 3 projects on PPP basis

The Government of India has recently approved three port projects worth over Rs 2,000 crore on a public-private partnership (PPP) basis, including construction of container terminals at Ennore and Tuticorin ports and a coal terminal in Goa. The 22nd meeting of the Public Private Partnership Appraisal Committee (PPPAC), chaired by secretary (Economic Affairs) under the finance ministry granted approval to three projects of the Department of Shipping. These projects will be carried out in two states at an estimated cost of Rs 2053.23 crore. Since its constitution in January 2006, PPPAC has granted approval to 94 projects, with an estimated project cost of Rs 94,783.576 crore. These includes highways (81), ports (9), airports (2), tourism infrastructure (1) and railways (one project). The list of projects approved by the PPPAC:

Name of the Project	Sector	Project Cost (in crore)	State
Eighth berth as container terminal on Build Operate and Transfer (BOT) basis at Tuticorin Port	Ports	312.23	Tamil Nadu
Container terminal at Ennore Port (BOT)	Ports	1407.00	Tamil Nadu
Coal terminal at Port of Mormugao, Goa on Design, Build, Finance, Operate and Transfer (DBFOT) basis	Ports	334.00	Goa





Losses galore

Shipping freight rally unsustainable

The Reserve Bank has permitted oil refiners and shipping firms in India to hedge the risks associated with volatility in freight rates in overseas exchanges or markets for a maximum period of one year forward, but not through complex products.

A recent revival in global shipping costs is not likely to help domestic dry bulk carriers breakeven, and market players expect gains to be limited on weak demand, low commodity prices and grim economic outlook.

The London-based Baltic Exchange's chief sea freight index, an indicator of global shipping costs, has risen more than 53 per cent in February to its highest level since October 2008.

The index, which gauges prices to ship resources such as iron ore, cement, grains, coal and fertilizer on major export routes, had plunged to a 9-year low in November as fears of a global

recession and tight lines of credit stifled trade.

"Costs are recovering. It has recovered a little from its historic low but this is not a level where you can even call it breakeven," Manish Sharma, shipping consultant, KPMG Advisory said.

For example, capesize ships, or large cargo vessels used for transporting coal, ore etc., earned between \$ 150,000-200,000 a day at their peak in late 2007 and then plummeted to \$ 4,000-5,000 by November 2008, market players said.

With the revival in rates in February, they now earn up to \$ 18,000 a day,

still much below the breakeven costs, they added.

Shipping firms such as Great Eastern Shipping Co. and Essar Shipping Ports & Logistics admitted the outlook was gloomy and said freight rates would continue to remain under pressure in the medium-term.

"This is a very low point of the trend cycle. We have seen a real collapse. We have just had a 90 per cent drop in earnings from ships," G Shivakumar, CFO at GE Shipping had said at an earnings call at the end of January.

"I think it really began with significant destruction in demand for steel, followed by coal and iron ore. What added fuel to fire was letters of intent was not coming. So, there was a reduction in trade flow," he said.

Shipping brokers and analysts were sceptical about this rise in freight rates, fuelled by iron ore demand from major consumer China, and argued the index was likely to drop again once this demand faded. Apart from iron ore demand, China, the world's top consumer of wheat, has been buying grain from the U.S. and Australia as well as other sources.

There has been a marked increase this week in freight rates especially for panamaxs, or mid-size vessels that are often used for grain, notably on the trans-Pacific route that carries grain from Latin America to China and the rest of Asia.

"We definitely need another three months. There will be more clarity on commodity prices, and we'll have how various economies are shaping up with the stimulus packages taking place," V. Ashok, chief financial officer at Essar Shipping, said. -Agencies



Custom-built ship

Gati launches sixth vessel

Gati Coast to Coast, the shipping division of Gati Limited, has launched its first custom-built ship – MV Gati Pride. The 7000 DWT and 442 TEU vessel, costing \$ 13.40 million, is the sixth addition to the Gati fleet and was built in two years at Asimar, Thailand.

“With this, Gati’s approach in acquiring vessels to expand its tonnage takes a new look, as the fleet gets younger,” says Mahendra Agarwal, managing director and CEO of Gati Ltd. The vessel has the best of equipment to ensure safe and reliable handling of cargo, he adds.

The fleet will operate and serve the routes – Bay of Bengal, Andaman Seas and Malacca Straits.

“The impact of the global financial downturn is relatively less as we operate in a niche segment,” observes T Kumaran, president of Gati Coast to Coast.



Crude oil dip

SCI-ONGC rig JV delayed

The joint venture between Shipping Corporation of India (SCI) and the Oil and Natural Gas Corporation (ONGC) to build offshore rigs has run into trouble as the crude oil prices have fallen considerably in the past few months. It is known that the two companies have joined forces in the mid-2008 to take up building of offshore rigs. But the tumbling prices have reduced the demand for oil exploration and the necessity for more rigs. Rigs can now be hired at cheaper rates instead of being purchased.

“The plan has not fructified at this point in time. The scenario has changed and we will consider that in our next meeting,” said an SCI director. The meeting is expected to take place in three to four weeks.

Tricon stake

Rohlig sells 25 per cent of share to Austrian firm

German freight forwarding company Rohlig & Co. has divested 25 per cent of its 50 per cent stake in the Indian freight forwarder Tricon Shipping Pvt. Ltd. Gebruder Weiss of Austria, also a shipping and forwarding company bought this stake for an undisclosed amount. Post this transaction, Tricon will be called as Weiss-Rohlig India. Initially, Rohlig had a working agreement with Tricon since 2000 and had picked up 50 per cent stake in 2008. Commenting on the removal of Tricon name from the logo, B R Rangamani, managing director of Tricon said that it was a conscious decision as both the European partners added more value in the international business with their brand images. Last year, Tricon Shipping posted a turnover of Rs 100 crore.

Rangamani further added, “Bringing in the two European partners would only improve Tricon’s international business as both the companies were leading players in the freight forwarding business.”

India-E Africa services

CMA CGM ups freight rates

French carrier CMA CGM has announced an increase in freight rates for the container cargo on all its services that move between India and East Africa. The carrier issued a release to this extent saying a rise of US\$ 300 per TEU will be applicable from February 16 when its vessel CC Serengeti will call at the JNPT.

CMA CGM has stated that the rate hike is necessary to offset a substantial increase in operational costs, and be able to offer reliable services to customers. The move follows in the footsteps of the Mediterranean Shipping Company (MSC) and Emirates Shipping Line, which announced a similar increase on the route, effective February 17.

Meanwhile, the shipping line has also started diverting services around the Cape of Good Hope to avoid the ‘extremely’ high costs of transiting the Suez Canal. It is learnt that the carrier has diverted its Asia-Europe FAL 2 service, along with its partner China Shipping, around the Cape of Good Hope.

Market downturn

Dip in companies' earnings

Shipping companies have recorded a fall in their earnings as the freight market fell sharply following the global downturn. Despite the meltdown, some companies have registered a modest growth during October-December 2008 compared to the corresponding period in 2007.

According to shipping analysts, the dry bulk segment went through one of the most volatile phases in the last nine months with the Baltic Dry Index falling from \$ 11,793 in May to \$ 663 in December 2008. Compared to the dry bulk segment, the tanker market was much better with the companies coming out with a better performance.

GE Shipping, the largest fleet owner in the private sector, registered a 17.9 per cent dip in its net profit at Rs 241 crore (Rs 293.57 crore) during the quarter. Yet, it had some exceptional items and marginal increase in interest that pulled down its profit, though it could achieve a 12 per cent increase in total income. The trend is being attributed to its tanker fleet that makes up for the bulk of its fleet strength, with 32 tankers and 9 bulk carriers.

Varun Shipping also registered a fall in its net profit for the quarter at Rs 51

crore, as compared to Rs 73.68 crore the previous year, while Essar Shipping Ports and Logistics Ltd.'s net fell to Rs 13.03 crore from Rs 44.30 crore in the third quarter.

Essar Shipping's fleet operating and chartering earnings slid to Rs 103 crore during the quarter, as compared to Rs 134.61 crore in the year-ago quarter, although its total operating income went up to Rs 550 crore (Rs 495 crore).

A resilient Shipping Corporation of India (SCI) increased its third quarter net to Rs 185.43 crore from Rs 176.78 crore. With the slump in the freight market showing no positive signs, several shipping companies have postponed their acquisition plans.

Shipping shares rise as BDI leaps

Indian shipping shares rose for the second straight session in early February tracking the Baltic Exchange's chief sea freight index. BADI, an indicator of global shipping costs, leaped to its highest level since October.

"Iron ore volumes at Chinese ports have started falling. That is why they have started importing again. But if this will continue, we don't know," a shipping broker based in Mumbai said explaining the index's rise.

Rangamani further added, "Bringing in the two European partners would only improve Tricon's international business as both the companies were leading players in the freight forwarding business."

Gloom pangs

German firm to halt operations

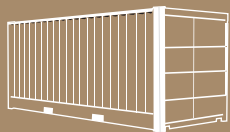


Senator Lines GmbH, a German container shipping company announced that it will discontinue its global operations by February 28. Hanjin Shipping Co. Ltd., Korea's largest container line, owns 80 per cent of Senator Lines, which operates one direct service to west Asia through Pipavav (Gujarat) and Nhava Sheva (Navi Mumbai) ports in India.

"According to the board of Senator, there are no positive signals to be foreseen for 2009 and there are not even any freight rate improvements visible on the long term. All these facts have resulted in this painful decision," said Ajtje Stephan, a public relations manager at Senator Lines, in an e-mail.

Stephan further said that the decision to cease trading is a result of the financial and economic crisis and the consequent reduction in volumes. Overcapacity and an extremely unhealthy competitive scenario, especially on the east-west routes, also contributed to the decision, she said.





NEWS

Railway project

Multimodal logistics parks to link freight corridors

The logistics parks, equipped with the latest technology, aim to reduce the overall supply management costs.

The Indian Railways have planned a few mega multimodal logistics parks (MMPLs). These hubs provide the state-of-the-art integrated logistic facilities with mechanised handling and intelligent inventory management at selected locations along the Dedicated Freight Corridors (DFCs). They reduce the overall logistics cost in the supply chain for the customers, duly leveraging the modern, high-capacity rail connectivity of the DFCs capable of meeting time-sensitive freight transportation requirement.

To develop these MMPLs through Public Private Partnership (PPP), the Ministry of Railways has invited Expression of Interests (EOI), seeking essential information regarding proposed locations, land area required and type/segment of logistics business development from large logistics service providers, real-estate

developers, third-party logistics players, warehousing investors, container operators, financial institutions and industrial houses who are willing to participate in the development of these MMLPs.

Ministry of Railways has launched its flagship project, DFCs entailing construction of approximately 3,300 kilometres of mostly double, electrified, high axle load track, with liberal space envelope, fit for high capacity wagons and heavy haul freight trains at cruising speeds of 75 km/hr and top speeds of 110 km/hr, between Jawaharlal Nehru Port Trust, Mumbai and Tughlakabad-Rewari (western route) and Kolkata to Ludhiana (eastern route). A number of industrial nodes are also being planned as a part of a related initiative by the Government of India along side the western route of the DFC.

Logistics park

Concor facility near Gandhinagar



Logistics major Container Corporation of India (Concor) will set up a freight logistics park near Gandhinagar, Gujarat. Spread over 151 acres at Khodiyar in Gandhinagar district, the state-of-the-art project will be developed on an estimated investment of Rs 10 million (Rs 1 crore). According to Concor officials, the park is expected to help manufacturers, distributors, retailers, and exporters and importers to reduce costs and frictions in their supply chain. The park will have segregated trade zones for mass warehousing, distribution, processing, packaging, trading, freight forwarding, express cargo delivery, inland container depot and container freight station operations, air freight station, domestic container services, break bulk railway movement and cold storages.

It will also be equipped with specialised cargo handling equipment and warehouse automation, the officials added.



Overloading menace

Centre to fund states

The Central Government, in the 11th meeting of the National Road Safety Council (NRSC), took the decision to provide funds for godowns, weigh-in-motion bridges and cranes as a package to the states to combat the problem of overloading in a comprehensive manner. Ministry of Shipping, Road Transport and Highways will work out a scheme in this regard. Besides this, the Central Government will provide grants for setting up of at least one model Driver Training School in each state in a phased manner.

Minister for Shipping, Road Transport & Highways T R Baalu announced setting up of a Committee under the Chairmanship of Secretary (RT&H) consisting of Principal Secretary (Transport), Government of Gujarat, Secretary (Transport), Government of Goa, representative from National Informatics Centre, as members and Joint Secretary (Transport), Department of Road Transport & Highways as Member Secretary to look into the issues regarding the charges levied by the service providers for smartcard-based driving licenses / registration certificates. The Committee would suggest a uniform fee structure for the same.

The minister, while expressing his concern over the increase in number of road accidents and fatalities in India, urged all the authorities both at the central and the state level, to make all out effort to reverse the trend. He outlined the efforts of Ministry of Shipping, Road Transport & Highways to improve the road safety scenario in the country.

Brand loyalty

Safexpress awarded

Safexpress Pvt. Ltd. was conferred with the 'Brand Loyalty Award in Logistics Sector' at the Second India Loyalty Summit 2009, the single largest brand and customer loyalty event in Asia. Organised at Taj Lands End in Mumbai, the Summit was attended by the best of the marketing brains. The Second Brand Loyalty Awards 2009, which recognise the marketing efforts of the best brands across various sectors, were held on the first day of the summit. Safexpress was awarded the prestigious, 'Brand Loyalty Award in Logistics Sector' for its contribution towards building Safexpress as a global brand to reckon with in the logistics sector.

Freight corridor

Soma bags western wing project

Soma Enterprise Ltd., a leading infrastructure company, has been awarded the contract for designing and construction of 54 major bridges for Western Freight Corridor by Dedicated Freight Corridor Corporation of India Ltd. (DFCCIL). The project, worth Rs 605.15 crore, covers 200 km between Vaitarna and Utran on the Vasai-Bharuch section in Maharashtra and Gujarat, and is likely to be completed in 30 months. DFCCIL is a special purpose vehicle created by the Ministry of Railways to undertake planning & development, mobilisation of financial resources and construction, maintenance and operation of the Dedicated Freight Corridors. This is the first project awarded to Soma by DFCCIL for the Dedicated Freight Corridor, the biggest development programme of the Indian Railways since independence.



Logistics expo

Two products by Softlink

Softlink Logistic Systems Pvt. Ltd., a Mumbai-based software solutions provider catering to the logistics industry, has launched two new products – Logi-Sys and X-ponent at the International Cargo, Logistics & Maritime Conference and Exhibition recently. Logi-Sys is designed to manage operations of freight forwarders, 3PLs, air cargo agents, shipping agencies and NVOCCs. It can address the challenges of management of air and sea freight operations, revenue flow, documentation and meet regulatory requirements.

The second product X-Ponent is designed to assist in sales and marketing operations of exporters and importers.

Asia demand

DHL to expand operations

Despite the ongoing economic downturn, DHL plans to further expand its forwarding operations in Asia this year. Its CEO Amadou Diallo while speaking to a logistics magazine said, "Asia Pacific is still a growing market for us. We did much better than expected. India was up 20 per cent, Indonesia grew 50 per cent and Australia was up about 15 per cent. We've also been expanding in Vietnam and Malaysia."

Diallo said the business was still brisk enough at the end of January and exporting customers in Malaysia were only closing for "a couple of days" over Chinese New Year because demand remained strong. People might not be buying in Europe but they are buying in emerging markets such as the Middle East and Africa. "Our volumes out of Asia to emerging markets increased by close to 200 per cent last year," Diallo added.



ODC cargo

Allcargo accomplishes arduous ODC task

Allcargo Global Logistics Ltd has successfully finished an arduous task of transporting over-dimensional cargo from Haldia Dock Complex to National Thermal Power Corporation's super thermal power project near Patna in Bihar. The transportation involved generator stator and accessories for NTPC. Allcargo was hired by Power Machine, the supplier of the machinery to NTPC. Allcargo used a combination of barge and truck trailers to transport this project cargo. It used a flat-top barge from Haldia to Kiroderpur jetty from where the project cargo shifted on to heavy duty truck trailers to transport it to the final destination.

Greenfield port

Sical defers project

Chennai-based Sical Logistics Ltd. has put on hold its Rs 1,500-crore greenfield port as a result of the prevailing downturn in the economy. The company sources cited bad market conditions as the reason and said that it would rather concentrate in the short term on consolidating operations, according to sources. It may be recalled that in September 2007, Sical entered into an agreement with Jurong Port, Singapore, for undertaking a detailed study to identify a bulk port project in India. The study was in advanced stages of closure when this decision was made. It had identified five states including Tamil Nadu, Andhra Pradesh and Maharashtra for the project.

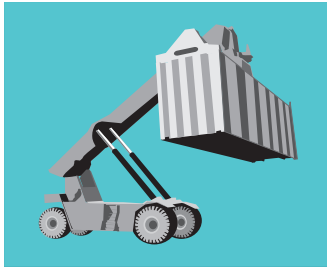
"The export-import trade is in a bad condition. We have decided to drop the project at this juncture and concentrate on consolidation of operations. All other projects are on schedule," sources said. Sical will have 51 per cent equity stake in this project that is expected to handle bulk cargo like iron ore and coal, while Jurong Port will have the remaining stake in a debt-equity ratio of 2:1.

World-class center

MJ Logistics sets up logistics facility

M.J. Logistic Services Ltd. (MJ), a third-party logistics (3PL) solutions provider has set up the first of its kind world-class logistics centre at Palwal (Delhi-Agra highway). The first phase is scheduled to go live from March 2009. The total investment in the project is \$ 50 million. The LCs will operate on the unique pay-per-use model allowing customers to save 100 per cent capital cost.

The Palwal facility will be the main hub with the soon to be developed centres at Zirakpur (Punjab) and Haridwar (Uttarakhand) as the spokes. The centres will cater to the needs of the largest FMCG and retail market in India (NCR region) and the emerging industrial hubs in Punjab and Uttarakhand. The facility will have over 1 million sq ft of technology-enabled, state-of-the-art multi-user logistic centers including cold chain-enabled logistics services spread over three centres in North India. The facility focusses on quality and conformance with EHS and modern material handling and storage equipment.



Adding flavour

Spice exports cross Rs 3,800 cr

Sales of curry powder, masala and spice oils are reported to have increased substantially, both in terms of quantity and value. Spices such as fenugreek, nutmeg, vanilla, mustard, ajwain and poppy too achieved targets.

Spice export from the country has shown an increase of 15 per cent to touch Rs 3,810.95 crore during the April-December period this fiscal. The quantity of exports increased by 3 per cent to 3,34,150 tonne during the corresponding period last year.

In dollar terms, the exports grew by 5 per cent to touch \$ 860.40 million. Spice oils and oleoresins including mint products contributed 42 per cent of the total export earnings. Chilli contributed 21 per cent followed by pepper (8 per cent), cumin (8 per cent) and turmeric (5 per cent). Against an export target of 4,25,000 tonne valued at Rs 4,350 crore, the achievement so far stood at 79 per cent in quantity and 88 per cent in rupee value.

In dollar terms, the target stood at \$ 1,025 million while the achievement so far stood at 84 per cent. During April to December, the export of most of the spices increased, while the export of pepper and chilli has declined both in quantity and value terms.

The export of ginger and mint products has declined in quantity only.

The export of pepper stood at 19,100 tonne valued at Rs 317.77 crore during the period under review which represents a fall of 30.7 per cent and 20.5 per cent respectively. Chilli exports fell by 5.8 per cent to touch 1,41,000 tonne while value of exports fell by 1.7 per cent to Rs 793.18 crore.

The exports of seed spice have shown an increasing trend both in quantity and value terms.

The export of value-added spices like curry powder and spice oils and oleoresins have shown substantial increase both in terms of quantity and value as compared to last year.



Oil price dip

Exports slip

A dip in petroleum product exports for the first time in the current fiscal has contributed to a 22 per cent decline in merchandise exports in January, Commerce Ministry reveals.

Petroleum products, which account for 15 per cent of India's exports, reported more than 24 per cent dip to \$ 1.8 billion in January ultimately leading to 22 per cent decline in merchandise exports in the month. Three other products – basic chemicals, textiles, gems and jewellery – that account for around 70 of merchandise exports led the dip in dollar-denominated exports in January 2009. These three products declined between 15 and 33 per cent.

In fact, rupee-denominated exports have also dipped 4 per cent in the same month, even as the rupee depreciated over 20 per cent in annual terms against the dollar.

This is the first time in five years that exports have dipped. Depreciation of the rupee against the greenback is supposed to increase earnings of exporters in the Indian currency.

In the April-January period, exports increased an estimated 12 per cent against a 24 per cent rise in the same period of 2007-08. The Commerce Ministry expects Indian exports to grow by a mere 5 per cent in 2008-09, as against the targeted 25 per cent.

In particular, crude oil prices in January were over 50 per cent cheaper than the same month last year.

Fiscal performance

Economy to grow 7.5 per cent

India has exuded optimism that it would continue to maintain economic growth rate of 7-7.5 per cent next fiscal, the same level it is expected to register in the current fiscal, even as its neighbour China termed its lower growth projection of 8 per cent in 2009 as a tall order.

"We hope to continue at the same level of 7-7.5 next fiscal," Commerce and Industry Minister Kamal Nath told a press conference at the World Economic Forum. Indian economy grew by 7.8 per cent in the first half of this fiscal, and there are apprehensions that the growth rate will slow down in the second half despite stimulus packages, with industrial production falling for the first time in 15 years in October last year.

Also at WEF, Chinese Premier Wen Jiabao had said that his government had set a target of 8 per cent economic growth for 2009 against 9 per cent in 2008 as international financial crisis had inflicted rather big impact on the country's real economy. Jiabao termed the target of 8 per cent as a tall order, but expressed confidence that China will attain that through hard work. When asked what is the source of his optimism given the global slowdown, Nath said Indian economy will not be sustained merely by exports, but by the domestic demand.

Toy import ban

China to approach WTO

Following the January ban on import of Chinese toys, China is considering to approach the World Trade Organisation for intervention into the matter. China claims that the ban is seriously affecting its toys industry which is already affected by the global recession.

It may be recalled that the Director General of Foreign Trade had suddenly imposed a six-month ban on the import of Chinese toys without giving any reasons for the action. While this action comes as a boon to the domestic toy manufacturers, the middlemen and the retailers are expected to suffer along with the Chinese manufacturers. Chinese toys in the US, UK and Europe were recalled from the store shelves in 2008 when they were found to be painted with toxic lead-based paints.

On the face of the global meltdown, the Chinese government is doing all it can to help its toy industry to survive in these tough times. It had in January raised the export tariff

rebate for its toys by 14 per cent to help exporters to reduce their losses from the fall in demand for exports of toys.



Tax holiday

Sops for EOUs mooted

The Union Commerce Ministry has proposed a three-year extension of tax benefits given to export-oriented units (EOUs) following the global slump in demand. According to Commerce Minister Kamal Nath, the EOUs could continue to get sops beyond March 2010 if the sunset clause can be extended for another three years.

It is learnt that the measure will benefit more than 2,700 companies operating within the EOUs. Under Section 10(B) of the Income-Tax Act, EOUs need not pay tax on profits, provided they fulfill conditions, including exporting not less than 50 per cent of their total production. This benefit is to expire at the end of 2009-10. But if the clause sets in, they will no more be eligible for income tax exemption on their profits. Director General of Export Promotion Council of EOUs and SEZs (EPCES) L B Singhal expressed hope that the commerce department will be able to make a case for the extension of the clause.

Exports by EOUs have been growing at an average of 20 per cent in the last decade. They totalled Rs 1.54 crore in 2007-08. Of them, chemical and pharmaceutical units account for about 18 per cent and engineering goods companies at about 10 per cent, Singhal said. EOUs are different from SEZs in terms of the level and time-period of tax breaks to which they are entitled. SEZs get income-tax breaks for 15 years. They are also exempt from sales tax and excise, among other local imposts. While the SEZs are governed by the SEZ Act of 2005, EOUs are governed by the Foreign Trade Policy. Existing factories can be converted to EOUs, but not to SEZs.

Currency export credit

Hike on interest rate ceiling



In a bid to give boost to the Indian exporters against the global recession, Reserve Bank of India (RBI) has hiked the interest rate ceiling on foreign currency export credit by 250 basis points or 2.5 per cent.

This move was taken in the wake of banks complaining of their inability to extend credit within the earlier ceiling as the cost of funds to the banks have gone up. The earlier ceiling was fixed 100 basis points above Libor and this hike has taken it to 350 basis points above Libor.

The facility is also available for Euro Libor. Libor is the international interest rate benchmark. Correspondingly, the interest rate ceiling on the lines of credit with overseas banks has also been raised from Libor plus 75 basis points to Libor plus 150 basis points with immediate effect.

The RBI extended a foreign exchange swap facility for tenures up to three months to the Indian banks having global operations in November the last. This was meant to provide them some amount of flexibility in managing the short-term funding requirements. The outstanding amount under this facility was Rs 1,285 crore as on February 04, 2008.

Indian imports

Flow of S African coal rises

Indian imports of South African coal are likely to grow to 9-10 million in 2009 from 8 million tonnes in 2008 due to strong demand and lower coal prices. Kaamill Fareed, senior manager of Indian importer Coal and Oil, said demand for South African coal has revived significantly now that prices have fallen to around \$ 70 a tonne freight on board Richards Bay from a high of \$ 140 in September. He was speaking on the sidelines of the McCloskeys Coal Conference in Cape Town recently.

"There is very strong demand from all sectors, cement, power and sponge iron. Even though profit margins have fallen for these sectors, at these prices South African coal is very affordable," he said. India has become a key market for South African coal in the past three years. Prior to 2006, almost all South Africa's 65 million tonnes a year of steam coal exports were shipped to Europe, still the biggest importer. As South Africa's export capacity grows to a projected 91 million tonnes a year with the Richards Bay Phase V expansion, European demand is expected to stay flat and the bulk of the increased exports are projected to be absorbed by India.

India's imports of coal are set to rise sharply to over 50 million tonnes in the next two years due to a rapid expansion of power generation and cement output. This booming coal need cannot be met by India's domestic coal production, forcing the country to import increasing quantities.

India is likely to import at least 35 million tonnes of coal in 2009, most of which will come from Indonesia. South African coal has been tried and tested by various Indian industries and is a preferred option by many buyers.

Sugar imports

Centre defers decision on policy

The Government has deferred a decision on tweaking sugar import norms to allow millers to sell duty-free imported sugar in the domestic market. "The issue came up for discussion in the meeting of the Cabinet Committee on Economic Affairs (CCEA) but it calls for further deliberation," a senior government official said. At present, India allows duty-free import of raw sugar on the condition that importers will export it after refining within two years. They are not allowed to sell the sugar in the domestic markets. However, with estimated decline in the sugar output, millers have been pushing for raw sugar imports on a tonne- to-tonne basis, which would enable them to sell imported sugar in the domestic market after refining and export the same quantity later. India's sugar output this year is expected to fall by 32 per cent to 18 million tonne from about 26.4 million tonne last year. India needs 22 million tonne of sugar a year for domestic consumption. Meanwhile, the National Federation of Cooperative Sugar Factories Ltd (NFCFSF) and the Indian Sugar Mills Association (ISMA) have demanded that sugar price be the pre-dominant factor in fixing cane Statutory Minimum Price. The Commission of Agricultural Costs and Prices (CACP) is understood to favour an SMP of Rs 125/qrtl in 2009-10 (October-September sugar year).

Uniworld Logistics Going Great Guns

Uniworld Logistics Pvt. Ltd., a total logistics company, is emerging as one of the most versatile logistics service providers in the industry. From its inception, Uniworld Logistics has been specifically dealing with market changes and new knowledge-based economy with a steady focus on customer flexibility. With 29 offices in eight countries in Asia, along with exclusive partners

worldwide, Uniworld is well-equipped to serve 400 business locations globally. The financial performance has been phenomenal with an average year-on-year turnover growth of 38 per cent over the last four years and a consolidated turnover of US\$ 50 million for the accounting year 2007-08. The projected consolidated turnover for the year 2008-09 is \$65 million. In an interview with **Sowmya Shenoy**

of *Maritime Gateway*, **M Prem Kumar**, Group Managing Director and CEO, talks about the launch of a unique concept of an Integrated Logistics Park, near Chennai. The Park will handle sea freight, air freight, bonding, de-bonding, domestic warehousing and distribution, to enable rapid processing of products and save time and cost in the customer's supply chain.



With business operations across the world, which markets do you want to focus on in 2009 and why?

A: In today's competitive world, we find all markets have their own challenges. Brazil, Russia, India and China have the ability to sustain robust growth rates and strong FDI inflows amid a slowing global economy, which would overtake the combined income of the developed countries by mid-century. The two markets that we would be interested in would be India and China, with 7 per cent and 9 per cent annual growth in GDP respectively. From past history, India is known for its crisis management adhering to appropriate changes in government policies, which are essential for companies to recover from any downturn. The Indian economy is well supported by strong macroeconomic factors and is largely driven by domestic consumption. The thrust on infrastructure development in rail, road and ports would boost the growth of the economy. Uniworld has also been investing in infrastructure projects like CFSs, warehouses and free trade warehousing zones. We have acquired the necessary Class-A Company NVOCC License in China and are looking at prospective business there in the coming years.

What are the industries to which Uniworld caters its services?

A: Uniworld caters its services to five major areas: garment & textiles, IT, telecom & IT related services, auto industry, consumer white goods and engineering. In 2009, we see a slump in garment and auto industry, however IT and engineering are expected to grow. We are also looking at exploring opportunities in the pharma and power sector.

Being an integrated logistics services provider, which part of the value chain poses more challenges to you?

A: The complete value chain has its own challenges. Similar to the challenges faced by a planner, the service provider has an even greater challenge of executing the same, in order to make it successful. There is always a huge gap between theory and practical situations.

PO or vendor management: When an order has been placed with an understanding that the goods will be handed over to us at a particular time, the vendor may take a few more days wherein the onus of maintaining the deadline is on us. This poses a challenge by itself.

Customs clearance: As we all know, there are difficulties in handling and abiding by stringent customs laws. We have been facing these issues all across the globe.

Freight forwarding: As we are dependant on air and shipping lines which have their own agenda and marketing strategy, it is hard to keep up the promised rates due to fluctuations in price most of the time.



M Prem Kumar, Group Managing Director and CEO, Uniworld Logistics

With the facility of bonded warehousing, the goods can be stored for SEZ, EOU and DTA customers, if they are not in need of the complete cargo. With the general warehouse next door, the goods cleared or sourced from different parts of the country can be stored and fed into the factory on a JIT basis.

Warehousing or inventory management: With its varied and diversified scope of work, adhering to the deadlines set by the sales at every stage is a challenge by itself. Month-end sales scenario, lack of integrated ERP and a lot of human intervention make the security and handling very difficult in India.

Distribution: The Indian transport industry being fragmented and disorganised, poses a challenge to have a single service provider catering to the entire country. The infrastructure and the laws of the land which differ from state to state make it more difficult to adhere to transit time.

How is Uniworld Integrated Logistics Park (UILP) going to help the trade in the region?

A: UILP near Chennai is just the beginning. Situated at the hub of manufacturing in Irungatukottai, UILP is a boon to a lot of manufacturers and traders. Manufacturers now have an ICD at their doorstep where they can clear their goods at their own pace. With VMI (Vendor Managed Inventory) or Consume and Pay Model taking over this facility, it is a boon for the Tier-1 and Tier-2 suppliers who can store their goods and feed as per the required quantity in JIT basis and avoid being penalised. The trade now has a service provider who has the capability to reduce their stress of port congestion and coordination between multiple service providers. Manufacturers can just hand over their non-core activities to us and concentrate on manufacturing. The traders will be able to continue doing their marketing and Uniworld will do the rest. We are working with the Tamil Nadu government to make this region the most developed and prosperous region in India.

How is logistics outsourcing taking shape in India?

A: Logistic outsourcing is still in the very nascent stage but is taking huge leaps as people are beginning to understand its benefits. Today, when we are going through the economic downtrend and people are talking about cutting down on manpower, the only option available is to outsource your non-core activities to specialists. Out of the complete scope of work which can be outsourced today in India, we outsource only 20 per cent of it to maintain security and quality. We would say that this is just an apprehension and a few people are still in that traditional mindset. A school of thought that's going around is that people will lose jobs if everything is outsourced. But they fail to understand that 3PL companies cannot survive without manpower. Yes, we say that duplication will cease and output per person will be higher which is all about cutting down on cost and adding value to the chain. This is where Uniworld's concept of multi-user facility with complete WMS helps. We would like our customers to take us as their partners. We understand their business and the security of their data and would like to grow the business keeping in mind our ethics and values.

What is your opinion on Logistics Re-engineering?

A: Logistics Re-engineering is slowly taking shape in India. We notice that well-established companies with various divisions spread wide geographically, may have similar needs. For example, Company A's various divisions might be procuring the same item from different vendors. With Logistic Re-engineering, we can assimilate and devise a plan to reduce the number of vendors. This in

turn brings down costs for the company wherein they are able to negotiate better deals, save transit time and money. There are a few companies which are already implementing this with consultants and manpower providers who handle the procedures preset by the company. We would like to study, plan, share, implement and run the show for such companies.

In the current economic slump, manufacturers across the world are looking at bringing down logistics costs. How do you look at this issue and what steps do you take to maintain your bottom line?

A: The economic slowdown has been a boon in disguise for us. Now, companies will start looking at this critical field with more intensity and pay attention to our concept. The growth of outsourcing will be faster and steadier from now on. We have been reinforcing this concept in the last few years. It would be similar to the strategy adopted by Vijay Mallya and Naresh Goel, while they were incurring losses in their respective airlines. They tried to come together to use the common synergies, like pooling in staff for ground handling and ticketing. We are also reinforcing the same concept: Share your cost by using our multi-user facility at UILP. The only step that we would take to maintain our bottom line is keeping a good tab on the receivables.

Please brief on your future plans and expansion.

A: We are in an advanced stage of finalising a deal to set up a common warehouse logistic solution in a Free Trade & Warehousing Zone (FTWZ) near Chennai and an Integrated Logistic Park. FTWZ is a new concept in India, and is well accepted by vendors, due to its efficiency and exemption from duties. For example, if a company does not have an office set-up in India, and still needs to have an access to the Indian market, the FTWZ is a boon. The cargo may be kept in the warehouse in transit, and utilised as and when the need arises. We have a structured expansion plan for logistic parks across the country. The key locations that would witness increased logistics activities can be classified as established, emerging, promising and nascent hubs. The established hubs are Mumbai, Chennai and Kolkata. These offer excellent road, rail and port connectivity with industrial clusters. The emerging hubs are Gurgaon, Vizag, Nagpur and Indore. These are growing markets but lack basic infrastructure as of now. The promising ones are Jamshedpur, Alwar, Ahmedabad, Bangalore and Ambala. There is an increase in manufacturing activity here. Kochi can be classified under the nascent hubs as it is an untapped market with limited infrastructure, but developing fast. We are hoping and looking forward to some government initiatives to encourage companies like us to contribute to the infrastructure development. **MG**



Uniworld Integrated Logistics Park

Just what was missing



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Uniworld Logistics

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ENGINES OF GROWTH

Ports serve as the nodes of trade between nations and so their role in international development and urbanisation is immense. As ports metamorphose into dynamic business facilities and catalysts of socio-economic growth, their role in the sustainable development of the region for the benefit of the present and the future generations, without endangering the resources or biological systems, becomes significant.

Radhika Rani G reports.



Shenzhen was once a far-flung backward village in China. Before 1980, each household in this hamlet of 30,000 people could hardly save \$ 200 a year by fishing and growing crops. But now, the 'villagers' of this 8.6-million metropolis have become rich citizens. A household on an average owns a building and lives a wholesome life. With the minimum wage reaching \$ 146 a month, the per capita GDP crossed \$ 10,000 implying more disposable incomes. Deng Xiaoping's slogan "Development is the overriding principle" has steered the town towards a major financial centre and revved up 'Shenzhen Speed' – the accelerated growth of the economic powerhouse.

The pragmatic decision to create special economic zones in southern China, including Shenzhen, has turned the town into a magnet for foreign investments and the largest port traffic in the People's Republic. "Our leader encouraged us to fight a way out," recalls Li Hao, a senior citizen of Shenzhen. And the way out ushered in a prosperous and progressive economy – a story of reform and opening up, in the last four decades. "Competition is our driving force," is how Huang Guoqiang, vice-secretary general of the Shenzhen Municipal Government views the way forward for this once bucolic backwaters.

Shenzhen's success story of 26.9 per cent steady growth of GDP since 1980 to 2007 prompts other developing economies to draw parallels and lessons in export-propelled infrastructure and growth that has contributed immensely to the exchequer. Indian port cities too have scripted similar stories in their own way, at their own feasible levels, though free trade enclaves still need to be tapped. If Mumbai's and Chennai's economic growth began when their ports took shape, so has the transformation of Kochi, Visakhapatnam and even Tuticorin.



Galloping along: Tremendous foreign investment has transformed Shenzhen into a vibrant economy.

Philip Kotler, marketing guru and professor of business at Northwestern University in the US, says the key standards against which potential harbingers of economic growth can be assessed are through attracting businesses from elsewhere, retaining and expanding existing businesses, promoting small business expansion, fostering new business start-ups and expanding exports and outside investments. The China and Singapore experience shows that there is no easy answer to ports' contribution to the economy because ports, through their economic activity, have been creating jobs and other value additions contributing billions to the GDP. Interestingly, the revenues they have been generating for the government are far more than what they have been receiving.

Era of investments

Exports and investments are the benchmarks of economic growth, more so in the present day, when most Asian economies have transformed themselves from being farm-based to manufacturing-based, thereby triggering international trade. In such a scenario, the need for effective planning and operation of seaports has become crucial for

the growth of littoral nations.

It is widely acknowledged that ports facilitate a higher standard of living for a country and its trading partners by providing low-cost transportation and access to the oceans. Edgar Rust, an economist, says ports provide sites for ocean-dependent industries like petroleum refining, commercial fisheries, recreational boating and national defence installations.

For instance, a major chunk of Kochi port's revenue comes from handling petroleum products, mostly crude oil from Kochi Refinery and supplying fish to local and export markets through its fishing harbour. Besides, Cochin Shipyard is the largest shipyard in the country involved in building and repairing ships. It has posted a turnover of Rs 840 crore in 2007-08 and is in the process of making air defence carriers for the Indian Navy. The port city also offers a wide range of recreational facilities at its popular Marine Drive. Added to this, marine, road and rail infrastructure is being created for the international container transshipment terminal coming up at Vallarpadam. According to Union Shipping Minister T R Baalu, all these developments will support a

string of other related projects such as LNG import and bunkering terminal taken up by the Port Trust under the NMDP. The ministry will also take special initiatives to back the port's role in the economic development of the state and the neighbouring hinterland areas, he says.

With the changing times and demands, the role of ports has therefore become proactive. While some of them, like the ports in Gujarat, have already started evolving to meet the growing competitiveness and fast-changing trends in the market, others are keen to implement the agenda in a phased manner. According to Nazeri Khalid of the Maritime Institute of Malaysia, the forces of liberalisation, globalisation and the keen competition to attract cargo have combined to pressure ports to reinvent themselves from being mere

static facilities to dynamic business entities.

"This pressure is even more relentless on seaports and cargo terminals in the region. Sizeable investments have been made by the owners to make their ports competitive and attractive to obtain good returns on their huge capital outlay," Khalid says. As ports try to expand the scope of their role to facilitate global trade, he predicts that they will continue to undergo dramatic developments in the years to come. The conspicuous trend is the surfacing of deep water ports berthing quarter mile-long vessels like Malaccamax to create economies of scale.

Private partnership

The first step in the process of strategic growth is to begin from the basics. Having realised the importance of infrastructure as the basis of any public enterprise such as

“As developing countries aim to enlarge their export markets, ports are ambitious to expand their infrastructure to facilitate present and future demand of trade volumes.”

Proposed investment in Major Ports

Rs in cr.

Port	Capacity (In MMT)	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	Total Investment
Chennai	24	50	488	917	634	0	0	2,088
Ennore	51	12	656	934	1,327	1,465	2,237	6,630
Haldia	21	44	170	501	186	286	157	1,344
JNPT	60	879	524	1,732	1,926	1,517	2,324	8,903
Kolkata	19	15	40	152	550	1,023	1,209	2,988
Mumbai	48	26	496	874	900	334	178	2,808
Paradip	55	20	278	348	529	850	575	2,601
Tuticorin	43	50	385	724	1,113	1,968	2,695	6,934
Visakhapatnam	53	44	201	676	855	665	581	3,021
Total	546	2,207	5,401	11,931	13,067	12,030	12,817	57,452

Gujarat: The success story

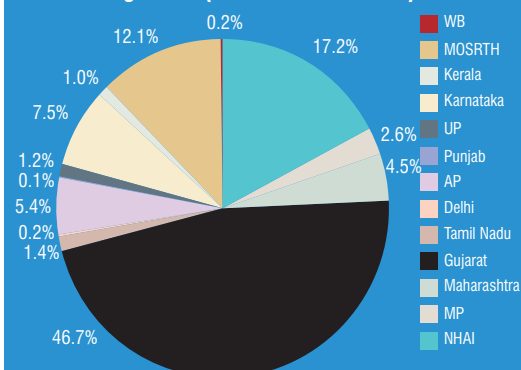
The Government of Gujarat is in a hurry. "We want to rewrite the maritime history of Gujarat by developing our ports and port infrastructure of international standards," says H K Dash, principal secretary of Ports and Transport in the state. Rightly so, the fourth Vibrant Gujarat Global Investors Summit held early this year, was full of promise and promises. If investors promised to stake Rs 3 million crore, the officials vowed to convert the 1,600 km coastline of the state into a potential hub of development activity.

Development of four greenfield ports, expansion of the existing ports at Mundra, Hazira and Pipavav and development of private port terminals and jetties at various locations are some of the important projects. Port-led development is the catchword of the government as the state has witnessed phenomenal growth in economy, courtesy its ports. The new ports have helped forth new industries, says Swaminathan S Anklesaria Aiyar. "The most important example of this is the emergence of a global pipeline hub at Anja, near Mundra port, which caters to the burgeoning oil and gas industry worldwide, as well as to Indian needs for water and sewerage pipes," he elaborates in his research *The Benefits of Port Liberalisation*.

Port-induced development can also be seen in the shipbuilding industry in the state, which employs a large number of workers in its facilities at Alang, Hazira and the upcoming plants at Dahej, Mundra and Pipavav.

Thanks to the ports, the cargo movement increased from 3.18 million tonne in 1982-83 to 147 million tonne in 2007-08, making the state rank first in terms of cargo amongst all Indian ports. The saga goes on.

PPP projects by states and central agencies (total = Rs. 339.5 bn)



Source: PWC analysis

Tuticorin Port: A responsible corporate citizen

G J Rao,

Chairman, Tuticorin Port

It is not an exaggeration if I say that the development of Tuticorin town as of today is due to the development of the Port. Tuticorin is a place of historical importance known for its maritime activities even during the Sangam period. Being a small fishing hamlet at the time of Independence, Tuticorin is today one of the

municipal corporations in Tamil Nadu. The elevation of the small fishing village to this level is due to the economic capacity of the town. The economic strength is in turn due to shipping activities by a number of shipping lines, steamer agencies, customs house agencies and lorry operators. They have set up shop around the Port, which has, in fact, provided direct and indirect employment opportunity.

Also, Tuticorin Port, as a responsible corporate citizen, has immensely contributed not only to the development of the town but also nearby villages. The Port has dredged the Tuticorin Fishing Harbour to enable free movement of 320 mechanised vessels. This has facilitated good business opportunity for about 10,000 people using the Fishing Harbour. The Port has erected two high mast towers to illuminate the Fishing Harbour area at an estimated cost of Rs15.60 lakh so that the fish traders transact their business safely. The Port has erected street lights on the road from Bell Hotel to Roach Park at a cost of Rs 20 lakh to provide safety to people using the park. It has contributed a sum of Rs 5 lakh to the District Community Marriage Hall for maintenance. The port has also undertaken free medical camps benefiting about 6,000 fisherfolk.

During 2007-08, the Port has taken up a fisherfolk livelihood training project in association with a local industry, comprising 12 training programmes costing Rs 12 lakh, to benefit 530 people. Of the Rs 12 lakh spent on the task, the port contributed Rs 3 lakh. Training programmes like aquaculture, cell phone technology, clearing and forwarding in shipping, beautician course, computer training, welding course, two-wheeler mechanic course, marine mechanic course, leather/rexine bag manufacturing are conducted for people's sustainable livelihood. Bus shelters have been erected for the comfort of the general public and users coming to the port area. The beach front near the Port Guest House has been improved for benefiting a large number of people who visit the beach.



ports, governments in developing countries have started opening the sector for private investment to improve the quality of the service. South Asian countries have been receiving a lot of investments with the share going up from just 5 per cent during 1995-2000 to 19 per cent in 2006. "Of them, India has had the most success attracting more private investment in infrastructure in 2006 than any other developing country," says Clive Harris, infrastructure specialist for South Asia. Already, Rs 55,000 crore investments are in the pipeline in the major ports sector. A total of 14 projects worth Rs 3,516 crore are in the operational stage in container terminals, liquid cargo and general cargo berths and container freight stations. Another four projects, at a cost of Rs 2,898 crore, are under implementation in container terminals and single point mooring.

Pointing out to the input-output mechanism employed to gauge the economic benefits accrued from ports and harbours, Edgar Rust says one can traditionally "look at the annual economic activity that directly depends on them, the jobs and income that result and the additional income that flows to other goods and services providers when that income is spent."

The task of assessing potential gains, both direct and indirect, is not easy since a lot of qualitative growth too takes place with time calling for novel and holistic methods of assessment. However, various tests done from annual data taken from ports in the Americas during the later part of the twentieth century suggest that a long-term relationship does exist between GDP, investment, population and exports. The growth charts of the strategic port cities like Chennai, Mumbai and Visakhapatnam (See the box Booming Cities and GDP) stand testimony to such balanced territorial development. That a lot of industries have sprung up in Vizag economic zone to make use of the logistical

Booming Cities and GDP



MUMBAI

Growth rate:
8.5%

Having the biggest & busiest port in India, Mumbai handles 50 per cent of the country's foreign trade, 40 per cent of India's textile industry and generates 40 per cent of India's GNP. With its strategic location and two ports, it became a manufacturing hub. Though textiles remain important, other industries like petrochemicals, automobiles, metals, electronics, engineering, food processing, diamond polishing and IT are making their mark.



KOLKATA

Growth rate:
6.3%

The port city's position as one of India's preeminent economic centres is rooted in its industries, financial and trade activities, and role as a major port; it is also a major centre for printing, publishing, and newspaper circulation. The products of Kolkata's hinterland include coal, iron, manganese, mica, petroleum, tea, and jute, that are exported through the Kolkata Dock System, the oldest port in the country.



CHENNAI

Growth rate:
6.2%

The major port is a substantial reason for Tamil Nadu's growth, especially for manufacturing boom. The second busiest container hub, handling automobiles and general industrial cargo, its container traffic crossed 1 million TEUs for the first time in 2008; 30 per cent of India's automobile and 35 per cent of auto components industry are based in this 'Detroit of Southern Asia'. It also contributes to more than 50 per cent of India's leather exports.

advantage of the port is a case in point. The economic activity, has in the process, affected employment, banking, real estate and even educational opportunities.

Development-induced displacement

Land development normally involves displacement. Such displacement called by some as forced migration, which was historically linked to the construction of dams is now associated with activities such as ports, mining, road development, industrial plants and so on. Experts believe that such displacement for the purpose of economic

development is in fact a social problem that has been affecting multiple levels of human organisation – from tribal and village communities to well-developed urban areas.

For instance, the lives of fisherfolk and farmers were at stake when Mundra Special Economic Zone, believed to be the largest SEZ in the country, covering a coastline of 28 km spread across 13,000 hectares, came up on the Gulf of Kutch in Gujarat. The Adani group was sure that the SEZ would contribute positively to the region's development. As for the

Recent trends in the port sector

- Consolidation of port operations and continued investments of port operators in other ports worldwide
- Joint investment by port operators and private companies in various maritime activities
- Increasing cooperation among ports to share resources in capacity building
- Enhanced focus on security and safety
- Articulation of long-term planning to expand ports in developing nations
- Changing composition of port ownership
- The small getting big, the big getting bigger
- Increasing involvement of shipping companies in container port development
- Increasing congestion at ports
- Intensifying use of technology and IT applications
- Revision of tariff by ports as a competitive strategy
- Introduction of free zones at ports to attract industries
- Increased focus on intermodal linkages

India's response to privatisation

Port	Year	Successful Bidder	Revenue Share Offered (%)
Chennai	2001	P&O Ports	37.1
Cochin	2004	Dubai Ports	33.3
JNPT (3rd terminal)	2004	Maersk-Concor	35.5
Kandla	2005	ABG-Voltri	48.9

Source: Hauer Associates



VISAKHAPATNAM

Growth rate:
7.5%

The port plays a crucial role as the middle point distribution base for India. Described as the Gateway to the East Coast of India and the 'Brightest Jewel' of all major ports for its performance and productivity, the port, the only Indian one having three international accreditations, serves as a catalyst in spurring domestic and foreign trade. The city can attract investments worth Rs 30,000 crore between 2006-2013.



KOCHI

Growth rate:
8.3%

The 'Queen of the Arabian' and the biggest city in Kerala by volume of trade, Kochi trades in gold & textile retail, seafood & spices export, IT, tourism, health, banking, ship building and fishing. A 15-Gbits of bandwidth through undersea cables ensures seamless data flow and lower operational costs among other major cities. India's first port-based SEZ at Vallarpadam and Puthuvyppeen is expected to boost the state's economic growth.



SURAT

Growth rate:
11.5%

The 'Diamond City of Gujarat' is recognised for textile and diamond trade. More than 90 per cent of world's diamonds are cut and polished here and textiles manufactured. It has one of the highest GDP rates in India at 16.5 per cent in 2008. Situated on the banks of the Tapi, its high job rates and per capita small business credit are the top destination for jobs and business.

displacement issue, the group said it would start an institute of technology to train local people and encourage female education to help develop local skilled labour. Hundreds of toilets have been built in villages and a medical team is dispatched daily, an official said. Yet, the development issue was mired in controversy and reached a crescendo in April, 2008 when villagers of Zharpara revolted

and forced the panchayat to cancel the resolution by which 400 hectares of their pasture land was given to the company.

To ensure that the aggrieved parties, that are often suppressed by the power and laws of nations, do not end up paying a higher price in the bargain, the government has come up with a Draft National Development, Displacement and Rehabilitation Policy in 2006. As per

the policy, the rehabilitation package must comply with the following principles: Land for all agricultural families, Mandatory Employment in non-irrigation projects, Special Employment Guarantee Programme, Special Panchayat status to resettlement sites, Homesteads and dwelling houses, Transportation cost of moving a family and Cost realisation of the land lost. Other principles include Training and support services, Rehabilitation grant to compensate loss of income/livelihood, Special provisions for tribals and Basic amenities infrastructural facilities for en masse resettlement

According to the Guiding Principles on Internal Displacement, a report submitted by legal scholars to the United Nations, for displacement to be lawfully mandated and carried out, it must seek the free and fully informed consent of those affected, as well as their active participation; it must guarantee compensation and relocation, where applicable; and it

Forced migration: A humanistic and holistic strategy can curb dispossession of land.



must be subject to the right of judicial review and effective remedy. Finally, the authorities must take special care to protect against the displacement of indigenous peoples, minorities, peasants, pastoralists, and others with special attachment to their lands. The report suggests “an approach based on ‘recognition of rights’ and ‘assessment of risks’ be developed as a tool for future planning and decision making.”

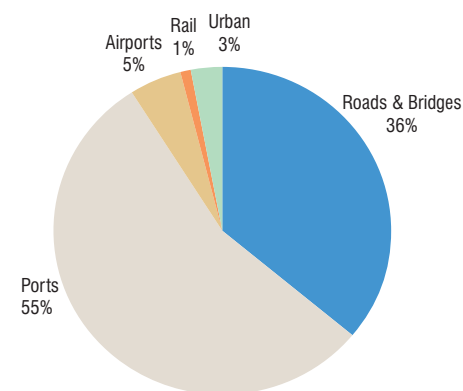
Officials of SEZs claim to provide medical and educational facilities and upgraded infrastructure for the local communities as part of corporate social responsibility but they are tightlipped on solutions to the displacement issues. But displacement should not threaten life, dignity, liberty, or security. It should in fact be effected in conditions of adequate shelter, safety, nutrition, and health, say humanists.

“The long-term sustainability of port cities hinges on the harmonious, complementary development of urban and harbour infrastructure. It calls for a clear vision, analysis and implementation on the part of the port and city planners.”

Sustainable development

The commitment of local decision makers in drafting newer policies for ports can go a long way in the overall development of a port city. For this, experts moot the preservation of local environmental resources and the social and cultural development of the local community. According to economist Swaminathan S Anklesaria Aiyar, the state of Gujarat has been successful in harnessing ports and international trade as vehicles of economic development. In his case study, *The Benefits of Port Liberalisation*, Aiyar notes that 70 per cent of Gujarat’s imports are used within the state and only 30 per cent go to the hinterland. “This suggests that ports have contributed, and will contribute a great deal to the

Project cost of awarded PPPs by sector (total = Rs 339.5 bn)



Source: PWC analysis

addition of value within the state and to its overall growth,” he observes.

On the argument that more number of newer ports are not the need of the hour, he reiterates that “new ports will not cannibalise the cargo of older ports if they serve new SEZs that generate fresh cargo.” For instance, Ennore Port, the first corporatised major port in India, is poised to be the energy hub of Asia. Though it started as a satellite port for Chennai to handle coal and ore, it is inching towards world standards in handling container volumes of nearly 1.5 million TEU. The SEZ coming up over 3,000 acres near it has the potential for auto components, garments and leather products besides engineering and IT products. If new ports, as Aiyar says, can bring forth new industries, the Ennore example endorses the observation. The landlord port is also keen to maintain an eco-equilibrium in its vicinity by sustaining natural resources and controlling emission of greenhouse gases and industrial wastes into the waters.

So, a multilateral approach and long-term strategies employed by political and economic decision makers and key stakeholders can help the development of ports and their cities in tandem with social and economic sustenance of the population and environment in the region. **MG**





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“There is no red tapism in my state, all red carpet.”
Indeed this was Narendra Modi’s call of hospitality to which 20,000 delegates from 45 countries responded by marching into the recent Vibrant Gujarat Global Investors’ summit. The chief minister’s invitation for a Gujarat SEZ – ‘Spirituality, Enterprise and Zeal’ saw investors come in droves and sign 8,500 MoUs in sectors ranging from ports to pharmaceuticals. Hailed as the growth engine of India, the state is working at a frenzied pace on the agenda of economic activity. In tow with the government’s vision, the Gujarat Maritime Board (GMB) has adopted innovative strategies to give impetus to seatriade. If port infrastructure through public-private partnership is one of its modern enterprises, other initiatives include environment management, prevention of oil spillage, management of hazardous wastes, bunkering, wreck removal and vessel traffic management system. “GMB has also taken the initiative of coastal shipping and inland water transport,” says H K Dash, principal secretary in the ports and transports department of the state.

Vision and execution

Set up on April 4, 1982 to develop, administer, operate and regulate the state’s 41 non-major ports, that exclude Kandla, GMB triggered a comprehensive port policy for the integrated and balanced port-led development. In line with its promise, the recent business summit ensured a proposed investment of Rs 85,720 crore for the ports sector, Rs 65,464 crore for SEZs and Rs 7,592 crore for infrastructure, including logistics parks and water resources. “It is a matter of pride that GMB ports have handled 147 million tonnes of cargo in 2007-08, an increase of 11.44 per cent over the previous year,” says A K Joti, chairman of GMB. The board has

Gujarat Maritime Board On the Go

To consolidate the position of the number one maritime state in India, the Gujarat Maritime Board is according priority to ports with the fundamental shift from ‘Development of Ports’ to ‘Port-based Development’. Its steadfast resolve is to speed up the efforts to make the state an investors’ paradise and to convert the vast coastline into gateway of India’s prosperity through vision and innovation, finds out **Radhika Rani G.**

identified 10 greenfield ports for the development of deep drafts of international standards and Joti hopes that “Gujarat ports will scale further heights in the years to come.”

As part of its long-term goals, the nodal agency has come up with Vision 2020. The plan is to make each port the port of choice. For this, the board has identified important emerging areas to work on: container port facilities, energy ports, modern fisheries harbours, agri jetties, cruise liners, oil spillage and reception facility, ro-ro and passenger ferry services. If this marks port development, greater thrust is being exerted on port-based development.

The key areas are: special economic zones, road and rail linkages, container freight stations, port-based industrial parks, storage silos, controlled atmosphere cold storage and warehouses.

On the shipping front too, efforts are on to create more shipbuilding and repairing yards, ship recycling and bunkering facilities.

The scenario

Gujarat's coastline of 1600 km comprises 22 per cent of India's littoral space and handles 71.5 per cent of the country's total cargo traffic through minor ports. Thanks to the growing infrastructure such as captive terminals, direct berthing ports, rail linkages and private jetties, the state's port capacity for 2007-08 increased 46.6 per cent from 135 million tonnes in 2001 to 198 million tonnes this year. “All the developments, further and future possibilities need to be put in perspective so that investors, developers and the people in general benefit from the knowledge for larger developments going to take place in the state,” remarks H K Dash on the state's aim to be a maritime destination.

Infrastructure in place

Amid conflicting reports in the media that the projects envisaged for the state are not really taking off, the

Gujarat has identified trade, infrastructure, policy, demographics and technology as growth accelerators and with marine conditions favourable, it aspires to set a trend in economic development by 2015.

Modi government has been quick in ensuring speedy and effective implementation of investment proposals made by various entrepreneurs. It has simplified time-consuming procedures to help industrialists obtain clearances for necessary infrastructure that needs to be set up without any hassle. The result: a major chunk of the liquid cargo business is shifting to Gujarat ports from their counterparts in the west coast. Big companies like Hindustan Unilever, Godrej and Marico India are looking for such a viable option. According to the All India Liquid Bulk Importers and Exporters Association, inadequate and inefficient infrastructure, delays in assessments by custom authorities, low rationalisation of trade policies and multiple taxes are hampering the day-to-day business at ports in Mumbai and this has turned into a business opportunity for Gujarat. Already, Mumbai's share of liquid bulk traffic has dropped by 10 per cent in the past few months.

Ports in the pipeline

Maroli	– Container and bulk cargo berth
Simar	– 2 berths for solid bulk cargo
Vansi-Borsi	– 4 berths for solid and liquid cargo
Mithivirdi	– 2 berths for bulk cargo and steel products
Bedi	– 2 berths for solid cargo
Khambhat	– Lighterage port
Mahuva	– 2 multipurpose berths
Modhawa	– 2 berths for bulk cargo
Porbandar	– Direct berthing facility
Sutrapada	– 2 berths for solid cargo

Landmark projects

LNG port terminal at Hazira, developed by Shell India Ltd.

Mundra Port, by Gujarat Adani Port Ltd.

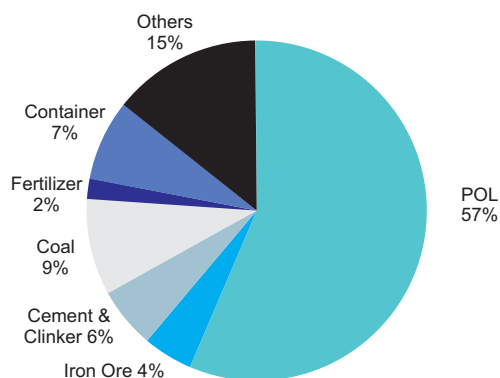
LNG terminal at Dahej by Petronet LNG Ltd.

Pipavav Port by Gujarat Pipavav Port Ltd.

These projects have been facilitating efficient transportation of natural gas, crude oil and petroleum products from Europe and the Middle East. Besides 13 airports, including the international airport at Ahmedabad, 71 per cent of the state is surfaced. The country's first national expressway from Ahmedabad to Vadodara stretching 95 kilometres as part of the Golden Quadrilateral Project, is one of the busiest national highways catering to the growing trade and traffic.

Water Grid: The state has an extensive water network covering 75,000 km, mainly used for irrigation. GMB has also worked out a plan for inland water transport that can provide traffic on 50-km stretch on the Narmada, 25-km stretch on the Tapi, 30-km stretch on the Ambika, 10-km stretch on the Oranga and 14-km stretch on the Purna. Since these perennial rivers have considerable potential and depth to run ferries and jetties, the government has decided to commission a prefeasibility study to assess the commercial viability of the project. “We have written to the Inland Waterways Authority of India with our detailed proposal and hope

Cargo Composition in Gujarat Ports



to get some technical advice along with funds,” says Dash.

Captive jetties

The concept of ‘captive jetty’ was introduced in 1993 along with the new maritime policy guidelines. As part of it, corporate players are encouraged to construct captive jetties to cater to the increased production with the expansion of their existing plants. Port-based industries are allowed to create port facilities to import raw material and export finished products. The policy also allows 80 per cent set-off on wharfage against the capital cost, including interest during the construction period. Digvijay Cement was the first to operate a captive jetty since 1978. Since then, other companies such as Reliance, Essar, Ultratech Cement, Deepak Cement and Gujarat Ambuja Cement have lined up for the facility.

Greenfield ports

GMB has identified 10 greenfield sites to develop all-weather berthing ports, to come up on a Build-Own-Operate-Transfer (BOOT) basis. Already, Pipavav, Mundra, Dahej and Hazira have been pressed into service. While work is underway in Dholera and Positra ports, the others are in the development stage.

Going ahead

“A holistic approach is the basic prerequisite for long-term development,” says GMB. In line with it, the state is exploring the possibility of developing ‘Nano Ports’ along its coastline that can act as feeder services to major ports in the country. Technology upgradation is being taken up to cut down on ship turnaround time and minimise the transportation cost. Attention is also being paid to environment protection and waste disposal, creation of a maritime training and safety institute besides a tsunami warning centre at Kutch. Weather and hydrographic equipments are being installed in 29 port sites to aid in weather assessment. Greenbelts are planned to protect the shore and enhance fishery resources. With progressive policies and attractive concessions beckoning entrepreneurs, Modi’s red carpet seems to be irresistible. **MG**

GMB'S VISION 2020

- Ensure that each port of GMB to be ‘The Port of Choice’
- Develop 100 per cent automation of cargo-handling process through mechanisation and/or instrumentation and control technology
- Build fully computerised systems
- Develop adequate berthing and storage facilities at ports
- No pre-berthing delays and average turnaround time within international standards for direct berthing ports
- Each port acting should be an independent profit centre
- Build commodity group-specific port terminals with optimal synergy and focus
- Ensure extensive linkages of ports with hinterlands along with sufficient infrastructure backup.

Advantage Gujarat

The Firsts in the country...

- Gujarat Maritime Board
- New Port Policy in 1995
- Private Port & Model Concession Agreement
- Dahej LNG Terminal
- Gujarat Chemical Port Terminal
- Pipavav Private Port
- Double Stack Container Train
- Private Port Rail Company
- Alang Ship Recycling Yard

Proposed port-led SEZs

Kandla	– 400 hectares
Mundra	– 2733 hectares
Dahej	– 1718 hectares
Sterling	– 1263 hectares
Essar Hazira	– 1263 hectares
Reliance	– 1764 hectares

Key Industries: Light & heavy engineering, textiles, chemicals & pharmaceuticals, logistics, petroleum refinery, downstream processing industries, gems & jewellery, glass & ceramic, agro & food processing, flat steel products, wide steel plates, EPC & fabrication, saw pipes, polypropylene plant

Shipbuilding projects

- New yards at Pipavav and Hazira
- ABG shipyard at Dahej, over an area of 165 acres, 1.2 lakh DWT and 1000 mt waterfront
- Marine Shipbuilding Parks with common infrastructure and ancillary facilities to come up in a cluster of shipyards
- Mega Marine Shipyard proposed at Dahej and the Gulf of Kutch

Vibrant Gujarat: Highlights

Expressions of Interest (EoI) worth Rs 24,000 crore in port sector out of which MoUs worth Rs 13,400 crore actually signed during the summit

Companies shortlisted for formation of SPV to undertake dredging at a cost of Rs 300 crore

Expansion of captive jetties and installation of single buoy mooring (SBM) facilities

Proposals for establishment of captive jetties for cement plants worth Rs 500 crore

Vessel Traffic Monitoring System in the Gulf of Cambay to be installed at a cost of Rs 130 crore by an ATASH-Norwegian firm joint venture.

Source: Industries Commissionerate, Gujarat Government



Sea of Scapegoats

The United Nations Convention on the Law of the Sea (UNCLOS) adopted on December 10, 1982 and enforced in 1994 stipulated a set of uniform rules and laws of the sea, applicable uniformly to all the members. But recent developments indicate that the International Maritime Law remains, what it has always been, the Law of the Jungle, that espouses the survival of the strongest.

by **A K Bansal**

As per UN's Universal Declaration of Human Rights 1948, and European Convention for Fundamental Freedoms and Protection of Human Rights 1950, "everyone has the right to life, liberty and security of person. Ports and coastal states owe such an obligation to seafarers of foreign ships." The

UNCLOS, with 320 articles and annexes, instilled hope among member nations for the judicious exercise of their rights and responsibilities in the use of the world's oceans. Seafarers on merchant ships have always had rights, but could rarely avail of any jurisdiction to protect themselves. If universal Law implies that a person

is innocent till proved guilty, criminalisation means branding a person a criminal when he is not. Despite UNCLOS, IMO and ILO guidelines, governments in most ports of the world reach for handcuffs even before finding out what actually happened, what went wrong, what harm has been done and who was responsible.

Unseaworthy incidents

The Erika, on December 12, 1999, developed cracks on her shipside in heavy weather. Master's request for a port of refuge was declined by French authorities. She broke in two and sank in the Bay of Biscay, 45 miles from the French Coast, in poor visibility and gale force winds up to six metres swell. Master ensured rescue of all 26 crew members by helicopters and was the last person saved from her sinking stern section. Though hailed a hero by the international maritime community, Captain Karun Mathur was arrested as he set foot on ground because it was a French rescue helicopter that landed him in France. International media described Erika as 'an old rust bucket'. Yet, she was fully classed and certified seaworthy by her classification society Rina Italia and also cleared by the Port State Control in Dunkirk, France just before sail. So, who was responsible for certifying her seaworthy and for allowing her to sail out of Dunkirk?

On November 13, 2002, Prestige, carrying 77,000 tonnes of oil, listed 25 degrees within 15 minutes, struck perhaps by a powerful wave. A Spanish maritime inspector on board stated soon after the first report that some shipside plating had fallen off. Master's request for a port of refuge was declined. Instead, she was towed out to sea 133 miles by Spanish authorities. Thus, an unarmed merchant ship, in trouble and crying for help, was forced out to sea, only to sink six days later and the master jailed in Spain.

The ship had passed the General Survey under ABS supervision when some 138 tonnes of steel was renewed on her hull. Was it not the responsibility of ABS, an international classification society of repute, which fully classed the ship and certified her fit and seaworthy after such repairs? Otherwise, why would hull plates just fall down in heavy weather?



“Ship losses for 2006 have been reported to be 92, a 37 per cent rise from 67 the previous year. Research for 2007 indicated 112 losses, a 270 per cent rise in the decade 1998-2008.”

Salvage experts and experienced seafarers have declared in one voice that the governments of France and Spain made decisions without sound legal and technical reasons. Had ports of refuge been allowed, Erika and Prestige, plus their cargoes could have been saved. Instead, they criminalised the masters and made pollution of their own coasts uncontrollable. Spain not only endorsed the 1990 OPRC Convention of IMO, but also ratified it along with 41 countries. Yet, there was no

contingency plan for preparedness and response as required under Article 6 of the convention! Spain also contravened the 1969 Intervention Convention, in force from 1975, because actions of the government were unilateral and there were neither consultations nor appointment of any independent experts, as required under the convention.

Till today, the Spanish government could not explain under what law could it justify towing away Prestige from the coast when its sovereignty extends only up to 12 miles under UNCLOS. So, whatever be the factors, masters become the whipping boys and land in jail.

This, regardless of the fact that they were neither shown nor accused of having done anything illegal against any of these countries, or to have endangered the ships. Then, why should the apparently democratic, civilised and responsible European governments be allowed to violate conventions? Do the stipulated rules have any meaning? And what has happened to Part II, sections 1, 2, and 3 of UNCLOS ratified by 145 countries, including Spain and France?



The Hebei Fiasco

We all know the case of the ill-fated Hebei Spirit, a crude carrier of 260,000 tonnes of oil. A crane barge being towed by a tug crashed into the tanker, safely anchored in a Korean port in December 2007, setting off a spill of 10,800 tonnes of crude.

The crew took every possible action to avoid the accident and obeyed all instructions of South Korean maritime authorities. Under the international law, there is no liability on an innocently anchored ship at a designated anchorage, if a passing mobile marine craft hits her. The International Regulations for Preventing Collision at Sea 1972 recognise this. Yet Captain Jaspreet Chawla, and his chief officer Shyam Chetan were charged in Korea with violating anti-pollution law causing the oil spill. Their passports were confiscated.

On June 23, 2008, the District Court of Korea completely exonerated these two officers under Korean Law. Yet, on December 10, a court of appeal sentenced them to jail. Following an uproar from seafarers' associations, the two have been granted bail recently but not allowed to return to India.

Despite the fact that Indian officers and engineers are the best professionals in the world, in virtually every other case around the world, a number of Indian masters or chief engineers are being wrongly fined or convicted. Such acts in fact demotivate aspiring seafarers. It is time for maritime authorities to raise their voice against injustice being meted out to the professionals.

In most countries, causing pollution to their coast is a criminal offence and the ship and its master are responsible under local laws. The owner cannot be held personally accountable because he may be in a different country or because the ship's legal personality is of a peculiar nature. In Australia, Canada, France and the UK, a seafarer may be prosecuted for a criminal offence, even when pollution is not attributable to his acts of omission or commission and/or his willful negligence. Further, the EU countries have passed a legislation that goes against every international convention that they themselves have ratified. So what is the international law that are we talking about and what happened to UNCLOS or to Marpol Annex 1 11(b)(ii)? So, whether it was Class, Flag, Ship Owner or her Manager. OR whether it was the, French, Spanish, UNO, IMO, ILO or European Commission, Masters became the whipping boys, though they were neither shown nor accused of having done anything illegal against any of these countries, or to endanger their ships.

Fair laws must support good practices, and impose penalties for infringements. Criminal liability for pollution emanating from vessels must be equally applied to shipowners, ship surveyors, classification societies, port state control inspectors and others alike depending upon who is at fault and who is responsible.

The maritime industry and experts should stand up against unacceptable actions which compromise international maritime law, professionalism, safety and environmental protection. If incidents like these are left to their own fate, then they are bound repeat again and again till they remove any amount of professionalism left over in this industry. **MG**

A K Bansal is the chairman of the Chennai Chapter of the Company of Master Mariners of India.

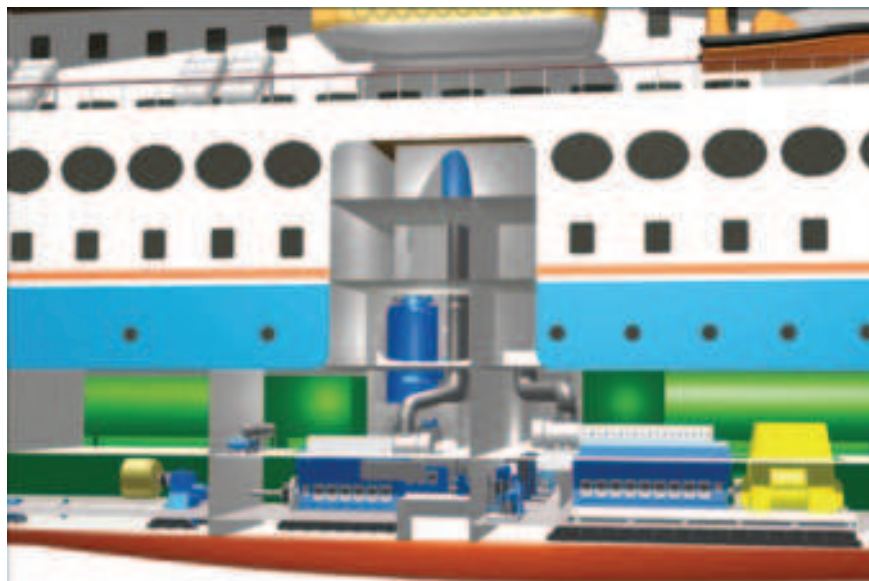


Marine Fuel

LNG – The Safe Bet

Ships no doubt serve as the most efficient means of transportation, but concern is being voiced over their toxic emissions. As the marine industry looks for alternative fuels to reduce the environmental impact from ships, LNG turns out to be a natural and clean option, **Maritime Gateway** reports.

Liquefied natural gas (LNG), a natural gas converted to liquid form for ease of storage or transport, is expected to be the world's fastest growing energy source in the near future. As oil reserves deplete and emission norms tighten, thanks to the International Maritime Organisation's mandatory guidelines, LNG is being endorsed as the viable fuel option in maritime applications. Realising the maximum benefits, especially environmental gains, provided by LPG, more and more vessels are going the green way, suggest shipping lines. Norway's Eidesvik Offshore, the first ship owner to have powered its vessels Viking Energy and Viking Queen with LNG, says the advantages can be two-fold: Reduction in fuel costs and substantial decrease in emissions. "Compared with diesel, carbon dioxide emissions from LNG are



The cross-sectional view of an LNG-powered engine.

reduced by 23 per cent and nitrogen oxide emissions by 89 per cent. Low maintenance and fuel cost is another big plus," it reports. Moreover, there is zero particle or sulphur emission from it, which saves the ships from penalty taxation. Since shipping contributes to nearly 40 to 50 per cent of NO_2 emissions, this is good news for the industry. In India, Bharati Shipyard is the first to moot the development of an LNG-powered vessel. According to the officials, the project is still in the design stage. The construction of the vessel is

expected to start in mid-2009 at Dabhol and Goa facilities and it is expected to be delivered by mid-2010. The offshore and cargo shipbuilding company that has bagged orders for two 5,800 DWT roll on-roll off (ro-ro) vessels from Norway's Sea Cargo AS, says the vessels, which are LNG-powered ships, have fuel storage capacity for 10 operational days. If the project takes off, Bharati is likely to design tugs and offshore vessels next.

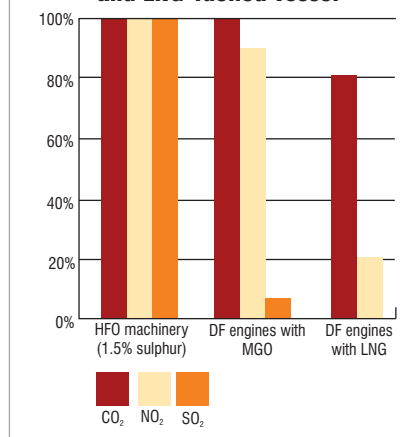
The system

The gas-run vessels normally have dual-fuel engines that work as ordinary diesel engines in diesel

Total environmental account with consumptions to produce 1 MWhE (mega watthour-Electric) fuel

Input and Output	Viking Energy Gas mode	Viking Energy Diesel mode
Energy consumption	11214 MJ	11356 MJ
NO_2 emissions	1.29 kg	12.4 kg
CO_2 emissions	621 kg	822 kg
SO_2 emissions	0.15 kg	1.94 kg
Total energy efficiency	32.1%	31.7%

Comparison between MGO and LNG-fuelled vessel



mode and as pilot-ignited lean burn gas engines in the gas mode. LNG is stored at low overpressure and this makes it significantly safer than compressed gas. The system consists of a storage tank, a bunkering system

for transporting the gas from the ship's side to the storage tank and a vapouriser system to convert the liquid gas back to gaseous form for use in the engines.

The vacuum-insulated storage tank is double-skinned and made of stainless steel grade 304 with a typical wall thickness of 15 mm or 0.6 inches. LNG has to be stored at temperatures of around -160°C to remain in liquid form and since stainless steel gets stronger as it gets colder, it is used for the application. Air is pumped out of the space between the two skins to create a vacuum, and the space is filled with perlite insulation material. Generally, for LNG-propelled vessels, the ship design is kept simple to help owners reduce risks involved in gas installations. Location of tanks, piping and engine room installations and the gas engine are taken care of. The vapouriser

system is housed in a 'cold box' located at one end of the tank. The box is completely enclosed, barring some vents used in case of any leakage. As part of the process, the liquid gas is pressurised to 5 bar. To provide maximum protection against leakage, all piping and valve connections are welded. However, the only disadvantage can be LNG's content by weight. Though it is equivalent to that of diesel, it occupies nearly twice as much space. Plus, increased emissions of methane (CH₄) can reduce the net effect to about 15 per cent reduction of CO₂ equivalents. Besides, an LNG ship can cost its owners around \$ 40 million, 20 per cent more than a conventional one. Yet, the comfort levels can be more in the long run, especially when bunker prices go up, say experts. Since LNG is available reasonably well in the country, more ships can go the green way. **ME**



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Concor'ing Feats

Concor's North Central Region was carved out of other regions in 2005 with the Model ICD at Dadri as its mainstay. The region has progressed well and has shown the best growth in 2007-08. There are six Inland Container Depots (ICDs) operating in this region at Dadri, Kanpur, Agra, Madho Singh (Varanasi), Malanpur (Gwalior) and Rawatha Road (Kota). These ICDs work as dry ports and the services they offer include rail transportation of export/import containers; warehousing facilities including bonded warehousing; door delivery/pick up of containers through road transportation; provision of office space for the stakeholders; and specialised service for transportation of refrigerated containers at ICDs Dadri and Kanpur.

On the occasion of the completion of five years of operation of ICD Dadri, chief general manager of the North Central Region, **Sushil Kumar** shares his thoughts with **Jagadeesh Napa** on the achievements of the North Central Region.



Sushil Kumar, chief general manager, North Central Region - Concor

Q ICD Dadri has completed five years now. What are your reflections on the achievements of ICD Dadri in these five years?

A: ICD, Dadri has been growing at an annual rate of 40 per cent. Starting with a modest throughput of 2,481 TEU in 2003-04, the terminal reached an impressive figure of 1,92,006 TEU in 2007-08. The best ever monthly throughput of 20,376 TEU was achieved in the current financial year in the month of September. This year there has been a growth of 28 per cent in the loaded export and 22 per cent in the loaded import during April-December '08. The excellence of service in reefer transportation has resulted in a growth of 45 per cent this year and shifting of almost the entire reefer transportation from road to rail. Recently, in November '08, ICD, Dadri has commissioned a state-of-the-art mobile power generating set (Power Pack), which is capable of supplying power to a full train of 44 refrigerated containers, a first in this business. The terminal was granted ISO 9001:2000 certificate in March 2007 based upon its performance and quality service.



Would you like to highlight any special features of terminals in North Central Region?

A: A unique feature of ICD, Dadri is its Joint Venture CFS model, wherein four CFSs have been set up as joint ventures between Concor and major shipping lines like Maersk, Transworld group and CMA-CGM. Two more joint venture CFSs with the Samsara group and All Cargo Logistics are likely to come up within a year. The JV CFSs are the marketing arms of Concor and are making a significant contribution to the growth of ICD, Dadri. In keeping with the changing business environment, we have provided terminal access to HTPL at ICD, Dadri which commenced its operations in July 2007.

What are the main reasons behind Concor's impressive performance over the last few years?

A: We are committed to provide reliable, responsive, safe and value-added logistic services in a cost-effective and consistent manner to its esteemed customers. This has generated a tremendous amount of trust and good will for Concor in the trade. Our service is synonymous with quality, consistency, promptness and reliability. The services are focussed on customer satisfaction and all our efforts are geared up to achieve that. Moreover, the extensive network of ICDs/terminals created by Concor has enabled us to serve customers at their doorstep. The latest addition of ICD at Madho Singh is a live example, which was commissioned in October '08 and has been set up to cater to the famous export belt of Varanasi, Bhadohi, Mirzapur etc.

Another reason for our impressive and consistent performance has been the flexibility and adaptability to the changing market scenario in terms of rates/costing and services.

Concor has inducted the best, world-class container handling equipment at ICD Dadri in the form of four RTGs and five reach stackers to provide excellent service to its customers.

Please brief on the customer service initiatives taken up in your region?

A: To provide smooth, efficient and satisfactory service to its customers has been our motto. Excellent infrastructure, prompt service and problem-free dealing are the objectives of all the customer service initiatives taken by Concor as a whole and North Central Region in particular. A few initiatives taken in this regard are:

- Concor has inducted the best, world class container handling equipment at ICD Dadri in the form of four RTGs and five reach stackers to provide an excellent service to its customers
- Even at other smaller terminals, the equipment deployed is always of latest vintage and close monitoring is done for ensuring availability
- The facility for ICD stuffing of domestic reefer cargo was created in a record time on customer's specific requirement. The number of ground plugging points has also been more than doubled in the last one year
- A customer care centre has been opened at Dadri. In addition, touch screens have been installed at Dadri to further improve the interface with customers. Similar facility is also being planned for other terminals

- Keeping pace with the business growth, infrastructure is augmented regularly. Few examples are extension of parking at Dadri, additional pavement at Kanpur, upgrading of yard at Kota, additional office space at Agra and so on
- The number of rakes and their frequency has been increased in last 1-2 years for minimising the export dwell time at all the terminals. The results are evident from the fact that the dwell time at Dadri for a loaded export container is less than 24 hours. Scheduled services are also being run for specific ports like Mundra and Pipavav.

Indian exporters are affected badly due to the recession in the US and Europe. What kind of support do you provide them in these difficult times?

A: Concor has always been alive to the requirements and expectations of its customers and trade at large. In order to help out exporters to tide over the present crisis, segment-specific schemes have been drawn up and revised. In some cases, even the freight has been reduced in view of the great turmoil caused due to recession. We have extended our helping arm not only to the exporters but to the importers as well. Recently, the top management has announced a substantial waiver of the ground rent accrued on the import containers, which could not be lifted due to the global meltdown in last couple of months. In addition to these measures, the free time for exports was also increased at Dadri some time back in view of expectations of our customers.

How is the recession affecting the bottom line of Concor in the North Central Region?

A: The core business is wholly dependent upon the exports and imports and any upheaval in this business is likely to affect Concor also. However, we have the

“Recently, the top management has announced a substantial waiver of the ground rent accrued on the import containers, which could not be lifted due to the global meltdown in the last couple of months. The free time for exports was also increased at Dadri.”

strength, flexibility and adaptability to tackle such situations. We do not see the present situation as a problem but as another challenge and is fully geared to come out with flying colours as always.

How do you see 2009 in setting the targets?

A: It is estimated that the next year might bring in more difficult times than the current one. However, we are very optimistic and with changes taking place globally things will definitely improve and new ways and means will be sought to achieve targets. The targets for the coming year will be fixed in a realistic manner keeping in view the global situation and the competition at home.

Please let us know the future expansion plans in terms of new terminals and infrastructure within the North Central Region.

A: As I have said earlier, we have recently started an ICD at Madho Singh to cater to export of carpets, rugs, handicrafts as well as aluminium products. This will be very beneficial to the trade as a large portion of the traffic is being sent to Mumbai by road and shifting it to rail will improve transit time, safety and reliability. The ICDs at Dadri, Kanpur and Malanpur already have surplus land available for future expansions as the business grows. This clearly shows our long-term vision in terms of future planning. **MG**

An inside view of one of the sprawling warehouses of the North Central Region.



It is testing times for shipping firms to tide over the falling trade volumes and freight rates as orders slow down and vessels idle at the ports. In India, already two of India's top shipping firms – Shipping Corporation of India Ltd. and Great Eastern Shipping Co. Ltd are reported to have returned ships that they have hired, thanks to the economic slump. On the other hand, it is a blessing in disguise for the shipbreaking firms in South East Asia as the prices of old scrap vessels have gone up. Gloom pundits say the economic downturn might go from bad to worse hitting many a vertical and even a horizontal enterprise. With no silver lining in sight, even ship financiers and beneficiaries see a bleak time ahead. The repercussions are being felt in the form of freezing credit lines and loan breaches. As the industry grapples with the situation, **Maritime Gateway** does a reality check and presents the facts and projections.

Recession Blues



Shipping

Into the Survival Mode

The shipping industry has moved into survival mode and is desperately clinging to different survival strategies to sail through these rough currents – An update.

Having logged a growth of 9 per cent over the last couple of years and a decent 7.5 per cent in the first half of this fiscal, the Indian Government has assumed that the growth story would continue despite a serious financial crunch in the rest of the world. It assured all that the country will be least hurt due to the ongoing recession. But looking at today's ground realities, it is more than obvious that most of the industries especially the export-oriented industries are feeling the brunt.

Falling demand

Indian exports in October last have fallen by 12.1 per cent and followed by another drop in the November by 9.9 per cent, indicating that the country has not escaped the tremors of the financial crunch and global economic slowdown. The R word is having more than expected impact on the Indian shipping industry with the consumer demand in the US and European markets hitting all time lows. The ship charter rates in these routes have gone for a toss and rock bottom rates have become the norm of the day. Industry watchers say that the recession has affected shipping companies, agents and shipowners all alike. Captain Anil Sahane, general manager of Yang Ming Line says, "A loaded container on the Europe route used to fetch us US\$ 1100 a few months back. But today the rates have fallen down to less than US\$ 300.

In this situation, shipowners and shipping companies are looking for

serious alternatives to survive this storm. While some shipping companies are expressing optimism that things would turnaround in the second half of 2009, many others have marked the full year in red. With demand plummeting to never-seen levels and charter rates doing a nosedive, many shipping companies have laid up their ships and are

have been hit badly with the fall in the freight rates. Across the industry, the immediate task before the shipping companies seems to be clearing of the container pile up that is caused by the increased imports from China in the last few months.

Industry strategies

A closer look at the industry would reveal that most of the shipping



waiting for the storm to subside. Many others have either postponed or cancelled their newbuilding orders owing to the cash crunch and shipyards world over are witnessing increasing cancellation of newbuilding orders.

Sahane says that the recession has affected the industry in two ways. One, there is a pile up of inventory in terms of uncleared containers which has led to added costs of storage and maintenance. Secondly, bottom lines

companies, to survive in these difficult times, have either suspended some of their services or merged two or more services or adopted both the strategies. Sahane also admits that the Yang Ming Line has suspended two of its services – one on the China-India route and other on the Singapore-USA route (which used to call at Nhava Sheva in India). Gopal Mehrotra, deputy general manager, Delhi region, Hanzin Line, reveals that they have merged two of their

services running between China and US East coast passing through the Mediterranean.

Another wise (and rather profitable) strategy adopted by the industry is to dispose off the old tonnage in their fleet that have over-served their purpose. Many shipping lines have ships that are 25 years old and above (typically purchased in the late seventies and early eighties), which were used extensively to cash in on the boom period until last year. Shipowners now feel that this is the

right time for them to dispose off such tonnage. And hence, these vessels are proceeding to shipbreaking yards in the Indian Subcontinent. The situation is same in the international scenario too. Shipping accountant Moore Stephens has claimed in a recent press interaction that scrapping of old tonnage will only increase at a faster rate as the year progresses. On the flip side, the shipbreakers are finding it hard to secure finance to pay for the growing number of such vessels as many of the institutions that were financing them have backed away in view of the financial crunch.

Survival strategies adopted by some international players

AAS Consortium Partners – APL, Hamburg Süd, Hapag-Lloyd, Hyundai Merchant Marine and Evergreen

Strategy adopted: Reduction of capacity by 3200 TEU every week from February 01, 2009 till June 2009 through idling the AAS Southern Loop. The AAS Northern loop will be adjusted in scope to cover the Taiwan, South China and Hong Kong markets

Dry Ships – Global providers of marine transportation services for dry bulk cargo and off-shore contract drilling oil services

Strategy adopted: Disposal of three capesize newbuildings and cancellation of the acquisition of nine capesize vessels that includes five newbuildings. These measures will reduce the company's capital expenditure commitments by over US\$ 1.5 billion

New World Alliance Partners – APL Ltd., MOL and Hyundai Merchant Marine

Strategy adopted: Laid up 40 vessels

Zim Integrated Shipping Services and Pacific International Lines – Wan Hai

Strategy Adopted: Laid up all the vessels each of them used to operate in Asia-Europe service and are currently buying slots on other carriers for the existing commitments

Maersk and CMA CGM

Strategy adopted: Laid up many of their own vessels and formed vessel sharing agreements with each other on different routes

Addressing the root cause

Speaking on the root cause of demand decline, Mehrotra said that sentiment plays an important role in the consumer markets of US and Europe. The financial crunch has made people very cautious in spending their money and has curtailed their spending on all the goods which they consider as frill and fringe. As these markets are the major export destinations for Indian suppliers, a lot of industries that are into manufacturing and exporting products like sandstone, granite, jewellery, carpets, readymade garments etc. have taken severe beating. Mehrotra opines that the consumer sentiment has to be reversed for the situation to improve and this may take some time which can be no less than six months to one year. A reversal in the sentiment can lift up the business 10 to 15 per cent immediately.

Consolidation on cards

Industry analysts claim that the small time players will be worst hit compared to their larger competitors. A lot of consolidation in the form of mergers & acquisitions and strategic alliances is expected to take place in this year in addition to lay-ups and vessel sharing agreements. Now, one has to only wait and see when the economy is going to come back on to the track to lift this industry from the current shackles. **MG**



Picture courtesy Wombalano

The ship breaking industry in the Indian sub-continent, which was ailing six months ago, has grabbed with both hands the opportunity that recession gave it. While the world is undergoing a recessionary period, the ship breaking industry, which stood as an exception, is beginning to experience a boom.

With falling global demand and declining freight rates across the world, shipowners find this recession as the most opportune time to dispose off their old vessels which are more than 25 years of age. Hence, shipowners world over are queuing up to ship breaking yards in India, Bangladesh and Pakistan. They had been using these vessels, despite their age, to meet the excessive demand during the boom.

A steep fall in scrap steel prices, higher purchase prices of scrap ships and appreciation of US Dollar against the Indian Rupee are some of the factors that had kept the ship breaking industry

Ship Breaking

Coming of Age

ailing for some years now. The period between August and October 2008 witnessed the worst fall of scrap prices when the prices fell by nearly 50 per cent in the domestic market from Rs 32,000 per tonne to around Rs 16,500 per tonne. International market witnessed a even worse scenario with the prices of scrap steel falling from US\$ 500 to US\$ 150 during the same period.

On top of this, currency fluctuations in the international forex markets had hit the industry much harder. As the ship breakers have to pay the shipowners in dollars, the appreciating value of dollar against the rupee have made them almost bankrupt. A small depreciation in the rupee value will make a big difference in the payout throwing the ship breakers into losses.

The industry had almost gone into a deep recession before the purchase prices of scrap ships began to fall in

November and December 2008. The scrap ship prices which were doing somewhere around Rs 32,500 in September have come down to Rs 15,000 in December with a change in demand-supply equation. Parallely, the scrap steel market too stabilised and the market price increased to Rs 20,000 per tonne enabling the ship breakers to gain a clear margin of Rs 5,000 per tonne.

This has fuelled the ship breaking activity at Alang and the number of ships that reached Alang since November has reached to more than 100. Sixty of these ships arrived between December 1 and January 15. "Alang is all set to make a new record in scrapping largest number of ships in 2009 as more than 600 ships are available for dismantling in the international market due to slowdown in the global trades," said Vishnu Gupta, President of Alang Ship Breakers' Association to a news agency recently.

Different types of ships coming to the ship breaking yards at Alang include general cargo carriers, bulk cargo carriers, oil and gas tankers and chemical tankers. Most of these vessels are more than 5,000 tonnes in capacity, with a few having capacity of more than 10,000 tonnes.

Increasing activity at Alang has brought demand for downstream ancillary units like steel rolling mills and oxygen refilling plants. Steel produced at Alang is used domestically as well as sent to other states in India like Punjab, Haryana and Uttar Pradesh which are the hubs of manufacturing activity.

As if it is a boost to this boom, the Supreme Court of India has declared in a judgement that the ship breakers could now claim for deductions from taxable income under Sections 80-I and 80-HH of the Indian Income Tax Act, 1961. This means that a ship breaker can claim deduction from the gross total income up to 20 per cent of profits and gains if these products and gains are derived from an industrial undertaking or a ship or business of hotel or repairs to ocean-going vessels.

Considering the present developments, the ship breaking industry is indeed in an upward swing when all the other industries are going in the reverse direction. But to achieve further growth in this industry, it is important that the steel scrap market witnesses further improvement and the value of rupee stabilises against the dollar. Ship breakers would like to see these two things happen in the coming months. **MG**



Picture courtesy Wombalano



Ship Financing

Down but not Out

The shipping industry has tough times ahead. But maritime nations are trying to do their bit to bail out the sector from the rising cost of borrowings by providing interest subsidy. The Indian government too has come up with one such rescue plan, reports **Maritime Gateway**.

The global economic downswing has cast a ripple effect on ship financing projects too.

European banks, especially Scandinavian and Nordic banks, that generally fund Indian shipowners to purchase vessels have closed their books at the end of 2008. It is unlikely that they will resume

funding till the economic situation looks promising. Experts say the fear is also fuelled by the declining prices of ship's freight in the last few weeks which implies a high default risk.

Sweden's Nordea Bank AB, Norway's DnB NOR ASA and Hamburg's investment firm Konig and Cie GmbH, KG are already under pressure as they fear the loans given

to shipping lines during the last five-year boom time might turn bad. According to Royal Bank of Scotland Group Plc, the third-largest lender to the industry, as many as half of publicly traded commodity shipping lines may breach their loan covenants by April after a record collapse in hire rates. "It's hard to avoid a breach when asset values have fallen so significantly," Lambros

Varnavides, the bank's head of credit to the shipping industry, says.

Good news in these recession times is that India's shipping ministry plans to bail out shipping lines by offering a stimulus package. During a recent Assocham conference held in New Delhi, Shipping Secretary A P V N Sarma has disclosed that the ministry is likely to relax taxes to the shipping industry. "We would like some fund creation and tax concessions," he said.

The best part is the proposal to create a Rs 10,000-crore corpus to extend low-cost credit to domestic shipping companies. Since vessels constitute nearly 90 per cent of the fixed assets of a shipping company, a ship owner aspiring to acquire a new vessel finds it difficult to bridge the gap between the availability of his personal funds and additional capital requirement.

An LNG carrier can cost around \$ 250 million, a double-hulled VLCC \$ 90 million and a Handysize

“Since vessels constitute nearly 90 per cent of the fixed assets of a shipping company, a shipowner aspiring to acquire a new vessel finds it difficult to bridge the gap between the availability of his personal funds and additional capital requirement.”

chemical ship around \$ 70 million. To get funding for such high-end investment, shipping companies generally approach European banks that lend low-cost credits for longer periods unlike Indian banks which offer high interest rates and wait only for two to three years. For instance, European banks lend at around 4-5 per cent interest rate but domestic banks and financial institutions charge between 10-12 per cent, a shipping company official

says. Though the bailout plan looks impressive, the shipping company awaits nod from the finance ministry.

Meanwhile, shipping companies are mulling over holding expansion plans and even cancelling new ship building orders. "With poor exim activity hitting ports hard, container vessels are idling at harbours. So, adding new ships to the fleet is not a wise thing to do," opines a shipping company chief. Since falling oil rates have made rigs available for hire at a cheaper rate, the Shipping Corporation of India, which proposed to get into a joint venture with the Oil and Natural Gas Corporation to build rigs, has shelved the project for the time being.

On the other hand though, a few shipping firms are learnt to have envisaged a capital layout plan of \$ 20 billion for the next four years to maintain their market share. Varun Shipping has recently taken delivery of its fourth anchor handling, towing and supply vessel, used for deep sea oil exploration.

Despite the downward pressure, resilience too is evident, observes Frank Kennedy, Dubai-based marine consultant. "There is now a promising trend that suggests that the 'lowest common denominator' that gloom pundits were saying would be destructive, may turn out to be manageable after all," he says.

The industry only hopes this year will spring pleasant surprises. At least, wishful thinking is not costly. **MG**

Cash flow crisis hits companies

The cash flow crisis caused by financial difficulties has hit Samsun Logix, one of South Korea's largest bulkier operators. According to Lloyd's List, the company, which owns 15 bulkers and has another four newbuildings on order, lodged an order for court receivership, similar to bankruptcy protection, at Seoul's central district court recently.

The court issued an immediate stay order which froze the firm's bank accounts, stopped any sale and purchase deals and prevented Samsun Logix entering into any new charters. A source within Samsun Logix said: "We are not allowed to do any new business".

He added that the court would decide in the next two to four weeks whether to allow the company to enter into court receivership or let the company collapse. "We are a victim of the recent maritime casualty that caused the collapse of Britannia, Armada, ICI and others," said the source.

He said Samsun Logix had ships chartered to all those companies which were then redelivered early all at high charter rates. Asked the firm's total exposure, the source said: "I'm not in a position to tell you." But Samsun Logix is believed to have been owed about \$40 million alone by Armada (Singapore).

The freezing of the firm's bank accounts is expected to have a knock-on effect to companies it also owes money to for its extensive chartered-in fleet. The South Korean shipping company has used the New York southern district court over the past few months to apply for rule B attachments against a raft of companies. The most recent application was against Nonghyup Logistics Service on January 20. -Reuters



Indian Bunkering Industry

Moored by High Pricing

Proximity to international shipping routes and a huge domestic market sparks off the idea to venture into the India bunkering market. However, the ground realities project a rather sombre picture of the industry, which is hit by high prices and insufficient infrastructure to handle capacities. In any case, one needs to have a carefully planned approach to be successful in this market.

Being one of the major maritime nations with 12 major ports accounting for more than half a billion tonnes of cargo throughput and around 1,500 to 2,000 ships calling at each of these ports every year, India is way behind the other maritime destinations like Singapore and Fujairah in bunkering trade. Though the PSUs like Indian Oil Corporation and Hindustan Petroleum Corporation Limited have their presence in the Indian market, a majority of bunker fuel at the Indian ports is being imported and Indian ships are approaching foreign ports for their bunker requirements.

Price and quality

Umpteen efforts have been made by the PSUs to tap this market only to see that high pricing structure stood between them and the voluminous market. Very few of the ships calling at Indian ports uplift bunkering fuel due to the prevailing high prices.



Testing times for bunkering industry.

Typically, prices of bunkering fuel at Indian ports are around 50 per cent more compared to Singapore, Fujairah or Rotterdam.

While the base rates of this fuel is comparable to the ones prevailing at Singapore or Rotterdam, various taxes and duties that government adds to

the base rates makes it highly uncompetitive in the international market. Bunkering costs usually come up to 30 to 35 per cent of a ship's direct operating costs depending on the type of the vessel. Hence, it is imperative for the shipowners and shipping lines to

keep these costs as low as possible.

Another constraint is the quality of the bunker fuel supplied in India. The industry feels that the Indian bunker fuel is of low quality and can potentially clog or damage the ships' engines (with many incidents reported and low quality fuel being the main culprit). Acting in this direction, the Directorate General of Shipping has imposed stringent guidelines for the bunker suppliers. They are supposed to adhere strictly to the rules laid down by the DG shipping that are aligned with the MARPOL guidelines. Only registered bunker suppliers are allowed to operate and are expected to have quality management systems in line with the ISO norms. Although this exercise had improved the quality of the fuel considerably, it has made almost impossible for the bunker suppliers to operate as many of them are unable to meet the ISO requirements.

Marketing efforts

Realising the importance of this market and exponential growth seen in the last few years in the shipping industry, many of the Indian players have come forward to actively participate in the bunker market. The prime strategy of these players seems to be entering into joint ventures and strategic alliances with international partners. While HPCL, the second largest bunker supplier in India has tied up with Chevron Texaco's Fuel and Marine Marketing LLC, Mundra-based Adani Group has formed a 50-50 joint venture with Singapore-based

Chemoil Energy. Indian Oil, on the other hand, operates in solo and has presence at every major port. It has also started offshore bunkering through its subsidiary Lanka IOC with Trincomalee as hub of operations in the Indian Ocean.

Adani-Chemoil looks quite optimistic about capturing 50 per cent of market share in the Gulf of Kutch region by 2012, which may turn out to be 1.5 million tonnes. Despite the high prices, this optimism springs out from the arrangement between these two players. Chemoil is expected to put to use its global fuel sourcing network to keep the costs low, while Adani Group leverages its sophisticated logistics infrastructure set-up facilitating storage and distribution. Adani currently has a 300,000 metric tonnes capacity of storage terminal and a pipeline network at the Mundra port. Two barges of 3,000-tonne capacity are currently used to transport bunker fuel to Kandla and other ports in the Gulf of Kutch. Once the markets at Gujarat ports are captured, as the spokesperson for Adani-Chemoil points out, next target markets on the lists would be Mumbai, Chennai and Goa.

Infrastructure development

Infrastructure for bunkering services in India is poor and Indian government is trying to address this issue for a long time now. India's first bunkering terminal at a major port is proposed to be built at Cochin port in the Puthuvypeen SEZ area. This proposed bunkering terminal can also handle LPG and crude oil in

Quick facts

Major Users of India Bunker Supplies

- Indian Navy
- Merchant vessels in coastal shipping
- Time chartered vessels of oil companies
- Passenger ships of Shipping Corporation of India

Bunker Prices

Indian prices are 50 per cent more compared to the prices in Singapore.

The tax component for one tonne of bunker fuel in India averages to Rs 1,312 making it unviable to compete in the international market.

Bunker Market Comparison

Market	million tonnes Per annum
Indian	0.55
Singapore	18
Rotterdam	15
Fujairah	10

addition to the bunker fuel. The terminal can accommodate vessels up to 1,50,000 DWT and will have a capacity to handle 2.0 million tonnes per annum initially and can be expanded at a later stage to 4.5 million tonnes. Scheduled to start operations in 2011, this terminal is expected to cater to the bunker requirements of marine vessels plying on the international route between Middle East and Singapore.

At the end of the day, the industry feels that even if adequate infrastructure is put in place, the government has to provide a clear action plan towards removing the biggest hurdle in this game – pricing. Until the pricing is brought down to comparable rates of international market, the bunker industry will be virtually handicapped and will not be able to take advantage of the large domestic market and an increasingly growing international market. **MG**

“India's first bunkering terminal at a major port is proposed to be built at Cochin port in the Puthuvypeen SEZ area. This proposed bunkering terminal can also handle LPG and crude oil in addition to the bunker fuel.”

Tuticorin

A Forward Looking Port

Major port status, its strategic location and abundant hinterland have made Tuticorin Port a success story. A forward-looking port indeed, it banks on its ambitious expansion plans to fuel its future growth and script its success story.

by Jagadeesh Napa



Being the nearest port on the east coast to the major shipping routes and run by a proactive and customer-friendly management team, Tuticorin port is getting ready to become one of the major hubs of trading in India by the end of the Eleventh Five Year Plan. The port is planning big in terms of developing infrastructure and attracting investments for the industrial development of the region. Tuticorin is also one of the few ports in India to encourage and promote cruise tourism other than handling commercial cargo.

A forward-looking port in many ways, Tuticorin Port Trust (TPT) has set a mammoth target of 131 million tonnes of cargo handling to be achieved by 2025. To achieve such a massive target, it has embarked on huge expansion plans with an outlay of more than Rs 5,000

crores in two phases. The central government too has given in principal approval to the expansion plans as part of the National Maritime Development Programme (NMDP). Once finished, this will impact the trade in this region in a very big way. With modern infrastructure and unrivalled access to port, importers and exporters in this region will move more cargo through this port. Further, new businesses are expected to take shape leading to employment generation in the region and mushroomed growth in cargo handling at the port.

Moving in this direction, TPT had started the initial process of increasing the draught in the basin and channel in 2006. In the first phase, the draught was increased to 12.8 m from 10.7 m. It also began work on setting up a second

container terminal. The existing container terminal is being operated by PSA-Sical. Now that the draught is increased to 12.8 m, TPT began the second phase expansion of developing the outer harbour as well as setting up port-based, special economic zone on PPP basis. The SEZ will host various Ex-Im industries considered to be key drivers of cargo volumes. To this end, a consultant has been appointed to develop the draft project report and it is expected that the 'Expression of Interest' will be invited from private parties by October 2009. Under the outer harbour development, the port received approval from the central government to construct nine jetties, of which two will be coal jetties, five for container terminals, one oil jetty and one jetty for the port craft. Going by the roadmap provided by NMDP, work on the outer harbour is



Dredging in full swing: Tuticorin Port has taken up dredging in the entry channel and alongside berths as part of its ambitious expansion plan.

expected to be finished by 2012 and should be ready for commencement of operations. A look at the bigger picture indicates that out of 24 NMDP Projects, four projects have already been completed in 2007-08, while six are nearing completion and three are under tendering process and the remaining 11 are in the pipeline including the draft project report preparation.

A big target of this size requires well-planned and designed connectivity network. This being a major determinant in the success of a port, TPT is investing Rs 450 crore to develop the existing road and rail connectivity. Six- to eight-lane roads are planned to connect the port with the national highway NH-7A and state highway SH-176. Other projects in the pipeline include laying of electrified double railway line on the existing Tuticorin-Chennai route and new railway line covering Kanyakumari, Tiruchendur, Tuticorin and Karaikudi.

Exemplary performance

TPT achieved a 19.33 per cent growth in 2007-08 by handling 21.48 million metric tonnes of cargo. At a review meeting of the port in June 2008, T R Baalu, Minister for Shipping had observed that TPT has performed satisfactorily under all the metrics including average pre-berthing detention, average turnaround time and average ship berth days. The port also posted a profit before tax of Rs 115.67 crore in 2007-08. The port chairman G J Rao explains that this performance of degree is made possible by the proactive management at the port and ability to handle cargo at low cost

TPT has broken its own records in this financial year highlighting its efficiency in cargo handling. These achievements are quite commendable and will now stand as new benchmarks for the port. It unloaded a record quantity of 16,068 tonnes of Gypsum on December 28, followed by unloading of 24,452

Traffic handled during April-December, 2008

(In tonnes)

Import	
Coal (Thermal & Industrial)	6187779
Fertiliser	944549
Fertiliser Raw Materials (Dry)	517648
Containerised Cargo	2008650
Timber Logs	294842
Copper Concentrate	888144
Sugar	0
Others	1331176
Total Imports	12172788
Export	
Construction Materials	584634
Salt	352
Granite Stone	174157
Containerised Cargo	2136613
Sugar (Raw)	197554
Sugar	115745
Others	1033433
Total Exports	4242488
Total Traffic	16415276
Container Traffic	
TEUs	331621
Tonnage	4145263

Source: www.tuticorinport.gov.in

“With good connectivity and efficient management in place, TPT is looking forward to become one of the fastest growing ports in India.”



Traffic handled in the last five years

(in million tonnes)

Year	Cargo handled
2003-04	13,678,421
2004-05	15,810,736
2005-06	17,138,858
2006-07	18,001,203
2007-08	21,479,722

tonnes of Copper Concentrate on December 31 and discharging 3,635 tonnes of timber logs on January 5, 2009.

Shipbuilding at TPT

Taking forward its ambitious plans, the TPT has proposed to build a medium-sized shipbuilding yard at the port's inner harbour. Considering the suitability of location (undisturbed by ravages of the sea) and the socio-economic conditions, a shipbuilding yard inside the TPT

would flourish, providing employment to thousands of locals. A shipbuilding yard, which is an industry in itself, can impact the local businesses in a big way through downstream industries and ancillary units which provide further employment. Thus, TPT's shipyard initiative will go a long way in improving the economic conditions of the people in and around Tuticorin.

Abundant hinterland

Tuticorin port has a rich and abundant hinterland that spans from southern Karnataka to central Tamil Nadu and southern Kerala. The port stands as the cynosure in its hinterland due to the customer-friendly services it offers. The port has enabled many of the industries to flourish in this region. Fertilizer and chemical plants in and around Tuticorin have flourished due to the existence of this major port. It is cheaper for the granite exporters from Madhurai to transport their products through Tuticorin than through Chennai port. Tirupur garment exporters famous for their high quality garments find Tuticorin as the most user-friendly port.

The hinterland is also rightly positioned to support the cruise tourism from Tuticorin Port. Currently in blossoming stage, cruise tourism has high business potential at Tuticorin. Rich heritage places like



A glance at the expansion plans

1st Phase

Investment

Rs **4350** crore

Works

- Increasing the draught to 12.5 metres from 10.7 metres
- Setting up of a second container terminal

2nd Phase

Investment

Rs **1050** crore

Works

- Expansion of outer harbour
- Increasing the depth to 14.5 metres
- Construction of breakwaters
- Lengthening the approach channel



Madhurai, Tanjore and Kanyakumari reflect the ancient Indian culture and give a perfect visual treat for the foreign tourists. Improvement of proper facilities at the port to accommodate more cruise vessels can boost the tourism industry in a big way.

With the expansion plans on the anvil, TPT is all set to further improve the richness of its hinterland. More capacity at the port implies more industries in the hinterland, leading to more business and employment opportunities and improved quality of life. **MG**

Milestones



Pearl of a Port

Efficient management, rich hinterland and big on expansion plans is what the Tuticorin Port is all about. Chairman of Tuticorin Port Trust **G J Rao** shares his vision for the port in the Pearl City in this straight talk.

Tuticorin port is displaying exemplary performance in cargo handling. How is it made possible?

A: It is true that Tuticorin Port is showing good performance in all areas of cargo handling and development. During the last financial year the Port achieved a record throughput of 21.48 million tonnes registering a growth rate of 19.33 per cent. The Port handled 3,77,102 TEU, registering an impressive growth rate of 19.44 per cent. The Port stood third among Indian major ports in terms of overall growth rate and one of the five major ports in the country crossing the target set by the Ministry. The Port during the current financial year has achieved a traffic throughput of 18.00 million tonnes for the 10-month period ending January 2009. The Port has handled 3,67,001 TEU, registering a growth of 0.33 per cent despite a global meltdown of the economy.

The performance of Tuticorin Port is mainly due to the factors like higher efficiency, proactive approach of the management, day-to-day problem-solving mechanism and its ability to handle the cargo at low cost. The local industries also support the Port to a maximum extent.

Though there is a global melt down and lack of credit for industry, the Port is making all efforts to reduce the cost of handling to the tune of nearly 30 per cent to attract more cargo with clear assurance that this Port will handle the cargo with the lower cost and better efficiency compared to any other Port.

My ambition is to make Tuticorin Port as a preferred port in the country and compete with other leading ports of the world in terms of cost and efficiency.

How will the port expansion impact the industrial growth in the hinterland? What industries do you think will benefit from the Port?

A: The existing capacity of the Port is 20.75 million tonnes. The Government of India has approved the Port's proposal of development of inner harbour at an estimated outlay of about Rs 1000 crore. The Government has also given approval for dredging the inner harbour basin and approach channel by deepening it to cater to 12.80 m draught vessels at an outlay of Rs 538 crore. This most important project, on completion will enable Tuticorin Port to handle Panamax vessels of 75,000 DWT. One component of the inner harbour project is



that construction of ninth berth has been completed and was commissioned by Hon'ble Chief Minister of Tamilnadu in the recent past. The other project like conversion of eighth cargo berth into a container terminal, construction of three shallow water berths and North Cargo Berth shall increase the port capacity by 19.50 million tonnes facilitating handling about 40 million tonnes.

As on today, the Port has three port-based industries:

- 1) SPIC
- 2) Sterlite Industries Ltd.,
- 3) Tuticorin Thermal Power Station (TTPS).

“Several small-scale industries in the hinterland of Tuticorin depend on the port for exporting/importing cargo through containers. Keeping this in view, the port has gone in for a second container terminal for which the construction agreement is expected to be signed around May/June, 2009.”

Many players are coming forward to establish power plants in and around Tuticorin Port. The Port's proposal to construct more berths for coal handling and also to deepen the channel and basin to 12.8 m draught is in line with the development of new power plants in the hinterland of Tuticorin.

Several small-scale industries in the hinterland of Tuticorin depend on the port for exporting/importing cargo through containers. Keeping this in view, the port has gone in for a second container terminal which we expect to sign construction agreement around May/June, 2009. This will finally benefit the industries which are coming around Tuticorin city and also to

exporters/importers for routing containerised cargo through the Port.

Since fertiliser import is picking up to cater the needs of farmers in the states of Tamil Nadu and neighbouring Kerala, the Port has made all arrangements for handling clean cargo by giving specific clean berths for handling of such cargoes.

What is the outlook for Tuticorin Port Trust in 2009? What are the targets set for this year?

A: Ministry of Shipping has set a target of 24.06 million tonnes for the financial year 2008-09. The container target set by the Ministry is 5.00 lakh TEU. The Port has handled 18.00 million tonnes till the end of January, 2009 against the target of 19.92 million tonnes. Although the performance of the Port is 3.23 per cent higher than that of last year, it is 9.62 per cent less compared to target. The Port on its part has offered a number of incentives and concessions to attract more cargo and reduce cost of handling to benefit industries.

Hare Island development in the port area shall facilitate bulk storage space at affordable cost and in a secured manner. The prospective users of industrial coal, coke, liquid cargoes can take advantage of this land for improving their business. The port's plan of providing additional railway siding facilities in the Hare Island area shall provide for seamless transportation of cargo to any part of India.

The Port has also plans for development of 'Zone B.' Small and sailing vessels, tour operators can take advantage of the proposed development. Thus, the Port acts as a catalyst for economic development of the hinterland.

What security measures are being taken up at the port in the face of current threat to maritime installations?

A: Terrorism is a global phenomenon affecting the economic development of a country. At the Port level, security measures are augmented by tightening access control from the land side by enhancing additional manpower at various entry points of the Port. Bomb disposal squad and dog squad are being commissioned to prevent untoward incidents. Marine Commando units are being deployed. One speed boat for patrolling the water front of the Port has been commissioned and handed over to the Central Industrial Security Force. Automatic identification system and monitoring of vessel movement in the channel and in the port's anchorage through ladder are put in place for effective monitoring of the water front. Very close coordination is maintained between Coast Guard, Navy, Marine Police of the State Government, district police, district administration, Customs and State and Central Intelligence agencies. Land is allotted for installation of a Container Scanner by the Customs Department. The provisions of ISPS code are implemented and security audit is frequently conducted. Night vision binoculars are provided to the CISF. Frequent patrolling and close monitoring of various activities is being done. CCTV is likely to be installed in the operational area for surveillance.

How is the port promoting cruise tourism? What are the facilities available at the port for cruise tourism?

A: Cruise tourism is in a nascent stage. As of now, the Port handles one or two cruise vessels in a year. The cruise shipping vessels are given priority berthing. Hassle-free immigration and customs formality are ensured by coordinating with various agencies. The tourists are provided traditional warm reception at the time of disembarkation. With excellent coordination

with the district administration, district police authority, and Tourism Department, the tourists are taken to the place of tourist interests in and around Tuticorin. The Port offers concessional tariff for the cruise vessels. The Port is also planning for development of cruise tourism by arranging seminar with various stakeholders to promote cruise shipping and tourism.

What will be the total handling capacity of container cargo once the container terminal is finished on Berths 8 and 9? Do you have long-term plans to further increase this capacity?

A: The existing capacity of the container terminal at Berth 7 is 4.17 lakh TEU. It is proposed to convert the existing eighth cargo berth as an additional container terminal under BOT basis. On completion of the project, the capacity of the new terminal shall be 6.00 lakh TEU. The total capacity of the two terminals shall be about 10.17 lakh TEU.

The business plan of the port envisages the creation of new berths in the outer harbour to handle additional container volume estimated at 3.08 million TEU.

Please brief us on the proposed shipbuilding yard in the Inner Harbour.

A: The Government has constituted a committee and made Ennore Port on the east coast and Mumbai Port on the west coast to look into the possibility of having an international size shipbuilding yard. Though Tuticorin Port has proposed to construct the shipbuilding yard, the same is under study by the above Committee. As far as the Tuticorin Port is concerned, the Port has assured full support for the above purpose in terms of allotting water front and available land for this purpose. In my Opinion, Tuticorin Port is the most ideal location for building an international size shipbuilding yard. **MG**

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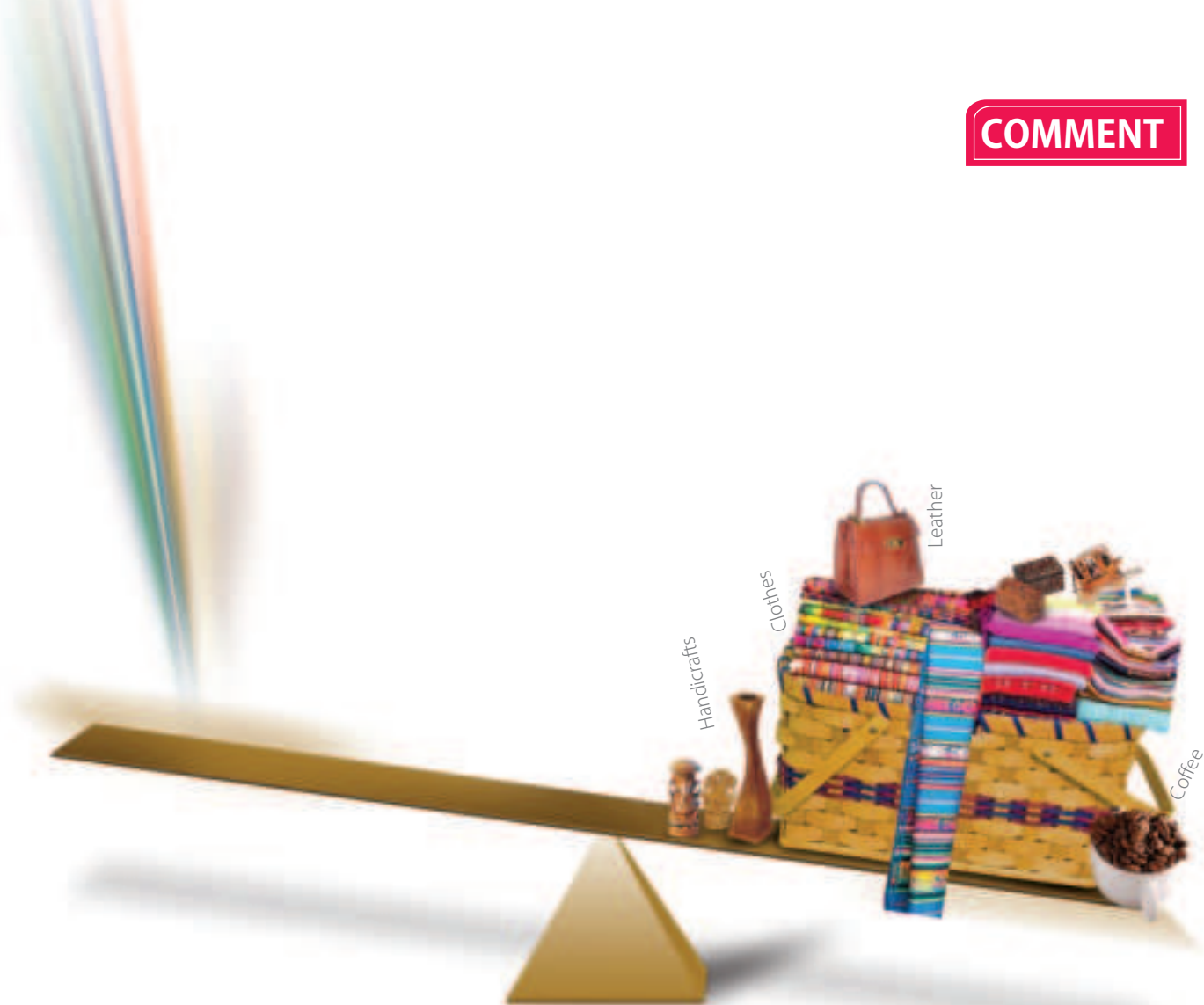
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Exports Need Fillip

There is a clear need for macroeconomic policy stimulus for exports much more than what has been announced thus far, to support growth and provide a context to restore health of export sector, says **Arumugam Sakthivel**.

As the financial sector takes a plunge and world trade looks gloomy, the confidence of consumers as well as producers is taking a nosedive. The recent International Monetary Fund (IMF) forecast for World Economic Outlook (WEO) 2009, pegs growth at 2.2 per cent as against 3.7 per cent estimated in 2008. The outlook for world trade is

equally gloomy. IMF forecast growth (in volume) to decline to 4.6 per cent in 2008 and even lower to 2.1 per cent this year. Export-oriented Asian economies linked closely to the US and Europe are struggling. Japan, Korea, Taiwan, Hong Kong and Singapore figure prominently on this list. Almost all these economies have slipped into recession. Growth has begun slowing in China as well.

Chinese GDP growth is forecast at 8.5 per cent in 2009. Other export-oriented economies such as Malaysia, Indonesia and Thailand are also expected to face growth deceleration. Indian exports, naturally, cannot remain unaffected in a situation where external demand is dwindling globally. Europe and North America currently account for 37 per cent of India's manufactured exports. Indian

exports to the European and North American markets were growing at brisk rates during the early months of the year. Much of this pace is expected to slow down in the coming months as can be seen from exports data of October and November 2008. Asia absorbs 50 per cent of India's exports. Worries about Indian exports would have been much less had the Asian outlook been brighter. But since the financial contagion has spread to Asia, India may also witness a sharp decline in its exports.

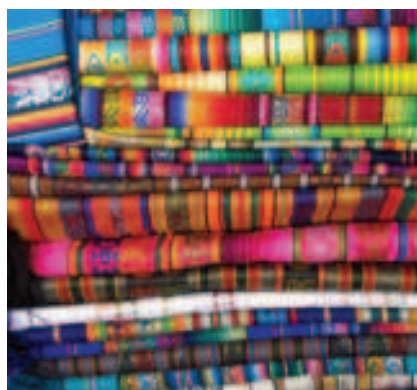
The issues

Rising import demands due to volatile international crude prices, portfolio outflows and uncertain global economy has led to depreciation of the rupee. Indian rupee has depreciated by about 20 per cent against US dollar but appreciated by 7 per cent against euro and 12 per cent against British Pound. In the wake of constant appreciation of the dollar, many exporters have switched over from dollar to euro. If feedback given by exporters is relied upon, I can safely say that negative growth trends will continue in the next couple of months unless in the meantime the government announces major policy initiatives. I hope we will end the fiscal year with exports of about \$ 175-180 billion. Exporters are now facing new challenges due to present financial crisis. Fresh orders are drying up due to lower demands. Buyers are cancelling the earlier orders or re-scheduling the shipments. Some buyers are even asking to reduce prices even for already executed contracts and asking to match 'China prices'. They are also demanding longer period of credit to tide over the present financial crunch. The financial credibility of the buyers as well as their banks is under question.

The Way Out

Increase Drawback and DEPB rate by 3 per cent: China has increased export VAT three times in the last four months. The latest one

“If the present trend continues, there will be approximately 10 million job losses by March 2009. Sectors such as textiles, gems & jewellery, handicrafts, engineering will see job losses of more than a million each.”



Growth Projection

Country	2009 (%)	2008 (%)
United States	-0.3	1.4
Europe	-0.7	1.4
Japan	-0.2	0.5
China	-	-
India	-	-

covers 3,900 products including textiles, leather, light engineering products.

Remove 7 per cent ceiling on export credit and provide 2 per cent additional subvention:

Export credit is available to our South East Asian competitors at less than 5 per cent. An additional subvention of 2 per cent will bring it close to South East Asian rates.

Moratorium on term loans:

Government should provide moratorium on term loan to exporters as they are facing toughest competition of the century and the road ahead is more challenging.

Income Tax (IT) exemption on export profits:

Exporters are working on wafer thin margins and taxation of the profit leaves exporters with no money for modernisation and expansion of manufacturing. IT exemption will also provide some liquidity to the sector.

Creation of an 'Export Development Fund (EDF)' for providing marketing exposure to MSME exporters:

SMEs are provided marketing support by most of the developing and developed countries. However, the support given under Marketing Development Assistance scheme of the Department of Commerce with an allocation of less than Rs 100 crore for promoting exports of \$ 200 billion is just a drop in ocean. EDF should have a corpus of 0.5 per cent of preceding year exports.

Settlement of losses in derivatives:

Many exporters have

lost substantially in derivative products offered by financial institutions at a time when exporters hedged their risk in the wake of appreciation of the rupee. The loss by SMEs itself is over Rs 2000 crore. The derivative products were sold by banks to all SMEs by exploiting the adverse situations and ignorance of the customers. Banks also violated all the stipulated norms and procedures of RBI's guidelines & rules. The Parliamentary Committee has already enquired all the parties concerned including the RBI. Subsequently, the RBI issued a circular dated October 29 to all the involved banks that all the derivative bookings happened in the period of 'April 2007-June 2008' and their proceeds either loss or profit should be maintained in a separate account. It should not be taken into consideration to paralyse the other funding if these particular dues exceed the stipulated 90-day period. Banks have to be instructed to solve this issue on the basis of 'no-profit no-loss' basis, wherein the clients would be made to pay back whatever profit accrued by them through this derivative product and further the banks should not claim any loss out of it. This could be made valid for contracts entered between April 2007 and June 2008.

Longer tenure for post-shipment credit: The post-shipment credit which is available only up to 180 days should be provided for a tenure of 270-365 days, keeping in view the financial crunch faced by overseas buyers.

Expedition release of claims: The government should provide all export benefits to exporters in a time-bound manner to tide over the present crisis. The issue of delay in grant of drawback at various ports should be sorted out. Simple procedure for service tax refunds has to be framed and central excise rebate may be given within 30 days.

Delink export benefit from realisation: The government should delink grant of export benefit subsequent to the realisation of



“The facility available under focus market scheme may be increased to 5 per cent and new markets be added to the list of focus countries.”

export proceeds as buyers will seek longer tenure of credit and linking of the export benefit.

Additional benefit under focus market: The government should incentivise exporters diversifying their export to new and unexplored destinations. The facility available under focus market scheme may be increased to 5 per cent and new markets should be added to the list of focus countries.

Changes in MDA scheme: The MDA scheme should be further liberalised so as to encourage exporters to participate in global trade fairs and exhibitions. The direct participation in the trade fair should be encouraged and limit of Rs 15 crore should be removed. To mitigate the effect of recessionary pressure being faced by the Indian exporting community, the Federation has worked out an action plan to organise exhibitions/buyer-seller meets in the year 2009-10 in China, Hong Kong, UAE, Australia, Bangladesh, Romania, Bulgaria, Czech Republic, Egypt, Turkey, South Africa, Tanzania, Kenya and Brazil. This would help exporters capture new markets.

Differential of international price and MSP to be reimbursed to exporter: One of the reasons for cotton exports including yarns, fabrics, made-ups and garments not being competitive is high MSP of cotton in India (increased by 40 per cent) much above the international prices. The price differential between international and MSP prices should be reimbursed to exporters to remain competitive and boost exports. I am optimistic about positive development in world economic scenario from the fourth quarter of the calendar year 2009, though the complete U turn of the event may take a little longer. We need to diversify our exports to unexplored or less explored countries and work on wafer-thin margins to sustain exports. If we survive the current year, the future is ours. **ME**

Saktivel is the president of Tirupur Exporters Association and also the president, Federation of Indian Export Organisations. He was awarded with the Padma Sri recently.





‘Long-term Demand Looks Healthy’

Apeejay Surrendra Group, the over Rs 4,500-crore company with nearly 43,000 employees and operating in diverse fields such as tea, hospitality, shipping, retail, real estate and financial services, has ventured into shipbuilding. Its shipyard initiatives include two greenfield yards in a joint venture with Bharati Shipyard. Indian shipyards, though late entrants into the market, can make their presence felt through expertise and innovation, says **Sourav Daspatnaik**, chief executive officer (CEO), Shipyard initiatives, of the Group, in an interview with **Maritime Gateway**.

Could you brief us about Apeejay's shipyard initiatives?

A: Apeejay Surrendra Group, in a joint venture with Bharati Shipyard Ltd., proposes to come up with two greenfield shipyard projects in West Bengal and Orissa. The project in West Bengal (East Midnapore) would be a shipbuilding and ship repair facility while the one in Orissa (Bhadrak) would have shipbuilding, manufacture and servicing of offshore structures and oil rig. Investment in each of these projects, to be equipped with state-of-the-art facilities matching in scale to compete with international players, would be to the tune of Rs 2200 crore.

In what way has global recession impacted shipyards in the country?

A: India is still a small player in the shipbuilding market compared to Japan, Korea and China. The nation's share of the world shipbuilding market is only 1 per cent which is an opportunity in itself and can be capitalised. Shipping follows a cyclical pattern with its peaks and crux and the current slowdown is not a new phenomenon. However, despite the recession, demand for long-term shipbuilding looks healthy. As per estimates, natural demand based on trade projections could be over 480 million DWT (dead weight tonnage). It is estimated that the repair demand essentially in the bulk segment during the period 2011-2012 shall be about 200 million DWT. The cumulative order books of the industry currently record over 550 million DWT. Irrespective of likely cancellations owing to the slowdown, it's a positive scenario with over 250 million DWT of orders expected.

However, since the market has slowed down, competition for the available demand will be intense. Full capacity utilisation may not include those coming on stream. Estimates suggest that demand/supply scenario is likely to have moderate capacity utilisation of the existing shipyards at about 60-65 per cent in the next five-year horizon.

Assuming that the delivery capacity is 440 million DWT from the shipyards across the world, it is important for Indian shipbuilding industry to take a share of the existing order books by emphasising on quality and innovativeness. In this scenario, it will be necessary to sharpen and differentiate value proposition.

Bengal Shipyard Limited

JV greenfield shipyard project for shipbuilding and ship repairs with Bharati Shipyard Limited

Location: Geokhali, East Medinipur, West Bengal Estimated Project

Cost: Rs 2000 crore over 3 phases

Project Highlights:

- Area Requirement: Over 500 acres
- Employment Generation (Direct + Indirect): Over 25,000 people
- Annual throughput: Rs 3500 crore of annual revenue on value terms

Oceanic Shipyard Limited

JV greenfield shipyard project for shipbuilding & oil rig manufacturing and repairs with Bharati Shipyard Limited

Location: Dhamra, Bhadrak district, Orissa Estimated project

cost: Rs 2200 crore over 3 phases

Project Highlights:

- Area requirement: 1400 acres
- Annual throughput: Rs 3700 crore of annual revenues on commissioning of Phase III
- Employment Generation (Direct + Indirect): Over 25,000 people

How will cancellation of orders, in the wake of falling ship prices, affect new shipyards?

A: One has to look at the segments that are strong like containers, bulks, repairs and build a capability in a phased manner in Product Supply Vessel (PSV) and Offshore Supply Vessel (OSV). Indian shipbuilding needs to market its expertise and innovations.

What will be the industry scenario in 2009-10?

A: Industry scenario will be challenging owing to depressed markets for shipping. By the end of 2009, markets will stabilise and achieve a 5-6 per cent growth in the sector, in keeping with estimated growth figures for world trade. The emerging Indian shipyards are privileged to attract some of the scheduled repair businesses of the world in addition to the spot repair jobs. The ship repair facilities around India are in the Gulf, Singapore and Colombo – none in the country – therefore, a huge opportunity to be leveraged.

And the potential players?

A: Emerging economic drivers make it attractive for a mixed basket of shipbuilding and repairs as well as off-shore structures and rigs. Successful new entrants into shipbuilding have traditionally built capability before the 'boom' and so when the 'boom' commenced, they met with success. The 'boom' in 1950 saw the emergence of Japan as a leading player, Korea emerged after the 80s and China after the 90s. It is expected of India, with its talent and technical capability, quality steel, to be well poised for the future. 

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Indian exporters have been facing a challenge in meeting export delivery schedules. However, better information of the logistics network and the role of the stakeholders can benefit them in meeting their targets. At the macro level, it would be important to take into account, the facilities and limitations of the stakeholders in the exports logistics network. This includes, evaluating, primarily the role of clearing and freight forwarding agents, facilities offered by container freight stations (CFS), inland container depots (ICD), ports, shipping lines and their ports of call. Knowledge of railway connectivity to the ports from the manufacturing hub / ICDs is also vital.

Role of clearing agent

Though clearing agents perform the role of intermediaries on behalf of shippers in getting consignments cleared, in certain cases shippers themselves may like to undertake this operation to cut down costs. Clearing agents with their core competence and specialisation are capable of dealing with minor/major customs issues in a better way with the respective customs department at various ports and ICDs, particularly in cases where adjustments in documentation process are required. However, it would be advisable for shippers to evaluate clearing agent's professional competence, his track record, credentials, competence of staff, contact sources in customs etc. before engaging him for the assignment.

Role of freight forwarder

The work of the freight forwarder is to liaison with rail / road transport service providers connected to the ports, shipping lines and finally port authorities to make necessary transportation arrangements for the shipper. Freight forwarders possess the knowledge about the transport network and provide requisite solution to the shippers in selecting the most feasible mode of transportation route which could

Logistics Network Know your Partners

Better knowledge of the logistics network involved in the export-import process along with proper role of the stakeholders can go a long way in allowing shippers in cutting the lead times.

by *Maritime Gateway Delhi Bureau*



Commonly used documents

- *Commercial invoice:* Basic information about the transaction, including a description of the goods, the address of the shipper and seller, and the delivery and payment terms
- *Bill of lading:* Contracts between the owner of the goods and the carrier
- *Consular invoice:* Certain nations require a consular invoice, which is used to control and identify goods
- *Certificate of origin:* Certain nations require a signed statement as to the origin of the export item
- *Inspection certification:* Some purchasers and countries may require a certificate of inspection attesting to the specifications of the goods shipped, usually performed by a third party
- *Dock and warehouse receipts:* These receipts are used to transfer accountability when the export item is moved by the domestic carrier to the port of embarkation and left with the international carrier for export.

Source: Zeromillion.com



“The work of the freight forwarder is to liaison with rail / road transport service providers connected to the ports, shipping lines and finally port authorities to make necessary transportation arrangements for the shipper.”



help in cutting down the transportation costs and meeting the delivery schedules.

It would also be important for shippers to have thorough knowledge of the facilities offered by the country's sea ports and their network to avoid problems of delay. They should know the rail and road connectivity with the ICDs located within the vicinity of the manufacturing hub and also the positioning and facilities of CFS near the ports. All these as a consequence would enable shippers make their own transport planning and estimates better and facilitate timely delivery of consignments.

Documentation and cross-verification

To begin with, exporters can have their documents in order so as to avoid hassles of customs clearance at gateway ports or container terminals. This should comprise correct

description of the materials to be exported along with proper invoice and quantity details, proper importer-exporter code and authorised dealer code obtained from bank.

However, the shippers have to cross-check the transportation estimates. Having the prior knowledge of the costs, a shipper can always prepare a separate transportation estimate to cross-check the freight forwarder's estimate. A senior Mundra Port official notes, "It can always be better for shippers to have their own transportation estimates which can go on to cross-check the estimates provided by the freight forwarder."

Logistics network optimisation accrues benefits and is a win-win situation for all the stakeholders who can decrease inventory level, lower transportation cost and reduce overhead cost. It can therefore offer a new dimension to modern logistics management. [MG](#)



Having been in supply chain management for the last two decades, Om is consolidating its services under one roof and trying to emerge as the reliable carrier in the world.

A **Maritime Gateway** feature.

Om Logistics

The Growth Mantra

Warehousing is an integral part of supply chain management and Om Logistics has

been trying its best to provide efficient solutions with its state-of-the-art warehouses at strategic locations in the country. "After a successful launch of the Bhiwandi warehouse, we are looking forward to completing our upcoming projects at Faridabad, Chennai, Ahmedabad, Halol, Pune, Noida, Goa and Patna by the end of 2009," says

Ajay Singhal,
CEO of the
flagship Om
group.



The Delhi-based company, whose services include transport packaging, storage, conveying and distribution facilities and door-to-door delivery, freight forwarding, export and import, is planning to build 5000 sq ft reefer points in warehouses for cold storage of products. "These facilities will be equipped with

modern infrastructure, utmost detail and precision, and customised to the requirements of the clients," says Singhal.

The logistics arm is also undertaking IT initiatives to smoothen its global operations. All the branches have been computerised and connected through leased lines to make Internet-based consignment-tracking system easy for customers. "Moreover, we are using OLTP (Om Line Transaction Process), to make our lag time almost zero," notes the chief.

As part of its global expansion move, Om has entered into joint ventures with two Japanese firms – Tradia Corporation forming Omtrax Packing Solutions and with Marubeni as Om Marubeni Logistics. Om Trax is involved in industrial packing, domestic & international relocation (Household & Commercial), heavy machinery handling, HDPE / PP fabric sheets / bags and metal goods manufacturing. The other JV offers single-window logistics, warehousing and supply chain solutions to Maruti

Suzuki. "We have started the operations from Binola-Manesar, Haryana in the last fiscal implementing the best global practices of efficient and stringent quality systems like Kanban, Kisen, 5S, JIT and DOL," Singhal says.

The group recorded a 20 per cent top-line growth at Rs 5,000 million in the year 2007-08, compared to Rs 4,200 million in 2006-07. The target is to touch Rs 10,000 million by 2010.

Commenting on the financial turmoil, Singhal says that there is a negative effect on trucking volumes too and the for-hire Truck Tonnage Index fell 3 per cent in November last. "We believe a careful selection of customers and planned strategy would be a key to success in such difficult times," he adds.

Having bagged the 'Smart Workplace Award' from technology leaders, Om is looking forward to providing value-added and cost-effective logistics solutions to customers in the days to come. **MG**

Mechanised coal conveyor

Ennore to handle Chennai's dusty cargoes

The handling of dusty cargoes, like coal and iron ore, at the Chennai Port Trust will be shifted to Ennore Port within the next five years.

Addressing a gathering after inaugurating a semi-mechanised closed coal conveyor system at Jawahar dock inside the Chennai port premises recently, Union Minister of Shipping, Road Transport and Highways T R Baalu said the dusty cargoes at the port were causing pollution and environmental hazards and so would be shifted once Ennore Port is augmented to handle the capacity. He said a secondary container terminal coming up at the Chennai Port (at a distance of two kilometres) would be inaugurated in April. A Memorandum of Understanding was signed between the Indian Maritime University and the Chennai Port Trust to share the necessary infrastructure.



Minister T R Baalu inaugurating a semi-mechanised closed coal conveyor system at Jawahar dock in the Chennai Port.

National Optimist Sailing Championship

Chennai kids steal the show

Chennai's 15-year-old Rufus Patrick won a close battle with his TNSA teammate Praveen Prabhakar and lifted the overall title in the National inland optimist sailing championship at the Cherai Lake in Kochi. The four-day event that took off on January 26 had 57 entries from Mumbai, Pune, Bhopal, Hyderabad, Visakhapatnam, Bangalore, Chennai and Kochi.

Tamil Nadu Sailing Association has the largest contingent of sailors in the event with 17 sailors. Rufus won four of the seven races in the eight-race series. His Chennai friends took four of the top five spots in the overall table, losing only the third place to Bhopal National Sailing School's Aman Vyas, who won three races including the championship's last round. Chennai's R Niveditha, who was fourth overall, also emerged as the best girl while Shiv Rekhi (RMYC, Chennai) walked away the best under-12 sailor award.



The results: Overall placings: 1. Rufus Patrick (TNSA, Chennai, 15 points), 2. Praveen Prabhakar (TNSA, 16), 3. Aman Vyas (NSS, Bhopal, 25), 4. R. Niveditha (TNSA, 32), 5. K. C. Ganapathy (TNSA, 34), 6. Sidra Sabir (NSS, 40), 7. Shiv Rekhi (RMYC, Chennai, 48), 8. Chintan Chhatbar (INWTC, Mumbai, 66), 9. Varsha Gautham (TNSA, 70), 10. Ekta Yadav (INWTC, 70). Best girl: 1. R. Niveditha (TNSA), 2. Sidra Sabir (NSS, Bhopal). Best under-12: 1. Shiv Rekhi (RMYC, Chennai), 2. Varsha Gautham (TNSA). Best Kerala Yachting Association sailors: 1. Abhijith Pillai (22nd overall), 2. Manu Francis (23rd), 3. K. N. Prince (29th).

Dubai Logistics City

A Practical Vision and Strategy

The West's financial crisis has arrived on the shores of the Gulf and hit Dubai – the emerging global financial hub – with a bang bringing to an end its gold rush status. As a result, most of its posh development projects are being put on hold, tourism is about to decline and, for the first time, the emirate is even thinking of collecting taxes, something unthinkable earlier. **Sowmya Shenoy** tells us about the impact of the global crisis on Dubai World Central, one of the most ambitious Mega Projects ever developed. Once complete, Dubai Logistic City, a part of DWC is envisioned to be a world icon as the first truly multi-modal integrated logistics platform.

An artist's rendition of Dubai Logistics City.



Dubai World Central is a 140 million sq m urban aviation community and an integrated logistics development that encompasses an international airport, a logistics free trade zone as well as commercial, residential and recreational city centres. It will be fully operational between 2015-2020 as an urban land project with all civic amenities across all components. DWC is estimated to cost AED (United Arab Emirates Dirhams) 121.25 billion (US\$ 33 billion) for infrastructure works alone and is divided into six major zones.

Dubai Logistics City, one of the main zones is among the fastest growing logistics hubs in the world. This is largely due to the rapidly maturing economy and a government committed to liberal, free market, business-friendly policies, according to Logistics Recruitment. More and more companies are starting to establish a presence in Dubai and are using the region as their logistics hub for the Middle East and Asia. DLC will be a free zone and the preferred location for businesses which require, or offer, logistics and multi-modal transport services to the GCC, wider Middle East, India, Africa and the CIS – a market of more than 2 billion consumers.

The development is designed to eventually handle more than 12 million tonnes of air cargo annually in up to 16 air cargo terminals all designed to handle the new generation Airbus A380-800F freighter version of the giant airliner. DLC and JXB are being built next to the Jebel Ali Free Zone and port, which is being further extended to handle 15 million TEU (container units) per annum within more than 100 square kilometres. This is the world's first truly multi-modal facility for air, sea and road services combined into an integrated common logistics platform. All transport modes, logistics and value-added services, including assembly and value-added manufacturing will



Networking with global partners.

“The first phase of the logistics city will be fully operational in mid-2009 when first cargo flights are expected at the DWC-Al Maktoum International Airport.”

be located in a single customs bonded and free zone environment. Dubai Logistics City was awarded SCM Logistics Excellence Award last year for its unique multimodal hub concept and its growing significance in the global logistics industry.

Dubai Logistics City would provide opportunities for companies to integrate their regional manufacturing, sales and support infrastructure and organisation into their global networks. All DLC customers would have direct access to Jebel Ali Port and JXB airport without having to leave the free zone. An ocean container can be transferred from the port's container terminal to the airport's cargo terminal without customs clearance and long delays. It is planning to have its own unique, dedicated, modern road system which will separate professional logistics from public traffic, to ensure quality and speedy service to their customers. Trade and industry customers can opt to build their own facilities,

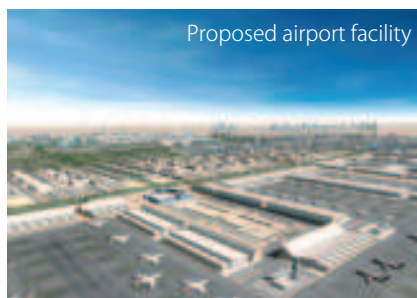
including distribution centres and regional headquarters, on serviced sites with long-term leases or lease space in advanced business units with offices and warehouses provided by DLC. “The beauty of the project is that you have space to cater for what comes up later on. DLC is being built with the future in mind,” said Michael Proffitt, the new CEO of Dubai Logistics City.

The project is 100 per cent government-owned and is effectively managed by Dubai World Central. The funding is mainly from selling the real estate provided by the government. The value of the land, though owned by the government is very high compared to others. The location of the project and the high-end infrastructure development, adds value to the land. With a large dependency on real estate for funding the project, the main concern now is the impact of the global downturn on this mega development.

The number of investors in real estate may have dropped due to the drying liquidity but Dubai is still well-placed to continue the real estate momentum, a top official from a state-owned firm said. Khalid Harib bin Harib, CEO of Dubai World Central Real Estate opines that the liquidity squeeze is also affecting the real estate business there.

"We cannot say we are not affected since we are targeting the international market. Definitely we are affected. The number of investors and the number of developers has become lesser than what we expected," he says. "The good thing is that the local market and the demand from the local market are very strong. That gives the stability in the real estate in Dubai," he adds.

The management has signed a memorandum of understanding with Amlak Finance PJSC, to work together to finalise a DWC



Proposed airport facility

customers' financing agreement. Amlak is the largest publicly listed Islamic home finance company offering Sharia'a solutions, and a pioneer of home finance in the United Arab Emirates.

The finance agreement will cover all real estate sales across the project's three main components – DWC Residential City, DWC Commercial City and DWC Golf City. "We are putting together a perspective plan that ensures that potential customers are provided a financing option even

before property sales commence in 2009," says Khalid bin Harib, CEO, Real Estate, Dubai World Central.

Future tenders for Dubai World Central may be reviewed because of the global turmoil. But the construction is going ahead according to schedule. Projects have not been cancelled and the management has dealt with the short-term liabilities through debt re-financing. The business model is built on studying each phase, based on the feasibility to sell or develop it themselves.

Development of the \$ 33-billion scheme to support Dubai's aviation, tourism, commercial and logistics requirements until 2050 and beyond may not slow down by a short-term world financial crisis. The stability and government support are the key factors that seem to encourage developers to continue investing in the real estate market in Dubai. **MG**

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Simulated Training



Crucial training in operating ships, which has been a very costly affair, finds hope in maritime simulators that provide real time-like situations for the pupils to train on. The Indian maritime industry has recognised simulators as essential tools for use in maritime skill acquisition, training and assessment, providing accelerated and intensive experience in a safe and controlled environment. Here's a **Maritime Gateway** Report.

Maritime training, misunderstood many a time for training on ships at high seas, includes training in various aspects both on the land and at the sea. Technology advancements have changed the landscape of maritime training and today, technology plays an important role in grooming the budding seafarers.

Simulators have been immensely helpful in the aviation industry and have found their way into every aviation training academy across the world. In similar lines, maritime training institutes worldwide have acknowledged the importance of

simulators for their role in providing better training methodologies.

IMC is considered to be one of the most popular brands in the marine simulators market in India. It has a wide range of product offerings catering to different training requirements and its products encompass all the areas of marine training that one can undergo. IMC has indigenously designed and developed a range of maritime simulators which provide various facilities to train the cadets in watch-keeping, ship handling and operation of various navigation equipments. The company claims that its primary

objective is to provide its customers with a product that not only offers the best training value but also is quite lighter on their pockets. In addition to developing their own simulators, IMC also distributes marine simulators from countries like the UK and the USA.

All of IMC's simulators are type approved by the Directorate General of Shipping, Government of India. A spokesperson for the IMC claims, "Being a reputed training institute approved by the Directorate General of Shipping, for the past 10 years we have been using our own simulators for conducting various simulator-



based courses like GMDSS, Radar Observer Course, ARPA, RANSCO, BTM, BRM, Collision Avoidance, ECDIS etc. Thus, our simulators have been put through rigorous use and proven to be efficient and sturdy in all conditions.”

Being a market leader in this segment, IMC has a few competitors and it strives to maintain an edge over them through a slew of initiatives and strategies. Being a domestic company, IMC has the advantage of attending to after-sales issues and provide the most reliable service in the quickest manner possible. The biggest USP of IMC,

which the company claims, is that it provides all the future software upgrades for simulator programs free of cost to its customers and thus enabling it to retain its customers. In addition to this, IMC keeps its annual maintenance charges (AMC) to down-to-earth levels which is quite unlike its competitors within India as well as abroad. Some of the simulators that IMC markets in India are as follows:

Ship Manoeuvring Simulator

IMC has designed and developed a feature-rich, value-for-money ship manoeuvring simulator called as ‘Officer of the Watch – Ship Manoeuvring Simulator’. It is designed to provide skilful training to the marine cadets in navigation, watch-keeping and ship-handling and is therefore apt for maritime institutes for imparting hands-on training to their cadets. The SHIP-MAN 007 OOW-SMS while meeting the stringent requirements of the Directorate General of Shipping, concurs with the technical specifications as laid down in their Training Circular No. 28 of 2005. Its



Products developed by IMC

- Full Mission Bridge Simulator
- GMDSS Simulator
- Officer Of Watch Simulator
- Radar and ARPA Simulator
- Visual Steering Simulator
- RANSCO Simulator
- Fleet 77
- AIS
- BTM
- BRM
- Tsunami Modelling

Other Simulators from UK/USA that IMC distributes in India

- Engine Room Simulator
- Turbo Diesel Simulator
- Tank Sim Simulator
- LCHS Simulator
- Crane Simulator
- ECDIS
- Nuclear Threat Simulation

Some of IMCs simulator clientele in India

1. Maritime Foundation, Chennai
2. AMET, Chennai
3. Pentagon Marine, Navi Mumbai
4. Sailor Maritime Academy, Vizag
5. T.S.Rahman, Navi Mumbai
6. MERI, Kolkata & Mumbai
7. GRSE, Kolkata
8. NSDR, Vizag
9. Tolani Training Institute, Pune
10. Cochin Shipyard, Cochin
11. MMA, Kolkata
12. Venkateswara College of Engineering, Chennai
13. IMA, Chennai
14. BP Marine Academy, Mumbai
15. MMTI, Mumbai

main features include ergonomic configuration and user-friendly set-up while providing a realistic onboard experience. It is based on Intel Pentium Processors® and Microsoft Windows 2000 and easily adaptable to specific requirements of individual maritime training institutes.

Engine Room Simulators

IMC markets Engine Room Simulators developed by PC Maritime, a UK-based company with offices across the world. PC Maritime offers a specialised range of engine room simulators that include Engine Room CBT, Medium Speed Engine Room Simulator, Turbo Diesel v4, Steam Engine Room Simulator etc.

Engine room simulators enable familiarisation with the principles of operation of auxiliary shipboard systems and equipment. Apart from providing training in power plant operation, they can train students to handle emergency procedures and help them assess their competency.

Engine room simulators come with a host of features that make them world class in terms of complying with standards. For instance, the latest version of Engine Room CBT comes with 28 individual training modules. It has been type approved to STCW 95 and offers excellent value to marine engineering colleges and training institutions. While giving a realistic presentation of marine power plant equipment, the simulator modules will also provide

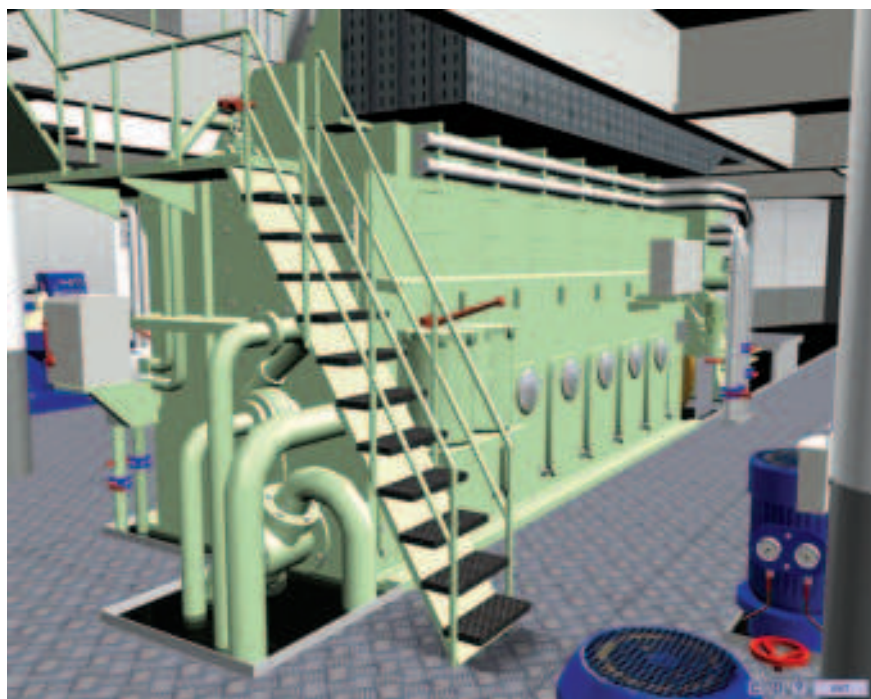
“The latest version of Engine Room CBT comes with 28 individual training modules. It has been type approved to STCW 95 and offers excellent value to marine engineering colleges and training institutions.”

interactive training tools like control panels, control switches pressure gauges, alarms and allows the user to perform certain actions like opening or closing valves. Embedded sounds and graphics ensure that the simulators portray realistic engine room environment and reflect the consequences of trainee actions.

A typical module is equipped with four parts – system description, operating instruction, test and interactive simulator. While the first two parts provide theoretical knowledge about the engine room equipment and operation, the third part tests the knowledge gained and the final provides the practical angle to the theoretical knowledge.



Engine Room CBT provides the basic knowledge about the machinery operation and requires no prior knowledge on this. The other simulators programs demand certain amount of operating knowledge. While all the simulator programs are designed for operational level training, Turbo Diesel simulator programs are designed for management level training. This implies that a set of CBT and other simulator programs including Turbo Diesel would provide for a Full Mission Engine Room Simulator. PC Maritime also provides to its customers the option of purchasing individual simulator programs over time, leading to the integration of a Full Mission Simulator depending on their budgets. **ME**



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Ashok Leyland Powered to Sail

A technology leader in India's commercial vehicle manufacturing segment, Ashok Leyland also has a near 98.5 per cent market share in the marine diesel engines markets in India.



Fishing vessels powered with Ashok Leyland engines

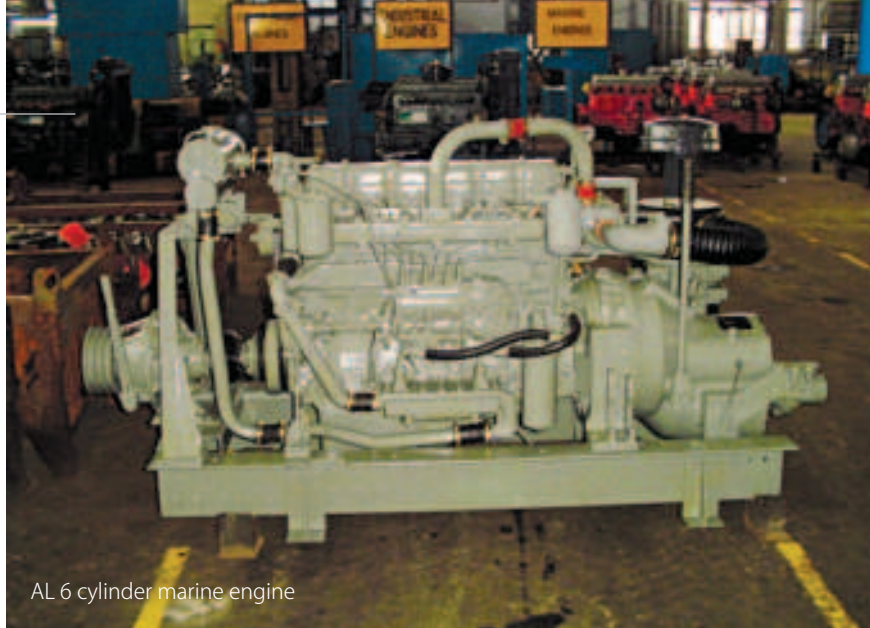
For over five decades, Hinduja Group flagship Ashok Leyland has been a major presence in India's commercial vehicle industry. The company's product range spans from 7.5T GVW to 49T GVW in goods transport; from 19 seaters to 80 seaters in passenger transport; a host of special application vehicles; and diesel engines.

In the recent past, the engines division, catering to the supply of diesel engines for applications such

as generating set application (DG sets), special application, which include engines for earthmoving equipment, compressors, cranes, harvester combines, road sweepers and marine applications have now been rechristened as the Power Solutions Business Group (PSB). The PSB Group, as the name implies, has ventured into providing complete power solutions in the segment of DG sets – special application and marine. Trademark registrations are already underway for Leypower, Leymarine, Leypump and Leyair

brands. Over 10,000 Leypower diesel generating sets manufactured from various units of Ashok Leyland have already rolled out within a span of less than a year. The PSB group is targeting Rs 500-crore turnover this fiscal as against Rs 234 crore last year.

Ashok Leyland has been, over the last four decades catering to the marine segment. From powering fishing vessels for various types of fishing applications, like trawling, purse seining and gillnetting, the company



AL 6 cylinder marine engine

“For instance, the latest version of Engine Room CBT comes with 28 individual training modules. It has been type approved to STCW 95 and offers excellent value to marine engineering colleges and training institutions.”

has extended its range to meeting customer-specific requirements for power sailing vessels, auxiliary drive-in vessels, passenger launches, ferries, marine generating sets and cargo vessels.

Known for the ruggedness and reliability of these versatile engines, the company takes pride in having powered over 25,000 plus marine vessels over the last four decades and is pleased to have the overwhelming confidence and trust of their esteemed clientele, enjoying over 90 per cent market share in the 40-200 HP marine engine segment.

The Ashok Leyland 4 & 6 cylinder marine engines with the AL and H series have been the first choice of customers, considering the necessity for the engine to operate trouble-free and continually on the high seas for weeks on the go, without switching off the engine. These engines have

been exported to various countries incorporating complete accessories, stern gear equipment, spare parts kit to operate continually on foreign waters.

From the existing marine engine range of 40-200 HP, the division has recently increased the product offerings in the power-train segment with engines available from 30 to 400 HP. The Leymarine power solutions line will include comprehensive offerings of aggregates like stern-gear, remote controller with cable, half coupling, hydraulic winches and TUNA equipment, navigational equipment, to name a few.

With a buoyant market and customers opting for a single window solution, Ashok Leyland's PSB unit is gearing up for meeting just that. **MG**

Contact details:

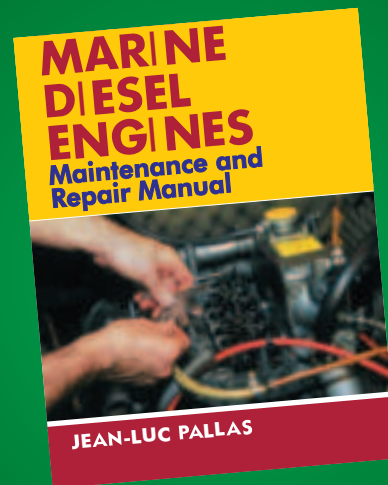
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Email: jose.ts@ashokleyland.com
Website: www.ashokleyland.com



H series, 4 cylinder engine

Bookshelf



Marine Diesel Engines: Maintenance and Repair Manual

Author : Jean-Luc Pallas

Pages : 233 pages

Published by: Sheridan House
(December 13, 2006)

Language : English ISBN-10:
1574092367 ISBN-13: 978-
1574092363

Dimensions : 11.5 x 8.2 x 0.7 inches

By means of step-by-step photos and detailed diagrams, Jean-Luc Pallas explains in simple terms the operation of a diesel engine, and shows how to maintain as well as repair it should it break down. He explains in this manual from the basics of marine diesel engines to advanced troubleshooting covering several types of repairs and maintenance tips. Winterizing the marine engines is also succinctly covered in this book.

- The different engine parts and what they do.
- How the engine propels the boat
- Simple maintenance tasks to keep the engine in good working order
- Typical problem areas which can lead to breakdown
- Troubleshooting tables to enable you to diagnose and then fix the problem
- How to winterize your diesel engine in one short afternoon
- This book will be an invaluable on-the-spot reference for when things go wrong.

Validating Vessel Data

Error-free data can improve operational efficiency of shipping lines and leasing companies by making turnaround processes quicker. Service providers have been trying to validate critical business data from depots, factories and terminals to ensure that customers receive only the data they want.

by I. Syed Farhadh Ali



Availability of clean and correct data in quick time remains a challenge for the container shipping industry. Ocean carriers and container leasing companies have a clear need to have Near Real Time information regarding their container fleet. This fleet of so many million TEU are spread in thousands of locations across the globe at

container depots, factories and terminals. Data related to the gate moves and estimates form a key to the profitability and operational efficiency of the carriers and leasing companies. Traditionally, these organisations have a system by which they receive this information in various disparate forms. Many of the leading leasing companies have shown the willingness and have

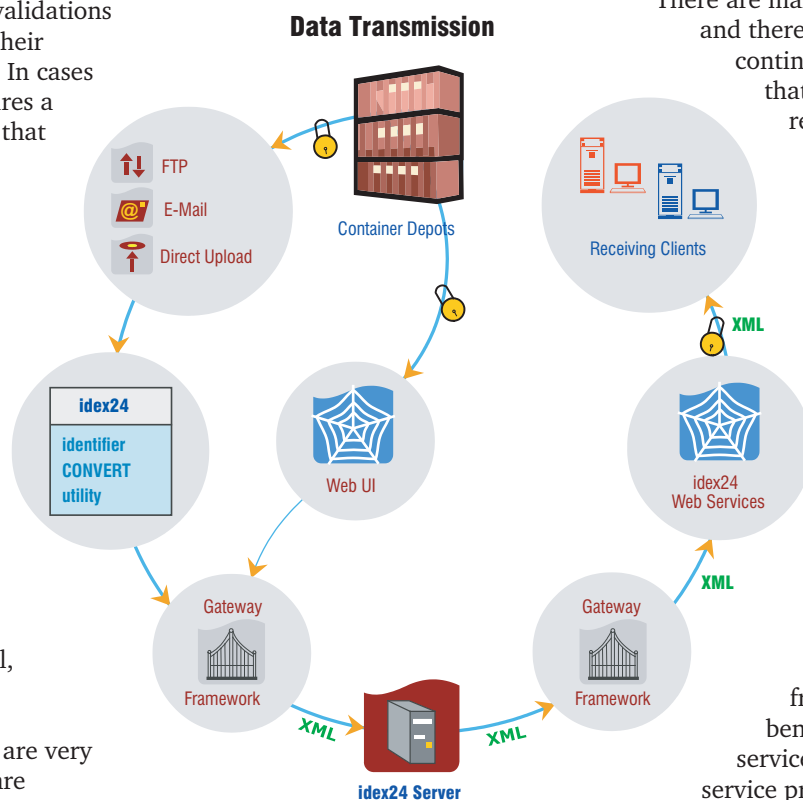
adopted to unified data transfer mechanisms by which they receive EDI into their systems. Unfortunately, most of the well-known ocean carriers are still relying on the age-old practices of receiving data through fax, e-mails and manual data-entry mechanisms. A clean data feed into their IT systems remains a challenge for the carriers and leasing companies. The origins of data, as said earlier, are container depots, factories and terminals. These are spread across the world. They have different technical capabilities. They work on different software platforms from where the EDI needs to be generated. These factors lead to a situation where the data that is transferred along the chain to ocean carriers and leasing companies does not fully confirm to the requirements. Typically, at the receiving end, there are large groups of people who are employed just to work on data that does not comply with the requirements and the same is taken back to the respective origins for necessary corrections. Ocean carriers who are to deal with data related to millions of containers have to deploy a good number of people at their worldwide locations just to ensure that Clean Data is received by their systems. Apart from adding to their cost of operations significantly, absence of a unified Clean Data feed also results in loss of operational efficiency. Also, deploying such a large workforce to handle non-core area operations is something the carriers should seriously look into in these difficult economic times. This is a workforce with a good knowledge of business and they can be well utilised in productive areas.

While there are a few service providers who are actively involved in the business of Data Transfer for ocean carriers and leasing

companies, one very significant player in this field is iInterchange System whose product idex24 is a very distinct and reliable service that addresses the needs of the industry in this area. Today, idex24 serves the needs of a good number of global companies by providing them with a clean feed of their Business Critical Data from depots, factories and terminals. idex24 has a unique Clean Data Validation service which adds a significant business value. iInterchange, by virtue of its domain knowledge, has developed a list of over 140 validations. Customers can choose any number of validations from this list to match their business requirements. In cases where a customer requires a specific data validation that does not figure in their list, idex24 can absorb and put in action, this specific validation for the customer. Different customers require different validations and idex24 validates and manages the respective validations for its customers automatically. How does Clean Data Validation work?

Because of the technical, ability-based and understanding-based differences, data errors are very common and all these are automatically detected by the Validation Engine at idex24. This triggers an automatic intimation to the depot or factory or terminals from where the data has originated along with a clear identification of the error. The erring origins or data respond to this and do the required corrections which are again validated before passing on to the customer's systems. The entire activity of detecting and notifying is an automated process thus making it error-free and quick. This Clean Data Validation service is a combination of

iInterchange's Technology expertise and domain knowledge and it significantly reduces the manual intervention at the receiving end to handle non-conformance and errors in data. Ocean carriers and leasing companies regularly induct new depots, factories and terminals as they expand their operations. Absence of a structured data transfer support opens up a need to dedicate highly knowledgeable teams to set up these new data origins to be able to send data in its required form.



One of the differentiating factors with idex24 is that it is of immense help to its customers in undertaking the responsibility of inducting, training and supporting the global depots, factories and terminals. This is a very important responsibility and significantly reduces the burden of their customers while expanding their operations. idex24 is supported by a 24*7 help desk that proactively supports its worldwide customers

and users. idex24 is a Web-based solution and offered as a hosted service. This means a very low initial investment and pay-by-usage method which makes it attractive for its customers.

During these days of economic turbulence, it is important for the ocean carriers and leasing companies to be on top of their business information. Data related to their fleet forms a very important aspect of this information. Many companies who have a good mechanism in place to handle this data have benefited.

There are many who have suffered and there are many who are continuing to suffer. It is time that these companies realise this and put in place efficient mechanisms by which they get the clean and quick data feed into their systems. One such option is idex24, which has demonstrated its commitment and ability in this area and continues to address new requirements of its customers aggressively. Apart from the many direct benefits of adopting the services of such a third-party service provider, there is a significant indirect benefit. It ensures that the focus of the ocean carriers and leasing companies rest with their respective business areas. Data validation and transfer is done better by a specialist solutions company which understands the domain. **ME**

Syed Ali is the head-business development of iInterchange Systems Pvt. Ltd., a Chennai-based software solutions company catering to the shipping and logistics industry.



FEBRUARY 2009



19-22

Samira Mumbai International Boat Show

At Bandra Kurla Complex, Mumbai

SMIBS 2009 will provide an opportunity to gain knowledge about the boating industry by displaying an extensive range of small and medium-sized boats, water sports equipment and luxury products and engines. Businessmen and professionals from the marine and boating industry will take part in the event, aimed at developing Indian leisure boating and water sports industry.

<http://www.mumbaiboatshow.com>

APRIL 2009

10-12 India International Maritime & Logistics Expo

At World Trade Centre, Mumbai

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

21-23 Sea Asia '09

At Suntec City Convention Centre, Singapore

The maritime conference and exhibition, to be part of the Maritime and Port Authority of Singapore (MPA) Maritime Week for the first time, will bring together top Asian shipowners and maritime operators will congregate to share insights of the maritime issues pertinent to the region and to develop the voice of Asian shipping. The exhibition will house 350 exhibitors and at least 10 national pavilions. <http://www.sea-asia.com/>



MARCH 2009



3-7

Dubai Boat Show

At Mina Seyahi, Dubai

Dubai International Boat Show is the largest and the most established event of its kind in the Middle East and as one of the fastest growing leisure marine industry exhibitions in the world, the 17th edition of the event will be a classic showcase of boats from both local and international scene. More than 600 exhibitors from nearly 50 countries are likely to showcase their products, supplies and services.

<http://www.boatshowdubai.com>

MAY 2009

06-07 Shiptek Expo 2009

At Singapore

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

EVENTS

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

JAN 26-28

INMEX China 2008
At Guangzhou, China

Ship building, ship repairs, marine services and engineering, offshore engineering, ports and port development are featured in this leading business event.

<http://www.boatindia08.com>

FEB 12-13

5th Philippine Ports and Shipping 2009
At The Peninsula Manila Hotel, Manila

Hosted by the Philippine Ports Authority, the 2-day Container Ports and Terminal Operations exhibition and conference, held every two years, is deemed one of the largest trade events of its kind in the ASEAN region.

<http://www.transporevents.com/>

FEB 24-26

Asian Shipping and Work Boat 2009
At Hall 401 of Suntec Singapore

To be held for the sixth time in Singapore, the event offers local and international exhibitors a first-class medium to promote their products or services to a high quality international audience.

<http://baird-online.com>

FEB 25-27

Maritime Vietnam 2009
At Saigon Exhibition & Convention Center, Ho Chi Minh City

The event will showcase the latest innovations on ship building, ship repair, shipping, maritime engineering, offshore engineering & technology, ports & logistics.

<http://www.maritimeshows.com>

MAR 26-27

7th Intermodal Africa 2009
At Le Méridien President Hotel, Dakar, Senegal

The largest annual Container Ports, Shipping and Logistics Exhibition and Conference event in the African continent, being hosted by the Port of Dakar Authority.

<http://www.transporevents.com>

Super Cranes

Washington United Terminals received two new container cranes last week. Manufactured by Shanghai-based ZPMC, the 273-foot orange cranes are the largest at the Port of Tacoma and among the largest in the world. For the next several months, the cranes will undergo rigorous testing to make sure all the components are working correctly. The newest additions bring the total cranes at WUT to six. WUT currently has four cranes with 18-container-wide outreach. After a new crane arrives in 2010, the number will go up to seven.

The cranes arrived fully assembled aboard the Zhen Hua 26, a special crane delivery vessel at Commencement Bay in Tacoma. The 'super post-Panamax' cranes can service a vessel 24 containers wide, making them among the world's largest.



Baltic Dry Index - January 2009



Jan 02 - 773 Jan 30 - 1036

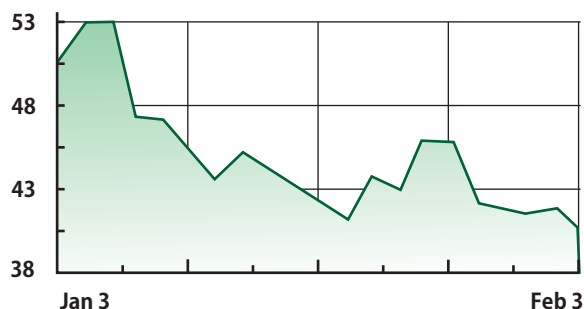
Source: www.wikinvest.com

New 3-month high

The Baltic Exchange's leading shipping index leapt on February 6 to a new three-month high and brokers said this was largely due to China resuming iron ore imports. BDI, which gauges prices to ship resources like iron ore, cement, grain, coal and fertiliser on major export routes, rose 9.61 percent to 1,642 points from 1,498. BHP Billiton Plc, the world's biggest miner, said earlier this week a build-up of iron ore stockpiles in China, which had prompted suppliers to defer millions of tonnes in shipments last year, was ending. This was pushing up spot prices.

According to analysts' estimates, around 68 million tonnes of ore had piled up at Chinese ports by late November with another 125 million tonnes stored at steel mills. Brokers said it was too soon to say whether the rise in the index, a leading indicator of economic vitality, reflected the start of a recovery in the world economy. They said the shipping market was volatile. —Reuters

Crude oil price moment



Source: www.oil-price.net

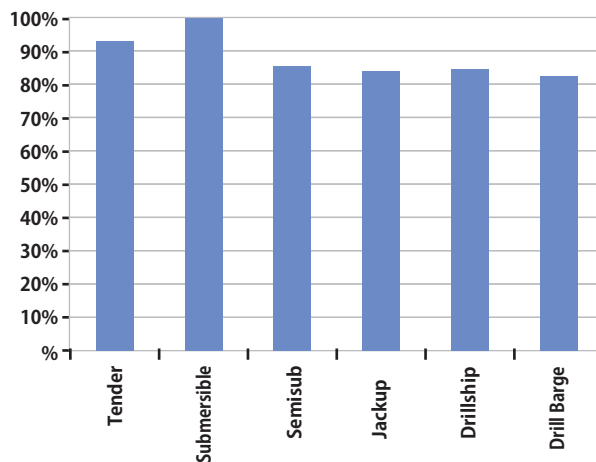
Stock Price Movement of Indian Shipping and Logistics Firms

COMPARISON OF SHARE PRICES

Company	Closing Price in Rs.		Percentage Change
	02-Feb-09	02-Jan-09	
Shipping Corporation of India	84.50	87.20	-3.09
Essar Shipping Ports & Logistics	30.75	37.5	-18
Varun Shipping	46.55	47.65	-2.31
Great Eastern Shipping	178.30	226.20	-21.17
SKS Logistics	14.28	15.86	-9.96
Sical Logistics	24.40	27.05	-9.79
Allcargo Global Logistics	666.00	655.45	1.61
Container Corporation of India	719.95	675.40	6.59
Transport Corporation of India	37.55	42.15	-10.91
Gati	35.05	42.40	-17.33
ABG Shipyard	69.60	136.65	-49.06
Bharati Shipyard	62.35	77.85	-19.91
Mundra Port & SEZ	387.20	330.60	17.12

Source: www.bseindia.com

Rig utilisation by type of rig - Jan 2009



Rig Type	Current	Month Ago
Drill Barge	81.8% (9/11)	81.8% (9/11)
Drillship	84.6% (33/39)	89.5% (34/38)
Jackup	84.5% (322/381)	86.5% (334/386)
Semisub	85.9% (140/163)	85.1% (137/161)
Submersible	100.0% (3/3)	50.0% (3/6)
Tender	92.3% (24/26)	92.3% (24/26)

Source: www.rigzone.com

The Ideal Gateway on the East Coast of **India**



Visakha Container Terminal

Beach Road, Visakhapatnam - 530001

Tel : +91-891-2506496

email : bdc@vctpl.com | www.vctpl.com



Vision

To evolve as a Container Hub Port
on the East Coast of India

Objective

Develop a Facility to Handle
1 Million TEUs By Year 2012



Location

Ideally Located at the centre of
Burgeoning Hinterland on the East Coast of India

Where Quality is a Benchmark

ISO 9001 : 2000 certified terminal

Where Customer Satisfaction is a Hallmark

World class service with Productivity,
Speed and Agility



Wharf

450 m, 2 Berths

Yard

1500 TEUs ground slots.
132 reefer plug points.

Marine Infrastructure

Permissible draft 15m

Depth Alongside 16.5m

No tidal restriction

All weather round the clock operation

Berthing priority to Container vessels



Think GLOBAL

SOLUTIONS CONNECTIONS CUSTOMERS



MUNDRA INTERNATIONAL CONTAINER TERMINAL PVT. Ltd.
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Te: +91 2838 288274 to 6, Fax: +91 2838 278, Website: www.mictports.com