India's premier maritime business magazine

₹ 100

maritime gateway

March 2013

www.maritimegateway.com

INTERNATIONAL CONTAINER TRANSSHIPMENT TERMINAL VALLARPADAM, KOCHI

BOON TO THE TRADE BOOM FOR THE ECONOMY

India's premier maritime business magazine

₹100

maritime gateway

March 2013 www.maritimegateway.com

FDI IN SHIPPING

CHASING A MIRAGE

VALLARPADAM TO CHALLENGE COLOMBO

The International Container Transshipment Terminal (ICTT) Vallarpadam in Cochin is all set to revolutionise the future of global trade. ICTT with good hinterland connectivity offers considerable savings in transit time and freight charges and can effectively compete with Colombo in attracting cargo.

Dredging subsidy for 'public good'

Indian ports are likely to get up to 50 per cent of their capital dredging cost as grant from the Centre. The Union Shipping Ministry is considering a proposal to fund capital dredging expenses of ports by up to 50 per cent to increase the draft of ports to 14 metres in the first phase, and 17 metres in the second phase.

This is a welcome step as some of the Indian ports like Kolkata and Cochin were struggling to maintain dredging operations due to the absence of a committed Centre subsidy as recently as 2011. Dredging is capital intensive and there is no budgetary support for dredging. While some ports get monetary assistance from the Centre, some are forced to fund it through internal accruals.

If the present proposal becomes a reality, the situation will change and at least all major ports owned by the Centre will get subsidy.

With vessels getting bigger to reduce the unit cost of transportation, ports have to dig deep drafts to enable larger vessels to call upon them. Besides, some of the existing ports like Cochin and Kolkata will not be able to accommodate even mid-size vessels if dredging is not done annually. Some estimates suggest that India loses about ₹1,600 crore annually to foreign ports as its ports are unable to handle larger ships. Considering this, it will be logical for the Centre to share the dredging cost as 'a public good.'

If the present proposal becomes a reality, the situation will change and at least all major ports owned by the Centre will get subsidy.

Countries like the US, Canada and Japan for instance offer federal support to their ports. They offer federal subsidy to facilities that are of `public good' in character such as access channels, maintenance and operation of ports and improving navigational aids. The logic behind the government support is that these facilities help create a kind of 'spill-over' effect on national economies.

But the government also has to careful while doling out subsidies. Cochin and Kolkata being riverine ports would require regular maintenance dredging to maintain the depth. According to studies, the average dredging cost of 10 major ports in the country is less than 7 per cent of their operating costs, whereas the same is 38 per cent in the case of Kolkata Port and 28 per cent in the case of Kochi Port.

Cochin Port, where continuous silting is a problem, will have to look at long-term solutions like setting up a breakwater to prevent silting. With no perceptible improvement in the navigability of Hooghly River, it may not be a wise decision to offer over ₹400 crore annual dredging subsidies to Kolkata Port.

As the government is yet to finalise the proposal, we do not know whether such a subsidy will be extended to state-owned ports. It will be good if the Centre can look into this aspect as some of the state-owned ports have natural deep draft and if maintained well it can bring in additional benefits to the country's EXIM trade.

Best Regards

Ramprasad
Editor-in-Chief and Publisher
ramprasad@gatewaymedia.in

follow us on twitter @maritimegateway

India's premier maritime business magazine
maritime gateway

Editor-in-Chief and Publisher Ramprasad
ramprasad@gatewaymedia.in

Sr Assistant Editor Sreekala G
sreekala@gatewaymedia.in

Assistant Editor Manjula Murari
manjula@gatewaymedia.in

Special Correspondent Ritu Gupta
ritugup@gmail.com

Special Correspondent Bhagyashri Kamat
Bhagyashri@gatewaymedia.in

Sr Designers Vijay Masa, Lakshmi Dandamudi

Designer Nagaraju N S

Marketing & Sales

Mumbai Dr Shibu John Asst Vice President – S&M
shibu@gatewaymedia.in – 098676 82002

Delhi Manish Bothra Manager
manish@gatewaymedia.in – 91 98911 38952

Kolkata Nikhil Doshi GM – Sales
nikhil@gatewaymedia.in – 098369 96293

Circulation Unnikrishna Pillai S
unnikrishnan@gatewaymedia.in – 095059 19923

Maritime Gateway is printed by L Vijayanand Reddy published by L Vijayanand Reddy on behalf of Gateway Media Pvt. Ltd., Plot No.761, Road No.39, Jubilee Hills, Hyderabad – 500 033, A.P., India and Printed at M/s. Kala Jyothi Process Pvt. Ltd., 1-1-60/5, RTC cross roads, Musheerabad, Hyderabad - 500 020. and Published at Gateway Media Pvt. Ltd. Plot No.761, Road No.39, Jubilee Hills, Hyderabad – 500 033, A.P., India
Editor: L Vijayanand Reddy

Please note
Views expressed in the articles are those of the writer(s) and may not be shared by the editor or members of the editorial board. Unsolicited material will not be returned.

Feedback
Readers are advised to send all feedback and comments to editor@gatewaymedia.in

MARCH 2013

India's premier maritime business magazine
maritime gateway

VOLUME 5 ISSUE 6

VOICES

The best thing to bring economy on track is to introduce goods and services taxes (GST). This will add one-and-a-half to two percentage point growth to GDP. Almost all indirect tax evasion will go away. 2015 is too late. There is no reason why it can't be done earlier.”

- Adi Godrej
Chairman Godrej

“In the last couple of months, there has been an arrest in the fall of exports. The incentive package will help the country's exports improve significantly in the coming months. The most worrying aspect is the widening trade deficit.”

- S R Rao
Commerce Secretary

“The Budget should recognise shipbuilding as infrastructure, make comprehensive package.”

- Dhananjay Datar
CFO, ABG Shipyard

This is not the time for the Suez Canal Authority to be announcing increases, which for some trades seem very dramatic indeed, and which many shipowners will find impossible to pass on to their customers.”

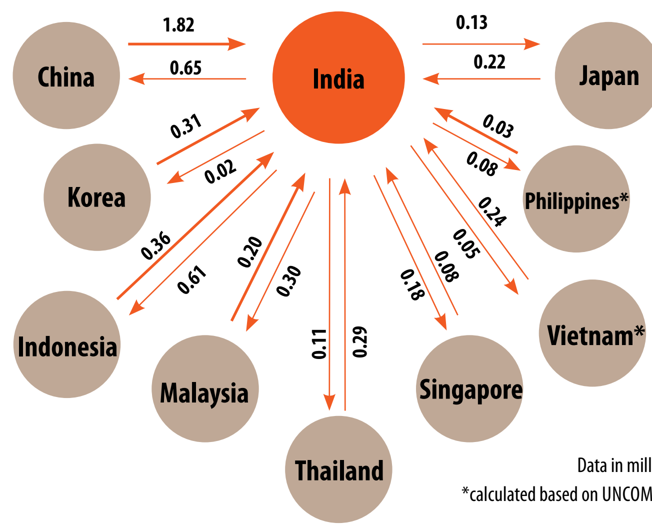
- Peter Hinchliffe
Secretary General,
International Chamber of Shipping

40 billion used beverage cans are recycled annually by Novelis

60 tonnes of phones were collected In 2011 by Nokia in India for recycling

Container cargo trade generated between ASEAN and India

Year: 2011



Data in million teu
*calculated based on UNCOMTRADE

Annual Rail Traffic - Towards Western Ports

Origin	To JNPT	To Mundra	To Pipavav	Speed (Km/Hr)
Tughlakabad	23%	15%	22%	31
Ajni	9%			15
Dadri	9%	12%	13%	27
Sanat Nagar	6%			21
Moradabad	5%	2%	1%	27
Dhandari Kalan	5%	6%	7%	27
Noli	4%	11%	7%	26
Vadodra	4%			21
Khodiyar	3%	7%	9%	19
Sahnewal	3%	10%	6%	26
ACTL	3%	2%	1%	31
Garhi Harsaru	3%	3%	6%	23
Ankleshwar	3%		1%	19
Ratlam	3%			23
Juhi, Kanpur	2%			20
Agra	2%			32
Daulatabad	2%			13
Panki, Kanpur	1%			25
Anaj Mandi	1%	1%		23
Bhusaval	1%			10
Kanakpura	1%	2%		25
Sanand	1%	2%	3%	20
Mandideep	1%			13
Malanpur	1%			14
Navkar	1%			16
Ravata Road	1%	2%		24
ButiBori			15	
Jodhpur		3%	5%	22
Total Number of Trains/Annum	5207	3726	1817	

IOC plans 1,175 km pipelines to connect Ennore LNG terminal

State-owned Indian Oil Corp (IOC) plans to lay 1,175 km of pipelines to transport the imported liquid gas at the proposed Ennore LNG terminal in Tamil Nadu.

IOC recently submitted an Expression of Interest (EoI) to sector regulator Petroleum & Natural Gas Regulatory Board (PNGRB) for laying natural gas pipeline from Ennore to Nagapattinum in Tamil Nadu with spurlines to Madurai, Tuticorin and Bengaluru. The company is setting up a liquefied natural gas (LNG) import terminal at Ennore Port with an initial capacity of 5 million tonnes per annum by 2016 which is expandable to 10/15 million tonnes in future. The company plans to build the ₹4,320 crore LNG import facility at Katupalli (Ennore) by 2016. Tamil Nadu Industrial Development Corporation (TIDCO) may take a 5-10 per cent stake in the project. Ennore will be the third LNG terminal on the east coast with state-owned GAIL India Ltd building a facility at Kakinada in Andhra Pradesh and Petronet LNG Ltd setting up a 5-million tonne facility at Gangavaram in Andhra Pradesh.

Stalemate over transloading operation at Kanika Sands set to end

The two-year-old stalemate over Kolkata Port Trust's plan to launch a transloading operation at Kanika Sands, a cluster of islands off the Odisha coast, is likely to be resolved soon.This follows a high-level meeting held in Delhi recently. The meeting was presided over by the Secretary, Ministry of Shipping, and attended among others by the Chairman of Kolkata Port Trust (KoPT), CEO of Dhamra Port and representatives of the Odisha Government and Subarnarekha Port, another private port to be developed in Odisha by the Chennai-based Creative Port Development Pvt Ltd. "We've narrowed down our differences and are hopeful of a resolution of the stalemate within the next couple of weeks," R P S Kahlon, Chairman of KoPT said. KoPT would be allowed to undertake transloading operations in Kanika Sands. "We've identified the location which will be different from the ones identified earlier and the proposed operation will be undertaken over two nautical miles in the new location," he said.

Ennore Port proposes rail track on Chennai's Outer Ring Road

If everything goes by plan, trains would run right in the middle of Chennai's Outer Ring Road (ORR), with vehicular movement on either side of the track in a couple of years. This railway line will connect Ennore Port with Nemilicheri, and eventually connect the Chennai-Bangalore rail.

The 62-km ORR from Vandalur to Minjur is 125 m in width. A provision of 25 m had been made in the middle of the road for a possible railway link. The Ennore Port Ltd has proposed to the Tamil Nadu Government to use this stretch of land to construct a rail link to connect the port with the Bangalore rail link. EPL plans to tie up with the State Government to launch it as a joint venture; the Government will assess the project soon.

Shipping Minister's move on port tariff to hit exporters

The Shipping Ministry is freeing major ports from tariff control, a move that could put exporters at a disadvantage. The Ministry is planning to strip the powers of the Tariff Authority for Major Ports (TAMP), which regulates tariffs at major ports, to boost private investment in the port sector and to make it attractive for private terminal operators to get return on their investment.

The government is mulling over the idea of getting out of tariff control and leaving the tariff settings to terminal operators. The Ministry in an advanced stage of announcing major policy changes, which are feared to make exporters and importers vulnerable to market forces.

Union Minister for Shipping G K Vasan said recently in Mumbai that the government would free all future major port projects from the TAMP and a decision would soon be taken on the existing ports as well.

However, analysts and exporters believe that in an unregulated scenario, market forces would take tariffs north. There is an apprehension that freeing private and port terminals, especially container terminals from tariff regulations, could result in an increase in tariffs and the transaction costs for India's exporters.

They feel that ports are essentially service providers and tariff should not be viewed as a source of profit. What is important is that the transaction costs for Indian exporters and importers should be kept at low and competitive levels.

Hapag-Lloyd to expand China-India service

Hapag-Lloyd, the German container line, proposes to expand from March its China-India service with the introduction of two new loops, the North China-India (NCI) service and Central China-India (CCI) service.

NCI, to start from March 4, will have port rotation of Xingang-Qingdao-Laem Chabang-Singapore-Tanjung Pelepas-Port Kelang-JNPT-Colombo-Port Kelang-Singapore-Tanjung Pelepas–Xingang.

CCI, to start from March 11, will have the port rotation of Ningbo-Shanghai-Shenzhen-Shekou-Singapore-Port Kelang-JNPT-Pipavav-Colombo-Port Kelang-Singapore-Hongkong-Ningbo.

Meanwhile, Zim, the Israeli line, too has announced that it is splitting its Far East-India-Mediterranean-North Europe service into two loops to serve separately the Far East-India-Eastern Mediterranean and Eastern Mediterranean and North Europe trades.

The port rotation of the loop covering India will be Alexandria-Ashdod- Haifa-Mersin- Haifa- Port Kelang- Shanghai-Dachan Bay-Port Kelang-JNPT-Mundra-Alexandria. The service will be operated with eight vessels each of 3,400 teu.

Estonia has potential to boost India-Europe cargo trade

“Estonia could be an important link on the cargo route between India and European Union and Russia,” said Paet, Estonian minister. According to him, Estonian ports provide high-quality service and are integrated with railroad infrastructure. “Estonia is also a suitable place for installing distribution centres and manufacturing units, due to the favourable business environment and entrepreneurial policies, highly developed e-services, competitive labour costs and qualifications,” added Paet. Paet and Vasan also discussed issues involving maritime safety and piracy in the Indian Ocean.

Subsidy for coastal shipping

The Kerala state government will provide a subsidy of ₹1 for a tonne of coastal cargo moved every kilometre, said state port director Jacob Thomas during a meeting recently. “Coastal vessels will enjoy a discount in port charges. Besides this, soft loans will also be provided to buy vessels, with an interest rate of 2 per cent for 40 per cent of the vessel cost and 10 per cent for 80 per cent of the vessel cost,” said the director.

GCC invests $36 bn in port development

The GCC countries are allocating $36 billion to further develop their port infrastructure amid increasing foreign non-oil trade volumes. Saudi Arabia is powering ahead with port infrastructure development with more than $750 million allocated to Dammam’s King Abdul Aziz Port, which includes the launch of a second hi-tech container terminal in 2015 with capacity for 1.8 million teu per annum. The Jizan Economic City project will also include port infrastructure plans while the northwestern port of Dhiba will get a new $46.4 million container terminal.

Two additional terminals, valued at $38.4 million, are to be constructed at King Fahd Industrial Port in Jubail while Jeddah Islamic Port is forecasting an average increase of 10.9 per cent through to 2016. Qatar’s new $7.1billion mega-port project, located close to the busy Messaeid Industrial Zone and Port, is aiming for a 2016 opening, with eventual capacity of 6 million teu per year by 2028. In the UAE, Jebel Ali will see its terminal three capacity expanded to 19 million teu per annum, with Abu Dhabi’s Khalifa Port Terminal adding a further 15 million teu per year upon completion in 2030.

Oman is also expanding existing facilities at Salalah, to form a new $143 million maritime- meets-air hub, and phase one of its 1,061-kilometre long national railway system will include a link from Sohar Port to Al Misfah (Muscat) and onwards to Duqm Port, as well as connecting Sohar to the UAE border.

Fertiliser berth at Vizag Port to be commissioned by end-2014

ABG-LDA Bulk Handling Pvt Ltd , a bulk cargo handler, has taken up two major projects at the Visakhapatnam Port, one of which is scheduled for completion by end-2014. Gurpreet Malhi, the CEO of the company, said this on the occasion of achieving financial closure for the fertiliser berth project, estimated to cost ₹310 crore. The project is being funded by a consortium of four banks headed by the SBH.

He said it would take two years to execute the mechanised berth project which would vastly improve the operational efficiency and reduce pollution at the port, as it would obviate the need for multiple handling.

"Vizag Agriport Pvt Ltd, a joint venture between ABG-LDA and IL&FS Maritime, has taken up the project, with a capacity of 6 million tonnes per annum. We are confident of commissioning it ahead of schedule, sometime towards the end of 2014," he said. Referring to the other major project, a multi-cargo mechanised berth currently under execution by the ABG, he said it would be ready for commissioning by the end of December. "The berth, estimated to cost ₹155 crore, is for handling steel, granite and other bulk cargoes. It will have a capacity of roughly 5 million tonnes per annum," he said. He said the company was also operating two cranes with a total capacity of 6 million tonnes per annum in the Visakhapatnam Port and "after the completion of the two major projects on hand in Vizag Port, our capacity in the port will rise to 15-16 million tonnes."

Referring to other ports in the state, he said IL&FS Maritime had signed a memorandum of understanding with the Andhra Pradesh Government for setting up a 2.5 million tonne per annum LNG terminal and the project was still in the preliminary stages.

Expressway project hits snag again

The National Highways Authority of India (NHAI) has said that it will not seek fresh approval for the alignment of the Chennai Port-Maduravoyal elevated expressway. In a letter despatched to the Water Resources Department, the NHAI has said that it felt there was no necessity for fresh approval and fresh Coastal Regulation Zone clearance as there was no deviation in the alignment.

Recently, the WRD had written to the NHAI asking them to seek revised Coastal Regulation Zone clearance for the project that runs along the banks of the Cooum River. The ₹1,815-crore project had been put on hold after the WRD asked the NHAI to stop work last March as it felt that the highways authority had deviated from the alignment that was originally approved.

G6 shipping alliance expands

The container shipping G6 Alliance, one of the largest vessel networks in the Asia-to-Europe trade lane, has agreed to expand its cooperation to the Asia-to-North America East Coast trade, APL announced.

The G6 Alliance, formed last year, will deploy more than 50 ships in the Trans-Pacific trade calling at almost 30 ports in Asia, North America East Coast, Canada, Central America, Caribbean, Indian Sub-continent, Mediterranean and the Middle East.

The new partnership is scheduled to begin in May 2013 with six coordinated services connecting Asian and North America East Coast ports. The G6 Alliance members are: APL, Hapag-Lloyd, Hyundai Merchant Marine, Mitsui OSK Lines, Nippon Yusen Kaisha and Orient Overseas Container Line.

BTL launches service between Marg Karaikal Port, Colombo

Bengal Tiger Line commenced a regular container feeder service between Marg Karaikal Port and Colombo. The service was launched with the 1,900-TEU (twenty foot equivalent unit) vessel *Tiger Bridge* making a maiden call at the port, which is located nearly 250 km south of Chennai in Puducherry. The feeder vessel is expected to call the port every fortnight (every alternate Friday) and later become a weekly service as volumes stabilise, says a press release issued by the port.

BIMCO market view on Dry Bulk Shipping

The record-high Chinese imports towards the end of 2012 ensured that quantities of Chinese iron ore reached an all-time high of 744 million tonnes for the full year, according to Chinese customs data. Meanwhile,

port inventories have been decreasing considerably since early September, suggesting that the demand should stay sturdy in the coming year.

For 2013 BIMCO expects that the majority of the strong Chinese iron ore demand will benefit seaborne imports, as the preference for imported iron ore continues to be strong. In spite of a strong demand for this key commodity, earnings have been modest on the reference routes from Tubarão (Brazil) and Western Australia to Baoshan (China), reflecting an oversupply of Capesize vessels.

Similar to iron ore, Chinese coal imports (excluding lignite) were record-high in 2012, with 233 million tonnes throughout the year; up 28 per cent year-over-year. According to Japanese trade statistics, Japan imported 185 million tonnes in 2012, up 5.7 per cent year-over-year, following a stronger demand for thermal coal last year. Similar to China, Indian power demand has spurred a heavy demand for thermal coal and India is expected to overtake Japan as the second-largest thermal coal importer this year. The largest coal exporters in the world, Australia and Indonesia, are expected to become primary caterers for this demand. Eastern Australia experienced flooding in late January but fortunately this has only temporarily disrupted the coal transportation networks, which are set to operate normally by mid-February.

Shipping firm CMA CGM signs debt restructuring deal

CMA CGM, the world's third-largest container shipping firm, has sealed a debt restructuring deal with its banks as part of efforts to strengthen its finances, the French group said. The company, which had a net debt of around $4.6 billion at the end of 2012, said the agreement would partially reschedule a credit line expiring this year in new three-year loans worth €280 million ($375 million).

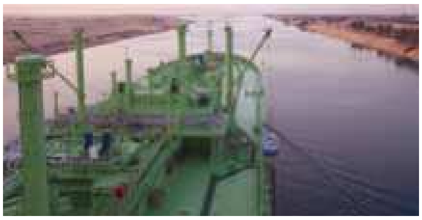
Ports may get up to 50% grant for capital dredging expenditure

Union Shipping Ministry is coming up with a scheme to offer assistance to State Maritime Boards (SMBs) for creation of infrastructure for development of ports, inland waterways and coastal shipping.

The scheme seeks to offer financial aid for capital dredging, coastal jetty, Inland Waterways Transport (IWT) jetties and preparation of Detailed Project Reports (DPRs) for infrastructure development. The scheme envisages 50 percent Central support with cap of ₹50 crore for projects on capital dredging and setting up of coastal jetty, and 50 per cent grant for developing IWT jetties with cap of 25 crore.

During 12th Five-Year Plan (2012-17), the non-major ports have projected a total dredging requirement of 543.61 million cubic meters (MCM), of which 418.03 MCM is for capital dredging, according to the scheme draft.

ICS protests against Suez Canal toll hike



The International Chamber of Shipping (ICS) – the principal international trade association for shipowners, representing all sectors and trades and over 80 per cent of the world merchant fleet – has voiced serious concerns over toll increases announced by the Suez Canal Authority (SCA), to be implemented on May 1, 2013.

For all but the smallest ships, the Suez Canal toll increases range from about 3 per cent to 5 per cent, according to tonnage and ship type. These follow across the board increases of 3 per cent which were implemented in March last year despite industry protests.

ICS Secretary General, Peter Hinchliffe, said, "Most international ship operators are trading in the worst shipping markets in living memory due to there being too many ships chasing too few cargoes. This is not the time for the SCA to be announcing increases, which for some trades seem very dramatic indeed, and which many shipowners will find impossible to pass on to their customers."

He added, "We recognise that, with pressure on Egypt's tourism and its other economic problems, there is increased pressure on SCA to maintain what is now the country's biggest source of foreign revenue. But the effect of these increases will be to give a spur to those owners who may already be considering the Cape route as a serious alternative."

The route via the Cape of Good Hope is already becoming relatively less expensive as many ships resort to slow steaming in an effort to reduce costs and to deliver the reductions in CO_2 emissions which are now demanded by their customers.

Moreover, the entrance to the Suez Canal, via the Red Sea and the Gulf of Aden, is already unattractive due to the continuing threat of Somali piracy, compounded by instability in Yemen.

AEGIS starts building tank terminal at Pipavav Port

Aegis Group, a leader in oil, gas and chemical logistics, initiated a major project at Pipavav Port, Gujarat for setting up a bulk liquid and gas storage terminal. The project contains additional capacity of 120,000 KL of bulk liquid and 2,700 MT of Gas. The ground breaking of the project has been completed and project activities started. Company has obtained the requisite approvals for setting up the project. The AEGIS Pipapav terminal project shall be a step towards company's strategy of building a necklace of port terminals around India's coast line from Pipavav to Haldia to Kochi, inland oil terminals on a "build, own, operate" basis to service the national oil companies and developing a retail distribution network for the LPG business.

Railways to invest ₹5,000 cr for port connections

Railways has drawn up an ambitious plan to meet a target of garnering private investments worth ₹5,000 crore in rail connectivity projects to key infrastructure points such as ports in the next five years.

The national carrier has already zeroed in on a plan worth ₹3,800 crore for six ports, like Dhamra, Hazira and others for connectivity with private-public-partnership.

Cabinet recently approved the construction of three crucial rail link projects worth over ₹2,483 crore to ensure coal supply to power plants and necessary infrastructure support for industrial development in the country. The new 121.70-km-long broad gauge line between Gevra Road and Pendra Road and 63-km-long Raigarh and Bhupdeopur are two ambitious rail link projects which got the approval of the Cabinet Committee on Economic Affairs.

The CCEA also approved doubling of the 247.73-km-long Palanpur-Samakhiali section under the Western Railway at a cost of ₹1,266.89 crore. While the Gevra Road-Pendra Road rail line is estimated to cost ₹838.02 crore, the Rajgarh-Bhupdepur line is to cost ₹379.08 crore. Both the projects have high rate of returns with 22.39 per cent and 26.11 per cent respectively.

ClassNK earns authorisation from German flag

World's leading classification society ClassNK has earned authorisation from Germany's BG Verkehr to carry out surveys on behalf of the German government, and will be further expanding its operations in the leading ship-owning nation.

CLASSNK CHAIRMAN AND PRESIDENT MR. UEDA ANNOUNCES AUTHORISATION FROM BG VERKEHR AT THE RECEPTION

The announcement was made during a reception to commemorate the authorisation at the prestigious Hafen-Klub on February 11, 2013. The authorisation allows ClassNK to carry out a full range of surveys for the international conventions for all German flagged vessels.

As the notified body for German flagged vessels under the EU Maritime Equipment Directive, BG Verkehr oversees all aspects of the German flag, including determining which classification societies can act on its behalf.

Speaking on the occasion, ClassNK chairman and president Noboru Ueda said, "This recognition is an important step forward in our ongoing expansion here in Germany. We are deeply honoured to be able to serve on behalf of the German flag administration, and will dedicate our full resources to supporting the needs of the German maritime community in the days and years to come."

Since reorganizing its operations in 2011 and placing top survey experts on call in ClassNK's Hamburg Office, German owners have transferred roughly 50 vessels totaling 1.5 million gross tonnes to the ClassNK register.

Transfers from German owners further accounted for roughly one-fifth of all vessels transferred to ClassNK in 2012, helping the world's largest class society set a new record for vessels registrations of more than 25 million gross tonnes in a single year.

Indian tea exports register decline: ITA chairman

Indian tea exports have registered a decline of about 23 million kg last year over 2011 in view of slowdown in the global market, India Tea Association Chairman A K Bhargava said. North India's production had gone down by about 7.5 millions kg, while south India had recorded a significant decline of almost 15 million kg.

Gateway Distriparks to set up warehouse at Kalamassery

Gateway Distriparks, which commissioned a 10,000-square feet container freight station (CFS) close to the International Container Transshipment Terminal (ICTT), will invest ₹40 crore in a new C-TPAT-compliant warehousing facility at Kalamassery.

The company had acquired 20 acres at the strategically-located site, on the road linking NH 47 and the ICTT. GDKL had invested ₹60 crore in land acquisition and in setting up the CFS facility in the first phase of its projects linked to the ICTT in Kochi. The proposed Kalamassery facility will take GDKL investments here to ₹100 crore.

MOL extends presence in Burma

Japanese container giant Mitsui OSK Line has set up a unit in Burma after being granted a permanent business licence from the government's Directorate of Investment and Company Administration.

This is the first of its kind from a major shipping company in Burma, which has undergone accelerated investment since most western sanctions were lifted last year and the government has moved towards establishing a democratic system. MOL launched a direct feeder service linking Singapore and Yangon in March last year, sailing twice a week.

CBEC, WCO bestow Certificate of Merit on Navkar

The Central Board of Excise and Customs (CBEC) and World Customs Organization (WCO) awarded a Certificate of Merit to Nemichand Mehta, Managing Director, Navkar Corporation Ltd for outstanding and meritorious services in facilitating international trade.

The award was in appreciation of introducing a game-changer by starting movement of import and export containers by rail between Navkar CFS and JN Port Terminals. Having started the rail service on December 26, 2012, Navkar had moved more than 45 rakes (of 90 TEUs each) in less than 30 days. As this came at a time when roads leading to JN Port were clogged outside JN Port, this rail movement brought in numerous advantages to all stakeholders. It reduced the congestion and pollution on the roads, gave more free time for containers inside the port and helped evacuate imports faster. The Award (Certificate of Merit) was handed over

by Sumit Bose, Revenue Secretary to the Government of India.

The function held at Maneckshaw Centre, New Delhi on February 5, 2013 showcased the achievement of various individuals – both from the customs department as well as from the shipping industry. Present at the function were Rahul Bajaj, Chairman of Bajaj Auto Ltd as Guest of Honour and Praveen Mahajan, Chairperson of Central Board of Excise and Customs.

ACTO for setting up Rail Tariff Regulatory Authority

The Association of Container Train Operator (ACTO) has recommended to the government to set up Rail Tariff Regulatory Authority to bring rationality and transparency in all rail freight pricing matters. It has also requested the direct the Railway Ministry to draw up a roadmap for promoting more private investment in container rail business

The deregulation of rail transportation of containers by Indian Railways in 2006 was the first major effort of Indian Railways in attracting private capital to the Rail Sector. The PE investors, investment banks and entrepreneurs have been keenly watching the railways' ability to deliver a reasonable return on investment for the investors in this sector.

However, the frequent and steep increase in rail haulage charges for the container trains, together with incongruous policy decisions has put the entire investment in the container rail sector in jeopardy and ruined the prospects of additional investments. According to ACTO, this has also raised doubts about the Ministry of Railways' seriousness and ability to attract private investment in rail Infrastructure.

Railways' indifference towards private capital got manifested in the recent 22 per cent increase in rail haulage charges which is to be followed by another dose of 9 per cent with effect from February 1, 2013. ACTO expressed its deep disappointment with this unprecedented increase in the container haulage tariff.

Seahorse Guild organises cultural event

Seahorse Guild, Calcutta Chapter, a cultural association of Seahorse Group, organised its 17th annual cultural evening at Vidya Mandir Kolkata on January 18, 2013. This was well attended by Seahorse Group directors, eminent personalities of Kolkata Shipping fraternity and families of Seahorse Group employees. Group Director Capt. Avinash Batra and Capt. Somesh Batra have expressed their views about industry and praised the guild members.

Guild members have presented a drama named '*Hansir Arale,*' (Behind the Smile). After the play, there was a cultural show 'Bandish' by Karma of Grammy award nominated Suben Chatterjee along with singer Raghav Chatterjee and JoJo.

Largest Maersk ship out of action for months

Emma Maersk, the container liner's largest ship, may be out of action for several months to allow for repairs to a damaged stern. The damage to the ship enabled sea water to flood the engine room on February 1, along the Panama Canal. Investigation is ongoing to establish what caused the problem in the first place.

Cotton export registrations rise on hopes of Chinese demand

Cotton exports are showing signs of recovery with registrations for shipments jumping 20 lakh bales since the beginning of the year. Exporters could be buying ahead of the annual import quota that China would release soon after the Chinese New Year. According to sources, registration for cotton exports has increased to 58 lakh bales from 38 lakh bales.

NEWS

Ashok Janakiram re-elected as ASIC President

Ashok Janakiram was unanimously re-elected as President of the Association of Shipping Interests in Calcutta (ASIC), for 2012-13.

In the 41st Annual General Meeting of ASIC held in December, the following executive committee members were also elected: Vice Presidents, Arup B Guha (Marine Container Services) and Capt. B K Khambatta (J M Baxi & Co) along with Subrata Chowdhury (MOL India), Prema Krishnan (BTL),Felix Thakur (APL India), M Ghatak (SCI),Neeraj Dil (CMA-CGM) and Tapan Sengupta (PIL).

In his Presidential address, Janakiram expressed his hope for better synergy in the world trade, where the huge gap between demand and supply still persists.

He also outlined the growth perspective of Kolkata Port's container traffic wherein he expressed his concern towards the shrinking traffic of bulk and liquid bulk cargo profile. During his address he mentioned that these twin ports essentially need patronage from both trade and government circles to make through the possible corridors of growth by bringing in modern cargo handling facility, ensuring a navigable channel for bigger parcel loads and an accountable administration, as these form the common wish list of the trade.

Railway freight traffic to grow 5.5% in 2013-14

Despite all its problems Indian Railways is expected a clock a healthy 5.5 per cent growth in freight traffic in 2013-14 compared to a 4.8 per cent growth estimated for 2012-13, says the Centre for Monitoring Indian Economy (CMIE). According to a latest report by CMIE, this growth is likely to come "on the back of a healthy growth in the freight traffic of commodities like coal, cement, iron ore for steel plants and fertilizers with the railways likely to carry 1,071.9 million tonne of freight traffic as compared to 1,015.6 million tonne in 2012-13". According to the report, coal freight traffic is expected to grow 7 per cent to 530.9 million tonne in 2013-14. "An increase in coal off take backed by a healthy demand from thermal power plant, public users and steel plants is expected to increase coal freight traffic," says the report. With a share of half its freight traffic, coal is expected to be the largest commodity to be carried by the railways in 2013-14.

Shippers prefer e-Invoicing to cut cost

Ocean shippers are looking at reducing cost through e-Invoicing in 2013, according to a survey conducted by INTTRA, a leading multi-carrier network for the ocean shipping industry. The survey shows that 81 per cent of the respondents want to receive their invoices electronically in 2013. The findings were based on a global study of high-volume shippers and freight forwarders that included 4 of the top 5 global logistics providers.

It underlines that fact that four years of economic volatility have intensified pressure on carriers and shippers to seek new ways to reduce costs and have seen no relief on pressure to increase service levels. One cost reduction method that has demonstrated results across government and commercial sectors are electronic invoicing (e-Invoicing). Once referred to simply as a `best practice,' e-Invoicing is emerging as a critical cost reduction tool for companies in or those impacted by the struggling ocean shipping industry.

LCL Logistix opens third CFS in Haldia

LCL Logistix has opened its third container freight station (CFS) in Haldia, near Kolkata Port. The CFS is connected to Kolkata port and Haldia Dock complex with a connecting highway enabling the movement of containers to the ports and different cargo centers. The CFS capacity is 23,789 Teu's per annum with a truck parking area of 3,215 Sq. Mt. It is equipped with state of art equipment's to carry out smooth operation even at the peak season of the business cycles. The container freight station contains enough space is available for accepting and stuffing of over dimensional cargo also. This multifunctional facility with international service standards is well connected by road and rail, and will service customers for both inward and outward trade needs. The facility is equipped with state-of-the-art handling equipment's (Reach Stacker, Top Lifters) to carry out the operations smoothly.

KPT gets dull response for terminal project at Vadinar

The proposed project of marine liquid terminal facilities at Vadinar under the Kandla Port Trust (KPT) seems to be facing difficulty in generating interest from the port developers and investors.

So far, the port authority has not received any expression of interests (EOIs) for the projects even as the deadline ended on January 29 thereby prompting it to extend till last week of February.

The oil jetties and SPM are mainly to be used for captive purpose by an oil refinery for the purposes of import of raw material and export of finished products and transportation of raw materials or finished products under captive use policy of the Government of India, a KPT notification stated.

"The project cost is around ₹450 crore and we hope interested companies will soon send EOIs," the KPT official informed. The SPM and allied facilities will have capacity of 14.5 million tonnes per annum (MTPA) of crude oil, while two liquid cargo jetties combined will have the capacity to handle 10 MTPA of petroleum products. Currently, KPT has an Off-Shore Oil Terminal (O.O.T) operational at Vadinar with 3 SBMs having a capacity to handle 80 MTPA of crude oil and two Product jetties with a capacity of 14 MTPA for handling POL products are in operation.

KPT has handled about 35.45 MTPA of crude oil during 2011-12 for feeding the four major oil refineries. at Panipat, Mathura, Koyali and Jamnagar.

Mercator gets two contracts from Paradip Port in Odisha

Diversified conglomerate Mercator Group said it has bagged two contracts worth ₹210 crore from Paradip Port Trust in Odisha. "The company has secured two new orders from Paradip Port Trust for maintenance dredging of the approach and extended approach channel... aggregating to ₹210 cr approx," Mercator Ltd, said in a filing to the Bombay Stock Exchange. Both the contracts are to be executed within three years, the company said.Mercator reported a consolidated net loss of ₹340 crore for the quarter ended December 31, 2012 on account of steep decline in net sales. The group has presence in coal, oil, gas, commodity and dredging among other sectors.

Kandla Port traffic exceeds last fiscal

With more than a month to go before the current fiscal comes to a close, the Kandla Port Trust has already exceeded last fiscal's total traffic figure of 82.5 million tonnes (mt) to achieve 82.87 mt, according to a press release by the port. This has been achieved despite several adverse factors such as the closure of the dry cargo berth (CJ-6) due to ongoing civil work and poor performance of the container terminal, the operator of which was served with a termination notice. Total imports so far in the current fiscal were 56.29 mt compared with last year's 60.1 mt and total exports, 26.41 mt (22.09 mt). The volume of transshipment cargo was 1.69 lakh tonnes (3.09 lakh tonnes). The figure for dry cargo, including containers, was 28.42 mt (28.79 mt) and for liquid cargo, 8.65 mt (9.66 mt), the release adds.

French ports of HAROPA brings Indian subcontinent closer

The recent visit of the trade team from HAROPA which constitutes the ports of Le Havre, Rouen and Paris is likely to put trade between the Indian ports and HAROPA on a fast track. Led by Herve Cornede, Director, Commercial and Marketing, HAROPA Ports, the French delegation visited Chennai, Delhi, Ahmedabad and culminated their tour in Mumbai. Lot of interest is said to have been generated in each city where they met top government officials, leading personalities from the shipping, ports, logistics sector as well as prominent importers and exporters.

Capt. Avinash Batra Chairman of Seahorse Group, who represents HAROPA in India, stated at the meeting in Mumbai, "HAROPA was a new and the biggest initiatives and a place where one would want to be in. Le Harve is a preferred port of call with most major shipping lines. HAROPA being the largest French ports for container trade, it is also the first major port of call for containerships at the entrance to North Europe with 2.9 million teu (maritime + waterway trades). Presently, Le Havre is connected to eight Indian ports including Kandla, Mundra, Nhava Sheva, Cochin, Tuticorin, Chennai, Haldia and Kolkata. Container trade between HAROPA and India accounted for 540,000 tonnes (estimate) in 2012, that is a 6 per cent increase against 2011. Significantly, France is the largest trading partner for India among EU countries.

Pipavav in talks with French ship builder for stake sale

Nikhil Gandhi, chairman of Pipavav Shipyard says they are in talks with a French company for a strategic stake sale. He says this partnership is primarily aimed to bring in the technological knowhow and proprietary knowledge of military hardware into the country. SAAB AB of Sweden has already a stake in Pipavav. SAAB AB and the new partner, if the stake sale goes through, will together own 15 per cent in the company. The promoter stake would come down from 45 per cent to around 41 per cent.

DCI may take arbitration route to recover dues from Sethusamudram Corp

Dredging Corp. of India Ltd (DCI) is planning to take the help of an arbitrator to recover dues from Sethusamudram Corp. The state-owned company has asked the government to appoint an arbitrator to get back the ₹426.41 crore for the dredging work it has done on the now stalled Sethusamudram project.

The ₹2,427.40 crore Sethusamudram Ship Canal Project was expected to reduce ship journeys between India's western and eastern coasts by as much as 30 hours by creating a channel between the Indian mainland and Sri Lanka. The project involved boring a new shipping lane connecting the Gulf of Mannar and Bay of Bengal through Palk Straits and Palk Bay.

Ships now endure a long detour around Sri Lanka as they have to circumnavigate Sri Lanka, due to the presence of a reef, known as Adam's Bridge, located southeast of Rameswaram in Tamil Nadu.

Sethusamudram project considered to be India's Suez Canal, was supposed to create a continuous navigational channel around the Indian coast.

However, the project was stopped after the Supreme Court order on August 31 and September 14, 2007 based on petitions filed by individuals and groups opposed to it. The apex court is yet to come out with a final decision on the future of the project.

DCI has decided to take the arbitration route as it cannot approach to court to claim the dues because both DCI and Sethusamudram Corp are public sector undertakings under the Shipping Ministry.

Sethusamudram Corp. Ltd is a special purpose company formed by state-run firms such as Dredging Corp., Shipping Corp. of India Ltd, Vizag Port, Ennore Port, Chennai Port, Paradip Port and V.O. Chidambaranar Port to raise funds and implement the project.

Aditya Birla Group to build captive container loading unit at Dahej

The Aditya Birla Group is looking to set up container loading facilities for its own use by expanding a captive jetty at the Dahej port in Gujarat with an investment of about ₹600 crore.

Dahej Harbour Infrastructure Ltd, a wholly owned unit of Birla Copper Ltd, which runs a captive cargo loading facility at Dahej port, has filed an application with the Gujarat Maritime Board seeking its permission to build a new, multi-purpose berth that can also handle containers at the jetty.

JNPT seeks legal option to recover damages from PSA

Jawaharlal Nehru Port (JNPT) is exploring legal option to recover damages from Singapore-based PSA International Pte as the latter had failed to honour the contract to build Rs 6,700 crore container terminal at the port after winning a bidding contract.

JNPT has decided to retender the project in March. As part of this, it has also decided to break the project into two separate terminals with a berth length of 1 km each, capable of loading 2.4 million standard containers per terminal. JNPT is also looking at debarring PSA from participating in the retendering process. Earlier, as per the origina bid, the project was envisaged to set up 4.8 million container loading facility.

In September last year, JN port board had decided to terminate the contract awarded to PSA for building the facility because of the Singapore0based company refused to sign a concession agreement for the project even a year after it was awarded the project in September , 2011. Subsequently, JNPT encashed the bid security of Rs.67 crore submitted by PSA for the project that was designed to load 4.8 million standard containers a year.

The decision was taken after PSA refused to sign a concession agreement for the project almost a year after it was awarded the project on 26 September, 2011, on winning the public auction.

Hapag-Lloyd to hike cargo rates

Hapag-Lloyd has decided to hike rates for all cargoes and container types from East Asia, excluding Japan, to the Red Sea, by $500 per 20-foot-equivalent unit, effective March 15. The Red Sea includes the ports of Jeddah, Saudi Arabia; Aqaba, Jordan; Ain Sukhna, Egypt; Port Sudan, Sudan; and Al Hudaydah, Yemen. The ocean carrier has also revised its bunker adjustment factor on trade from Northeast Asia to Australia. The surcharge will be $600 per TEU, effective March 23. Northeast Asia includes Japan, Korea, China, Hong Kong and Taiwan.

Gateway SpotLight, a special feature by *Maritime Gateway*, showcases the unique initiatives of business groups across maritime sectors in their products, services and processes that helps them achieve and sustain better productivity, efficiency, environment conservation and above all judicious business practices. **Gateway SpotLight** provides an opportunity for businesses to bring to light their best practices at work and thereby such a **FOCUS**.

Presenting APM TERMINALS (Lifting Global Trade) Inland Services, South Asia under this feature.

gateway SPOTLIGHT
Innovation in Focus

Advanced IT systems for **better efficiency**

APM Terminals Inland Services implements RFID enabled container tracking solution and CFS management software to enhance its Customer Service. These technologies offer agility and flexibility for the company to manage operations.

In line with its commitment to provide best in market Customer Service and adhere to global standards in health, security, safety and environment (HSSE); APM Terminals Inland Services has introduced advanced IT systems including Radio-Frequency Identification (RFID) enabled container tracking solution as a part of Container Freight Station (CFS) management software – Contrack.

Together, Contrack and RFID tracking have helped improve Customer Service and Safety standards. Implementation of these technologies also denotes how APM Terminals is in the forefront of service delivery not just by adapting new technologies and ideas, but by actively pursuing them.

"With Contrack we are able to provide the Customer with container location and improve planning towards last mile delivery. This offers agility and flexibility to manage our operations. Contrack has also helped to improve transparency with respect to transactions with customers," says an official of APM Terminals Inland Services.

RFID Container Tracking

In order to implement RFID tracking system at the CFS, mapping through Geographic Information System (GIS) of each container slot in the yard up to bay and row and tier level were carried out. It also involved taking out some yard capacity for dedicated 'examination and delivery' area near the administrative office / Customs office.

Complete integration of CFS Management System (Contrack) with RFID technology ensures seamless flow of data from one system to another. The RFID tracking was also preceded by conceptualisation of customized Management Information system (MIS) to ensure enhanced visibility of supply chain.

As part of the RFID enabled Container tracking solution, all Incoming containers get tagged at the 'Gate In' with RFID Block wise. "Zone wise Yard mapping is done with GPS to replicate the location in system. Reach Stackers are mounted with the RFID Reader/ Global positioning System (GPS) & General Packet Radio Service (GPRS) combined device. As container movement happens, the recent position gets updated in the system with the help of GPRS communication," says the official.

Distinct advantages of RFID solution

- Improved Customer Service by providing container location
- Systematic yard management, categorisation & zoning of containers leads to lower transaction time for Customers
- Reduced human intervention – Customers do not need to wait at the counter
- Improvement in safety standards
- Improved TAT on Gate In & Gate Out process – Leading to lower transaction time for Customers
- Real time details on yard utilisation / availability

Post-implementation benefits

RFID has provided real-time visibility on bay, row and tier level location of each box inside the CFS. This visibility is available to clients and their representatives like Custom House Agents (CHA's) at strategically placed kiosks inside the Customs office area. The RFID tracking system has led to pedestrian-free CFS yard at all times, thereby eliminating simultaneous 'man and machine' operations. mg

INDIAN SHIPS NEED LEVEL PLAYING FIELD

The government should take appropriate measures to address the anomalies in the tax structure so that Indian flag vessels can compete with their global counterparts.

In an effort to support domestic shipping industry, Union Shipping Ministry has asked the public sector units to give preference to Indian shipping companies for cargo movement. The ministry has conveyed the message at a recent meeting with companies including Coal India (CIL), Steel Authority of India (SAIL), Indian Oil (IOC) and NTPC.

Shipping companies worldwide are reeling under the effect of an economic slowdown. What makes the situation worse for them is the oversupply of vessels as most companies placed orders for new vessels at the peak of a booming economy in 2008. As a result, the industry is now grappling with plunging freight rates.

Shipping companies, therefore, are banking on long-term contracts to secure fleet operations. The government request to PSUs is aimed at this direction as most of these companies know of their cargo movement almost 8 to 10 years in advance. So, the shipping lines if contracted can buy tonnage against that requirement.

It is natural for the Indian government to take measures in support of the domestic shipping industry. But problems of the Indian shipping industry are somewhat unique. While global downturn is responsible for the woes of the global shipping lines, Indian flag vessels face issues related to a skewed and complex domestic tax structure.

It seems, it is not only the shipping lines but the government is also aware of the absence of a level playing field. So, the government has made it clear that their request to PSUs is not binding or mandatory. The PSUs on their part have agreed to support the Indian flag vessels provided there is an 'open system for price discovery.'

In the absence of a level playing field, Indian shipping lines will not be able to offer competitive pricing. Currently, only 8 per cent of the export-import (EXIM) trade is handled by Indian flag vessels. If the Shipping Ministry is serious about its efforts to offer a helping hand to the Indian flag vessels, it has to sit with the Finance Ministry and take coordinated measures to address the tax anomalies.

Foreign flag vessels pay no taxes in India; they do not employ Indian crew and need not be built in India. Due to higher taxes, operating costs for an Indian flag vessel are 35 per cent higher than those for a foreign flag vessel.

According to a KPMG report, despite the introduction of Tonnage Tax in India (which brought in alternative lower taxation rate in lieu of Corporate tax), there are around 10 other direct and indirect taxes that translate into a substantial disadvantage to Indian shipping companies. This obviously affects the competitiveness of Indian shipping companies.

The shipping industry also does not get any tax benefits available to the infrastructure sectors. Shipping is capital intensive and subject to extreme business cycles. Infrastructure status would enable cheaper loans as well as improved gearing to ship owners in periods of downturn.

Globally, input services for shipping industry are not subject to service tax, whether such services are availed domestically or internationally. But in India, service tax is levied on various services availed by the shipping companies including some on reverse charge basis. Besides, Indian ships face acute shortage of qualified and experienced manpower, especially officers' category, because of drift of personnel from Indian flag ships to foreign flag under lure of 'tax-free' pay packet arising out of certain unintended differential domestic tax treatment.

Unless these issues are addressed by the government, it will be difficult for the Indian shipping industry to tide over the present crisis and offer competitive rates to their clients.

WHAT DO YOU THINK?

Is it time for the govenment to reform tax laws for shipping?

ramprasad@gatewaymedia.in

Gateway to EU: Antwerp building world's biggest lock

Belgium is building the world's largest lock, as wide as a 19-lane highway, ready to welcome the latest generation of giant ships after Europe's brace of new trade deals. EU lawmakers approved free-trade accords with Colombia, Peru and six Central American nations in December and also wrapped up trade talks with Singapore.

This lock is being built with a cost of €340 million and will be as wide as a 19-lane highway. Construction will be completed by 2016.

Shell India unit to invest $1 billion for LNG terminal

Anglo-Dutch oil giant Royal Dutch Shell's India unit plans to invest $1 billion in building a floating liquefied natural gas (LNG) terminal off Andhra coast by 2014 as it bets big on gas retailing in the energy deficit country. Shell, which currently has a 3.6-million tonne LNG import facility at Hazira in Gujarat, is building the floating LNG terminal off Kakinada in joint venture with Anil Ambani group firm Reliance Power Ltd.

Madabhavi promoted as CE of Chennai Port

Union Ministry of Shipping has appointed S Madabhavi, currently working as the deputy chief engineer in New Mangalore Port Trust (NMPT), as the chief engineer, Chennai Port Trust. An alumni of National Institute of Technology Surathkal, Madabhavi NMPT worked in Mumbai Port Trust. He was instrumental in implementation of projects in NMP of national importance.

US trade body shifts focus to port sector in India

The US Trade Development Authority (USTDA), hitherto focussing mainly on the aviation sector in India, wants to focus on ports in the country, especially major ports such as Visakhapatnam, and extend financial and technical support for the mutual benefit of both countries, according to Mehnaz Ansari, country representative. She was interacting with the members of the Vizagapatam Chamber of Commerce and Industry at a seminar organised in the chamber on ports at Visakhapatnam recently.

Dhamra Port to start ₹10,000-cr expansion work in two years

Dhamra Port expects to commence work on its second phase expansion in two years amid speculation over stake sale by the port promoters – L&T and Tata Steel – and also prevailing uncertainty over land allotment.

Phase-II expansion of the port is set to add 75-million tonne capacity which will be over and above the port's existing capacity of 25 million tonne. The expansion is set to cost ₹10,000 crore.

L&T terminal at Kattupalli sets rates on par with Chennai Port

Larsen and Toubro Ltd opened its first container loading facility recently at Kattupalli Port near Ennore in Tamil Nadu with rates that are on a par with those charged by the union government-controlled Chennai Port just 25 km away, as it looks to wean customers away in a market roiled by an economic downturn. Chennai, India's third biggest container port has two container terminals run separately by DP World Ltd and PSA International Pte Ltd. The two terminals can handle a combined 2 million standard containers a year.

SPS, Doehle Danautic join hands for logistic services

SPS Shipping Ltd., an arm of Kolkata-headquartered SPS Group, announced a tie-up with Mumbai-based Doehle Danautic India to provide logistic solutions by barge transportation and transloading of bulk cargoes through inland waterways. The alliance will be largely banking on large imports of raw materials in the eastern region and coal imports by power-producing companies, providing the firms a cheaper cargo unloading solutions at Sagar Island. SPS Shipping Ltd managing director Ravi Dey said the company was also looking to participate in a bid for a coal handling project through inland waterways for NTPC's plant at Barh in Bihar.

ECoR freight loading up 11% in April-Jan

East Coast Railway (ECoR) has logged 10.8 per cent growth in its originating freight loading during April-January period of this fiscal at 108.19 million tonnes (mnt) as against 97.62 mnt handled in the corresponding period of 2011-12. During January 2013, ECoR loaded 12.66 mnt of freight as against 10.46 mnt loaded in the same month of 2012, thereby achieving growth of 21.1 per cent. The zonal railway's achievement was 8 per cent more than the target set by the Railway Board.

SAIL land to develop Beypore Port

The ports department will study the feasibility of occupying the land and buildings of Steel Authority of India Ltd (SAIL) for increasing the storage space of Beypore Port. The assurance was given by the director of ports while responding to the demands of the stakeholders for increased covered storage space.

Shipping Corp posts net loss of ₹75 crore

The state-owned Shipping Corp. of India Ltd reported a net loss of ₹75.28 crore for the quarter ended 31 December, against last year's net profit of ₹74.10 crore. Sales fell 22 per cent to ₹1,031.68 crore from ₹1,322.58 crore. The liner division, including the container shipping business, reported a profit of ₹14.10 crore for the quarter against a net loss of ₹24.10 crore. However, the bulk cargo transportation segment reported a net loss of ₹110.44 crore for the quarter against a net profit of ₹137.68 crore in the corresponding period of last year.

Indian Govt may allow export of 5 million tonnes more wheat

Private trade may soon get access to the wheat stored in Food Corporation of India (FCI) godowns for exports, as the government plans to allow an additional shipment of 5 million tonnes (mt) soon. The government, the biggest wheat stockholder with an estimated 30.8 mt as on February 1, is under pressure to create storage space for fresh produce as the country looks forward to a bumper harvest for the third year in a row. As on January 1, the current central pool stocks were close to thrice the prescribed buffer and strategic reserves of 11.2 mt. Food Ministry had circulated a note for inter-ministerial discussions on allowing exports of an additional 5 mt for which the Union Cabinet is expected to set the price.

DP World ports in Dubai hit 100 million box milestone after 10 years

DP WORLD has announced its Dubai ports handled their 100 millionth container in January at terminals in the UAE region, including Mina Rashid and Jebel Ali Port, after beginning operations 10 years ago. The group said in a statement that the UAE region's annual container throughput increased more than 150 per cent since 2003, from 5 million teu to 13.3 million teu in 2012.

JNPT box terminal project to get ₹440 crore FDI

DP World, the Dubai Government-owned port company, will make an equity investment of ₹440 crore in the recently awarded container terminal project at Jawaharlal Nehru Port. The Foreign Investment Promotion Board has cleared the investment proposal of Hindustan Ports Pvt Ltd, a company newly constituted in India by DP World, to implement the project.

The cost of the project – a 330-metre berth – originally estimated at ₹600 crore, is expected to exceed ₹900 crore, according to an official earlier associated with the project. The berth will have the capacity to handle 8 lakh teu per annum, which could be augmented to 1 million teu, with better equipment and deeper draught.

Varun Shipping Q3 net loss at ₹14 cr

Varun Shipping has announced its third quarter results. The company's Q3 net loss was at ₹14 crore versus profit of ₹82.5 crore year-on-year (YoY). Its total income was down at ₹56.3 crore versus ₹79 crore, YoY.

TITANIC TO SAIL AGAIN!

Titanic once again is set for a voyage. An Australian billionaire Clive Palmer is going to build a high-tech carbon copy of *Titanic*. Means, it will be the replica of *Titanic* and will be known as *Titanic* II.

James McDonald, global marketing director of Blue Star Line Pty. Ltd said, "Interest has been so strong that we've probably had half a dozen people already offering more than $1 million to get on the maiden voyage' slated for 2016".

The ship will be built by Jinling Shipyard in Nanjing, China. The new ship will be the exact replica of original *Titanic* with all luxury as the original but it would have the latest steering and good safety technology.

Historical research team will assist the designers that they could make the ship look as close to the original one. *Titanic II* will be diesel-powered ship and with four smoke stacks like the coal-powered original.

While India is likely to face security challenges in long-term with China gaining operational control over Gwadar Port in Pakistan, the UAE and Iran may see their commercial interest under threat.

Sreekala G

DRAGON DANCE

The Pakistan government's decision to hand over the management of Gwadar Port, en route to key Hormuz Straits oil shipping lanes, from Singapore's PSA International to Chinese government-owned China Overseas Port Holdings Limited, will have serious ramifications in India.

China has been scouting for naval bases in the Indian Ocean for quite some time. In line with the US approach, China has pursued a 'string of pearl' strategy. As part of this, it is building a $14-million 'dry port' at Larcha, near the Tibet border in Nepal along with five other ports. It is also upgrading transport links with an eye to the huge Indian market.

Media reports suggest that China is one of four countries, including India, Japan and the US, interested in building a $5-billion deep-sea port at Sonadia Island, Bangladesh.

Sri Lanka in June 2012 opened a new $450-million deep-sea port at Hambantota, close to the vital east-west sea route used by around 300 ships a day, built with Chinese loans and construction expertise.

Although China has no equity stake in Hambantota, they have taken up an 85 per cent stake in Colombo International Container Terminals Limited, which is building a new container port adjoining the existing Colombo harbour.

Beijing also supports a port and energy pipeline in Myanmar that will

transport gas pumped offshore and oil shipped from Africa and the Middle East to China's Yunnan province, to be completed by May-end.

Sino-Pak strategic interest

Considering the trust between Chinese and Pakistan militaries, experts say Gwadar is the mostly likely port to be developed by China for use by its Navy or that of Pakistan. However, in the near term, Chinese focus seems to be on developing capacities to deal with threats to sea lanes of communication, Chinese citizens overseas and so on. Some analysts also pointed out that Beijing's concerns can be resolved through cooperation, as seen in anti-piracy exercises in the Gulf of Aden where China and the US conducted joint drills.

According to Chinese foreign ministry, Beijing supports jointly undertaken matters which are conducive to Chinese-Pakistani friendship and to the development and prosperity of Pakistan.

Gwadar will give China a land-based oil supply port that is not controlled by the US navy. Also, it can provide a new lease of life to the earlier abandoned idea of creating a Pakistan-China energy corridor as a 10 million tonnes per annum oil refinery in Gwadar. The idea was abandoned in 2009 due to the volatile situation in Baluchistan.

This proposed refinery can be linked to Kashghar in western China by pipeline. This will help China to avoid the Strait of Malacca and the dangerous maritime routes through the South China Sea, the East China Sea and the Yellow Sea. Through Gwadar, China would be able to have crude oil imports from Iran, the Gulf and Africa and transported overland to north-west China.

Pakistan President Asif Ali Sardari had said Gwadar would soon be a hub of trade and commerce in the region.

Potential Issues

However, it may not be easy for China to build strategic partnership with Pakistan with the help of operating Gwadar. There are security concerns lurking behind. China has to be cautious of making big investment in Pakistan as there can be problems due to Taliban and sectarian violence in Baluchistan, which is close to Gwadar.

In 2004, for instance, three Chinese engineers helping to build Gwadar were killed in a car bombing. The same year, two Chinese engineers working on a hydroelectric dam project in South Waziristan were kidnapped, and one of them died. Considering these factors Gwadar will more likely to be a long-term strategic project for China. In the meantime, Pakistan may give the Chinese navy access to its existing naval bases of Karachi or Qasim.

Back home, China may face problems as Kashgar is situated in Muslim-dominated Xinjiang, which is a hotbed of repeated religious violence.

Unsettling India

Notwithstanding these problems, initial signals of a long-term partnership between China and Pakistan indicate that it can unsettle India in future and can become a major security challenge. Union Defence Minister AK Antony had said that Chinese control of the port was 'a matter of concern.'

Indian security analysts pointed out that developing a port far away from the Indian military reach will give Pakistan military a strategic depth by providing additional response time in case of a military conflict.

Pakistan will be able to bring down its dependency on Karachi Port, which is much closer to India. Pakistan's trade is 95 per cent through the sea and most of which is handled at Karachi Port. Currently, Karachi port accounts for 68 per cent of Pakistan EXIM trade.

This dependency could be Pakistan's Achilles' heel as was proven during 1971 war with India when the Indian missile boats attacked the Karachi port.

In return, Gwadar offers China a key listening post to observe the Indian naval activities around the Persian Gulf and Gulf of Adan.

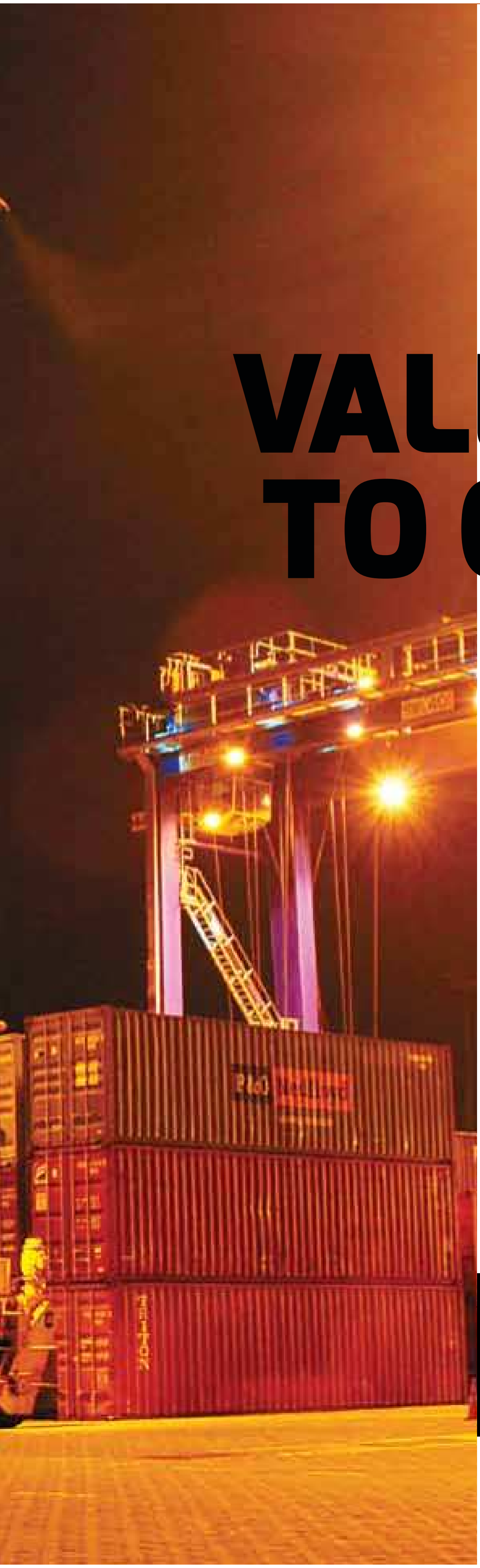
Global ramifications

While India is the immediate and most affected party, the Gwadar takeover has sets off alarm bells in other countries including Iran, the United Arab Emirates and the United States, as it can potentially affect the trade and strategic interest of these countries in the Arabian Sea and Strait of Hormuz, a gateway for a third of the world's traded oil transporting 13 million barrels of oil everyday.

Gwadar can give serious challenge to two Iranian ports – Chabahar and Bandar Abbas. It can also pose a threat to Iran's role in providing an important sea-link to landlocked Central Asian countries and other world markets.

For the UAE also, Pakistan will be a rival in trade once Gwadar becomes operational. Gwadar's geographical positioning gives it an advantage to challenge Dubai port's transshipment business thereby undermining UAE's commercial interest. There are also intelligence reports that point towards funding the separatist movement in Baluchistan, another reason that can pit UAE against Pakistan.

Chinese control of Gwadar can affect American interest as well. Gwadar will enable Beijing to pose an interception threat to the strategic oil trade to the Far East and Europe through Hormuz Strait. Gwadar can also help China to intercept communication from US military bases on the Arabian peninsula. mg



VALLARPADAM TO CHALLENGE COLOMBO

The International Container Transshipment Terminal (ICTT) Vallarpadam in Cochin is all set to revolutionise the future of global trade. ICTT with good hinterland connectivity, offers considerable savings in transit time and freight charges and can effectively compete with Colombo in attracting cargo.

Sreekala G

The International Container Transshipment Terminal (ICTT) at Vallarpadam off Cochin coast began operations in February 2011. But it was the Union government notification on cabotage relaxation in December last year that paved the way for it to become the hub in south India – catering to the large transshipment requirements from various domestic ports on the east and west coast.

DP World, the third-largest terminal operator in the world by volume, operates five terminals in India — at JNPT, Mundra, Chennai, Kochi and Visakhapatnam. Estimates suggest that the terminal operator handles close to 40 per cent of the country's container volume. Last December, the International Container Transshipment Terminal at Vallarpadam, operated by DP World, became the first terminal in the country to obtain relaxation in cabotage rules. In an interview, **K K Krishnadas**, Director & CEO, India Gateway Terminal of DP World Cochin, talks about what is in the offing at ICTT and how it can play an active role in facilitating the country's EXIM trade.

Q How do you think the cabotage relaxation will help ICTT and the overall container trade in India?

A With cabotage being relaxed for ICTT, we now have a level playing field with other transshipment ports in the region. Mainline vessels can now evaluate ICTT as an option for their transshipment hub which was not possible prior to cabotage being relaxed. International feeder operators can now provide cost-effective and efficient connectivity to and from ICTT, making it viable for the EXIM (export-import)trade in India to use ICTT as their preferred Gateway. This will benefit the trade in terms of shorter transit time and cost saving.

Q How was the trade response to cabotage relaxation? Have you seen any increased interest among container lines to make ICTT the hub?

A ICTT has always been a welcome addition for the EXIM trade community in Kerala. Internationally, the large global container shipping lines have taken the news on cabotage relaxation positively. With reasonably good growth in Indian exports and imports and potential for increased growth in India in future, shipping lines have shown definite interest in using ICTT as their transshipment hub. Some of the major shipping lines are in various stages of discussion with us on ICTT, and we should see more mainline vessels call at the terminal shortly.

Q Future seems to be tilted towards large container ships carrying more boxes. Is ICTT ready to handle huge volumes and accommodate large mother vessels?

A Equipped with state-of-the-art handling equipment and adequate draft, ICTT has the capability of handling large mainline vessels with capacities of 8,000 to 10,000 teu. In order to offer economies of scale, shipping lines will look at calling bigger vessels and lesser number of ports. Being ideally located on the east-west trade route, ICTT will be a natural port of choice for these shipping lines.

Q Does the terminal need further dredging to accommodate large vessels? If yes, what is the expected investment and timeframe by which the work will be completed?

A As per the concession agreement with the Cochin Port Trust, they are committed to give ICTT a draft of 14.5 metres. The current draft available is 13.5 metres and the port trust has stated and assured us that the capital dredging operation is happening round the clock to ensure that we have a draft of 14.5 metres by end February 2013.

Q ICTT had faced some teething troubles like space crunch and congestion. Have you been able to address them?

A The teething troubles ICTT faced were certainly not on account of congestion. They were the normal teething troubles faced when any new port commences operations, and introduces new and efficient ways of doing business at the port. The first phase of ICTT has a design capacity of 1.2 million teu and hence there is sufficient space at the terminal to meet demand. With a Gross Crane Rate (GCR) of around 28-30 moves and truck turnaround time of 45 minutes, ICTT provides the trade with the fastest turnaround of vessels and trucks in the country today.

Q Does ICTT have enough support infrastructures like CFS/ICD in place?

A There is definitely a need for more CFSs, ICDs , warehouses, FTWZs, etc, to be set up in the vicinity of ICTT. At present, we have CFSs just sufficient to cater to the current demand, but as the demand increases, we will need more such facilities. A few of these facilities are currently in various stages of completion.

Q Considering that bunkering facilities play a major role in the development of a transshipment hub like Singapore, what arrangements are there at ICTT on that front?

A The Cochin Port Trust has envisaged this in its master plan for Cochin and is setting up a bunkering terminal which should support ICTT in providing bunkering facilities to the ships requiring this facility.

Being close to major global sea routes, ICTT enjoys the benefits of a favourable geographic location. It is located 11 nautical miles off the Middle East trade route and 76 nautical miles off the Europe trade (Suez) route. This makes it an attractive option for shipping lines as they can save transit time, thereby bringing down operational cost.

ICTT was awarded on BOT basis to DP World, the Dubai Government owned international terminal operator in 2005. But it was the responsibility of the Cochin Port Trust to develop road, rail and other infrastructure to hinterland connectivity. According to a government release, when it began operations, of over ₹1,700 crore was spent by Cochin Port Trust and DP World invested more than ₹1,600 crore in the project. DP World will share 33.3 per cent of the revenue from this terminal with Cochin Port Trust (CPT).

With Vallarpadam getting cabotage relaxation, DP World is likely to witness a major boost in business in the days to come.

Facilities

ICTT plans to complete the construction activities in three phases. "Land is not a constraint as we have enough space for expansion. We have 115 hectacres of land, of which 45 hecatres have been developed so far. Facilities are in place and now we are waiting for trade volumes,'' says KK Krishnadas, director & CEO, Indian Gateway Terminal of DP World Cochin.

Currently, the first phase of construction is over with a quay length of 600 metres and a design capacity of 1.2 million teu. While the company plans to increase the capacity to 1.5 million teu and add 300 metre of quay length in the second phase, the terminal will have a capacity of 3 million teu in the third and final phase.

"Being close to major global sea routes, ICTT is an attractive option for shipping lines as they can save transit time, thereby bringing down operational cost."

The company is not in a hurry to carry out the expansion plan as the capacity is adequate enough to handle the current traffic of 330,000 teu. "Though we do not plan our expansion activity in a time bound manner, we will ensure that the capacity will be ahead of demand,'' says Elvis D'Cruz, General Manager (Commercial), DP World Cochin.

There are at present four Super Post Panamax Quay Cranes, two mobile harbor cranes, 15 Rubber Tyred Gantry Crane, three reach stackers, two empty handlers, four forklifts and one hydra in place at the terminal.

Another factor that makes ICTT Vallarpadam attractive is the high efficiency and absence of any congestion problems. In terms of productivity, the minimum gross crane movement is 25 moves/hour while it can go up to 28-30 moves/hour.

There are two container freight stations (CFS) coming up near Vallarpadam. APMT is setting up a CFS, which is expected to be ready by July 2013 while Concor is building another in 17 acres of land and it will be ready in a year. Besides, there are three existing CFSs in the vicinity.

The terminal is also making efforts to make customs procedures online as most customs house agents (CHAs) are located at Wellington Island.

Draft

Vallarpadam is a natural harbor and currently its draft length is 13.5 metres. The draft length will be increased to 14.5 metres by February-end. This will enable the terminal to handle ships up to 350 metre length. “We are looking at vessels of 6,000-8,000 teu. We do not see the possibility of large vessels of 18,000 teu coming to India in the near future,’’ says D’Cruz.

Connectivity

Vallarpadam is supported by a hinterland that extends across the country. A dedicated four-lane highway connects the terminal to major national highways. It also has direct rail connectivity. According to the government, the Vallarpadam railway link in Cochin is the longest rail bridge in India. The 4.62-km rail bridge is part of the 8.86-km rail corridor connecting the ICTT with Edappally, a suburb in Cochin city.

ICTT also has coastal connectivity to all other ports in India. Besides, if utilized properly, the wide inland waterway network of Kerala will work as a greener alternative source of connectivity at a reduced cost and time.

“ICTT also has a good feeder network in place offering good connectivity to west coast ports in India including JNPT, Tuticorin, Dubai and Colombo. But feeder connectivity to Chennai on east coast needs to be developed. When more and more container lines start calling at Vallarpadam, we expect feederlines to step up services,’’ says D’Cruz.

Once, ICCT develops into a transshipment port, the transit time reduction will be one of the main benefits that will interest the trade. ICTT has developed multimodal connectivity. Rail and roads are well connected with ICDs of south India. The terminal is not congested hence productivity is expected to be high.

Capt Deepak Tewari
CEO, MSC Agency (India) Private Limited and Chairman, Container Shipping Lines Association

Currently, CMA CGM and Evergreen/Simatec call at Vallarpadam.

Advantages over Colombo

Though ICTT is geared up to compete with Colombo, it will take time for it to emerge as a transshipment hub as it will not be an easy process for any shipping line to suddenly change the hub to a new destination.

“We are getting calls from leading shipping lines and there is an increased interest among them to call at Vallarpadam. We are initially targeting those lines which have one or two services being carried out of Colombo as it will be easy for them to divert to Cochin. Our main selling point is that we can offer reduced transit time of 6-7 days for Europe bound cargo compare to Colombo. In our case, road and rail connectivity along with speed of operations would stand out compared to other hubs,’’ he says.

There will be cost savings as well. If cargo is moved from Bangalore to Europe via Chennai-Colombo route, each container will incur an additional cost of $230. This is a major saving for an exporter if he can move it via Cochin especially sensitive commodities like clothes, fruits, auto parts and food items.

Vessel related charges (VRC) at Vallarpadam are same as that of

Colombo and 3-5 times lower compared to other ports in India. However, container related charges are higher at Vallarpadam as against Colombo and officials say ICTT will offer competitive tariffs once the number of shipping lines calling at Vallarpadam goes up.

Estimates suggest that a majority of India's transshipment business of over 7.5 million teu goes via Colombo, Salalah and Jebel Ali, causing considerable loss of time and money to Indian shippers. But Vallarpadam does not enjoy any major advantage over Salalah.

Salalah has a wider geographical coverage to act as a hub and comes with least diversion on the Asia-Europe route.

Shipping lines' perspective

Ludovic RENOU, Managing Director, CMA CGM Agencies (India) Private Limited is of the opinion that ICTT Vallarpadam is fully ready to handle mother vessels. With marine cost almost equal to Colombo, Vallarpadam is an attractive hub for shipping lines.

“Relaxation of cabotage on specific corridors makes the situation too restrictive and does not allow foreign carriers to deploy a full comprehensive feeder network, well articulated to support the Indian trade.”

Ludovic Renou
CMA-CGM

However, he says, there are not enough regular trains to/from Bangalore. Moreover, train tariff from / Bangalore to / from Chennai are far more competitive than on the Cochin corridor. As a result, even if transit time from Cochin to Europe is faster, shippers still prefer to go via Chennai. Another problem is related to cabotage. “Relaxation of cabotage on specific corridors makes the situation too restrictive and does not allow foreign carriers to deploy a full comprehensive feeder network, well articulated to support the Indian trade,” he says.

According to Deepak Tewari, CEO MSC Agency (India), advantages of Vallarpadam over Colombo are: Closer proximity to the international shipping channel – 11 nautical miles off the Middle East trade route; availability of EXIM cargo within the South Indian geography and curtailment of piracy activities since the terminal operates under the close surveillance of Indian Navy's southern HQ.

“Once ICCT develops into a transshipment port, the transit time reduction will be one of the main benefits that will interest the trade. ICTT has developed multimodal connectivity. Rail and roads are well connected with ICDs of south India. The terminal is not congested hence productivity is expected to be high. CFSs outside the port to handle the volumes have also started development,'' he says.

However, constant dredging, lack of feeder network, higher CRC/VRC charges as compared to Colombo, potential impact of the Tariff Authority for Major Ports (TAMP) are some of the challenges for Vallarpadam.
“From shipping lines perspective, a host of parameters have to be in place to qualify a terminal for transhipping its cargo. Main among them are the availability of adequate draft throughout the year, established feeder network to cater to the ports feeding cargo to/ from, competitive vessel, land side costs. Being the first terminal in India to operate under SEZ rules, regulatory frame work should not hamper the productivity of the terminal and scope for expansion,'' he says.

Future Cargo Hubs

Government of India wanted to promote Nagpur as the air cargo hub of India. But with Indian logistics infrastructure seeing major transformations and many projects getting underway, India is warming up to project the country as an international cargo hub with several nodal hubs linked to Nagpur. Given the scenario, will Hyderabad realize its dream of becoming 'the' air cargo hub of India?

Manjula Murari

Not so long ago, Hyderabad was nicknamed the IT cub of India. From being an IT cub, it could now be on the verge of becoming the air cargo hub of India. Though the Government of India had intended to develop and promote Nagpur which is geographically centrally located for some years now, the GMR Hyderabad International Airport Limited (GHIAL) is working towards emerging as the next viable option. Incidentally, the zero line runs through Nagpur and this was considered to be good reason to develop the second capital of Maharashtra into a cargo hub. Already most of the cargo operations for national and international cargo take place from Nagpur, but GHIAL is building the requisite infrastructure and expanding the cargo capacity to bid strongly.

There has also been increasing optimism that India will emerge as a cargo hub due to its geographic location between South East Asia and the European Union in the past few years. With Indian economy showing a solid growth trajectory and liberalisation of the aviation sector, the Indian air cargo is expected to increase in the next few years. India has also raised the Foreign Direct Investment (FDI) limit to permit 74 per cent stake in Indian cargo airlines which is also expected give a positive push to the market.

The international air cargo is mostly concentrated in the three metros Mumbai, Delhi and Chennai. The development of Greenfield airports – Bangalore and Hyderabad – and Nagpur will help in handling higher cargo traffic. This will naturally mean ensuring improved aviation facilities for cargo handling and increasing the fleet of freighter aircraft of India. The need to improve road and rail connectivity to and from cargo hubs to ensure a well-developed and efficient feeder network has also come forth. As there is increasing usage of aerial mode to transport perishable and time-sensitive products, there is increasing demand to set up the latest facilities at cargo hubs.

Realising the need and envisaging future growth, a major transformation has been happening in the Indian logistics infrastructure. The development of some of the state-of-the-art projects in the past few years substantiates the fact that India is keen on building a strong supply chain network all over the country. Though it is mostly the private players who hold the fort, it is the public private partnership (PPP) that has presented itself as a classic model for a future-ready air cargo hub.

GHIAL presents itself as a successful PPP model. One main argument in favor of the Rajiv Gandhi International airport is that making Hyderabad a logistics hub for air cargo could save up to $100,000 on each international freighter routing through different destinations in India. The main hurdles for now come in the form of need for improved infrastructure, streamlining the process of 24x7 customs clearance and reducing the import dwell time. It is argued that by having a central point in the country for wide-bodied aircrafts such as a Boeing 747 or Airbus A380 and then connecting it to the rest of the country through road, rail as well as domestic freighter services, imports and exports could be made a lot cheaper.

The officials at GHIAL point out that the logistics cost in India is 12 to 14 per cent of GDP, when compared to 4-5 per cent in developed countries. Air cargo continues to be the preferred mode of transport for high value and perishable goods and accounts for 10 per cent of country's exports and 40 per cent or ₹320 billion in terms of value. The import dwell time in India is between five to six days, whereas Dubai and Singapore boast of half an hour.

> "Though the government had intended to develop Nagpur which is geographically centrally located for some years now, the GHIAL is working towards emerging as the next viable option."

GHAIL also intends to replicate the pharma terminal for agri exports from Andhra Pradesh which now go through Mumbai Airport. Already, the airport has India's only dedicated pharmaceutical handling zone. Lufthansa borrowed the same design for a similar facility in Frankfurt.

In the coming years, GHAIL plans to develop a city around the airport with healthcare, leisure, education, hotels, a logistics park, free trade zone and various other facilities. The free trade zone is already operational where one can import and export without having to pay duty as it falls outside the domestic tariff area.

Despite recession, GHAIL which has been developed under private public partnership (PPP) mode has shown 10 per cent growth. It has also generated 10,000 jobs and managed to attract $1.7 billion. This the officials say validates why Hyderabad is a good option for becoming India's air cargo hub vis-a-vis Nagpur.

There was a lot of hype and publicity surrounding Mihan in Nagpur, till Hyderabad started preparing to project itself as the most potential contender for becoming India's cargo hub. But while the Hyderabad airport pitches for itself to become 'the' cargo hub, efforts are on at other airports to developing them into cargo hubs.

Two major reasons being the long waiting time and overcrowded cargo hubs at the metropolitan airports. So, alternate cargo nodes are greatly in demand to decongest the major hubs. These nodal hubs are also expected to make the entire process cost effective to the ultimate customer. Also, the Government has been proactive in revising policies and this is bound to further encourage investment in the air cargo industry and facilitate the development of required amenities and infrastructure even in tier-two cities. Subsequently, multi-modal cargo hubs for quick and efficient transportation of cargo are likely to mushroom.

Nashik, Kochi, Baruch/Dahej in Gujarat, Indore in Madhya Pradesh, etc, are all being developed in a phase wise manner.

Instead of focusing on one major

Why Hyderabad can become 'the' cargo hub

- Connectivity with south-east countries and the infrastructure are expected to cut down the travel time for most cargo players and increase the capacity for cargo and logistics companies.
- GHIAL has a 14,330 square meter complex near the airport where they have a dedicated segment close to 6610 sq mt for international cargo and 4346 sq mt for domestic cargo. Another 3374 sq mt have been allocated for office space and parking in the cargo area.
- The company also plans to build a larger cold chain storage and a perishable warehouse in the cargo area. While the current capacity is at 60,000 tonnes, the actual total capacity of the cargo hub is 100,000 tonnes.
- GMR is building their own offices and warehouses and is also in talks with various cargo companies, freight forwarders and airlines for them to set up facilities. Deccan 360 is already building their warehouse in Hyderabad.
- Since April 2012, Thai Airways commenced its Bangkok-Hyderabad-Frankfurt cargo freighter service. The service connects Rajiv Gandhi International Airport with Far East and European countries. Thai Airways is also expected to announce further plans for Hyderabad. Lufthansa already operates four freighter services a week from the city on Mumbai-Hyderabad-Sharjah-Frankfurt route.
- Its central location, world class infrastructure, free trade and special economic zone, huge presence of pharma sector, make Hyderabad ideal to develop into a cargo hub. Visakhapatnam, Nagpur and Pune can all be best served by Hyderabad. Major airports like Mumbai cannot expand further.
- Pharma accounts for 70 per cent of exports and another major sector is defence equipment. But GHIAL is developing a strategy with the objective of catering to several Indian cities.
- Another feature would be the cargo apron which will be equipped to handle all wide bodied aircrafts.
- Hyderabad's cargo terminal is India's first modular integrated cargo facility spread over 14,330 sq meters with a capacity to handle 150,000 MT annually. The terminal also has a dedicated pharmaceutical handling zone. The pharma zone offers a temperature controlled environment for handling temperature-sensitive pharma products to maintain the cold chain during the shipment process for shippers factory to end users.
- The airport is also working on Road Reefer Service which will allow safe, secure and reliable transportation of shipments to key cities in India via road.

cargo hub, the government of India too is warming up to the idea of marketing the entire country as a cargo hub with various lucrative options for international players.

Nashik

As mentioned earlier on, Ojhar air cargo hub at Nashik has been touted and developed as the alternative cargo destination to decongest Mumbai airport. It is felt that from a metro-centric scenario, there is a need to develop strategic locations at various places to ensure a congestion-free environ within India for all customers on a customized basis. This is aimed at providing hassle-free overseas trade and hassle-free solutions. Ojhar airport is expected to act as a cost-effective, single window clearance for exporters and importers across various industry segments in Maharashtra. It is also expected to decongest the air cargo complexes in and around the state.

Given its proximity to the Mumbai-Agra National highway and being situated at the centre of various industry verticals, Ojhar presents itself as a viable alternate for EXIM trade.

The Ojhar airport project has become a reality due to HALCON, a joint working group between Hindustan Aeronautics (HAL) and Container Corporation of India (CONCOR) along with the terminal operator – Clarion Solutions, which is part of India's leading shipping and logistics conglomerate – Transworld Group.

Apart from being the wine capital of India, Nashik is also one of the major agricultural belts of Maharashtra. Hence, given the distance and connectivity, Nashik seems to be an appropriate choice for an alternate air cargo hub. This would also mean business opportunities for local people, but also a connecting point for many manufacturers based in and around Nashik.

Gujarat (Ahmedabad, Baruch/Dahej)

Gujarat's share is 30 per cent, 16 per cent and 6 per cent in chemical and pharma, textiles, apparel and engineering goods of the national output. Gujarat handled 2 per cent of India's air cargo as of 2007-2008. But air cargo exports in terms of chemical, textiles and horticulture could be augmented if quick transport facilities are available. It is felt that Gujarat has a potential in perishable goods as many horticultural crops are grown here such as banana, mango, chikoo and citrus fruits. Major vegetables such as onion, potato, brinjal, tomato, okra and cucurbits are also grown here in abundance. The state almost enjoys a monopoly when it comes to spices such as cumin, fennel and garlic. Flowers such as rose, lily and marigold are also being cultivated. In the southern parts of the state, aromatic plants such as pacholi and pamaroza are grown.

There is also scattered cultivation of medicinal plants such as aloe vera, sena and gugul. Gujarat also has 12 co-operative milk plants, 11 private dairy plants and 12,991 co-operative dairy societies. Hence, it is proposed that air cargo lifting facilities be developed at Ahmedabad and Surat. Given the large presence of chemicals and pharmaceuticals in the air lifted cargo, it is also proposed that an air cargo hub be developed around Bharuch/ Dahej. It is proposed that PCPIR could host a large air cargo complex along with MRO facility.

Kochi

Cochin International Airport has become one of the largest centers for perishable cargo. It has state-of-the art advanced technology facilities and handles more than 25,000 mt annually to cater to West Asia, Europe and America. More expansion activities are in the planning. This will mean that better quality processed foods, vegetables, fruits and seafood grown and cultivated by the local farmers will be exported to worldwide markets. It serves as a link in the cold supply chain for perishable products and has six chambers of varying temperature and humidity control facility at required levels for each of the commodities. The local farmers too benefit as they get better prices for their products.

CAIL is the first Greenfield airport setup with investments from nearly 10,000 NRIs from 30 countries as its stakeholders on a PPP model in civil aviation infrastructure sector and is expected to become a future air cargo hub.

Madhya Pradesh (Bhopal/Indore)

The PPP model is to be used to set up an air cargo hub to Singapore either at Bhopal or Indore in Madhya Pradesh. Nearly 500 hectares of land has already been identified and an investment of nearly ₹75,000 crore is expected.

Developments elsewhere

Chennai

Chennai has recently got a modern air cargo hub and a fully automated cargo handling system in place.
The new hub will include a state-of-the-art mechanized cargo handling area spread over 58,000 sqm space, which is almost double its earlier size. It is also expected to handle more than six lakh tones of cargo. Also now each consignment will have an electronic tag and can be tracked automatically as the automatic storage and retrieval system (ASRS) will be in place.

International air terminals at Rohtak and Vizag

Vizag is already connected to Dubai and is expected to have connectivity with Singapore and Colombo soon. This is likely to boost export of perishable goods, especially marine products. Diamonds, shrimp feed and pharmaceuticals are largely being exported from the port city. Plans are on to develop a full-fledged single-window cargo terminal which will increase the volumes and variety of cargo exported. It is also expected to facilitate the export of fish to the Middle East.

Haryana government has decided to set up an international air cargo terminal in Rohtak that is likely to help the SMEs (Small and Medium Enterprises) in Rohtak, Hissar, Jhajjar, Bhiwani and Bahadurgah. Rohtak is known as the auto ancillary hub and the terminal is expected to assure at least 10 per cent of growth for domestic suppliers and 20 per cent growth for exporters. But the anticipated outcome is that it would help the SMEs to do business both in domestic and international markets.

So, given the focused efforts of the Government of India to develop the infrastructure at various hubs and to link them with Nagpur, Hyderabad sure has stiff competition in emerging as India's air cargo hub. mg


Port of
Halifax
Seamless Intermodal links
Post-Panamax ready
Deep, ice-free year round
Capacity to grow

GOOD FOR SOME, BAD FOR OTHERS

Today the Alang ship-breaking industry is minting money thanks to the economic slump. Ironically it continues to flout labour and environmental laws.

Ritu Gupta

The aerial view of Alang seems quite bizarre, with 10 km of beach having dismantled ships lying indolently in the endless ship-breaking yards. Indeed, Alang is arguably the world's most famous graveyard for ships. What makes it ideal for this task is a beach endowed with gentle slopes as well as high tides that allow ships to simply glide onto the sand. The ship-breaking industry here started in 1983 and since then the historical place has gone through many ups and downs with financial crisis plaguing the world economies and the yards being criticised for flouting labour and environmental norms. Ironically, most ship-breaking companies in India do not follow sufficient precautions, exposing workers and the environment to toxic materials. According to environmentalists, the ship-breaking industry has turned the beaches of Alang and other nearby places into poisonous holes. Ships of varied developed countries that are full of hazardous substances like PCBs (polychlorinated biphenyls), radioactive materials, asbestos and ballast water arrive at Alang, and when they get dismantled the toxic substances are allowed to leach into the environs. Indeed, one of the attractions for shipowners of having their vessels dismantled in India is that the breakers receive little of the regulatory oversight that takes place in Europe or the US, and hence ship breaking proves to be a cheap task.

Indeed, the government to date has done precious little to prevent the transformation of the beaches into landfills. The Union Steel Ministry was given the task to prepare the Code on Regulations for Safe and Environmentally Sound Ship Recycling. It has, however, failed to do so even after many years of the court order. On the recommendation of a High Power Committee on Hazardous Wastes, a landfill was created for the hazardous wastes at Alang. But this landfill soon got filled up, but there was no data made available regarding the quantity and type of hazardous wastes that were dumped. Today, the ship-breaking activities continue despite non-availability of adequate landfills. According to Greenpeace, an international pressure group, the levels of pollutants such as organotins and PAHs in the soil and sediment in and around the yards are high enough to warrant the classification of these soils and sediment as hazardous wastes. Many of the poisons end up in the bodies of the workers and remain in the local environment for a very long time.

The Indian government also remains unmindful of the death toll of migrant workers from Bihar, Uttar Pradesh, Jharkhand and Odisha in Alang. In 2011 alone, 28 workers got killed. The inquiries in such deaths were never made public. A report by the National Institute of Occupational Health claims that almost one in every six workers in Alang is a victim of asbestosis – a respiratory disease caused by exposure to asbestos. Moreover, the fatal accident rate, two in every thousand workers, is six times more than that in the mining industry. A United Nations special rapporteur examining India's disposal of hazardous wastes said the health and safety situation in many ship-breaking yards in India still remains "critical" and there is a need to improve training facilities and working conditions for labourers. Indeed, what really makes Alang tick is the cheap labour. Average wages are around ₹6,000 to ₹7,000 per month and accommodations are shacks with no running water or toilets. This is the main reason why Alang is entirely occupied by non-Gujaratis. Despite the desolate conditions, most workers in Alang are stuck there due to lack of employment opportunities elsewhere. They are not given protective gear such as gloves, boots and hard hats. Very few workers are given a mask to shield themselves against the toxic fumes which come out when a ship is taken apart. The nearby clinics receive more than 35 injured patients every day. Most accidents take place because of fatigue. Although the Supreme Court has specified that the work will go on from 7 am to 7 pm, most yards have limited this rule only to the 'gas-cutting' activity (cutting the ship with LPG and oxygen) and function well into midnight carrying on with other tasks in the yard.

There's also a security angle associated with the industry. According to intelligence reports, Pakistan-based underworld has a major stake in the ship-breaking industry in Gujarat. A Standing Monitoring Committee on Ship-breaking Yards at Alang in 2011 notes that the customs officials and the Gujarat Maritime Board are unable to verify whether the documents provided to them when the ship beaches at Alang are forged or not. Over 100 ship-breaking companies are active in Alang.

According to experts, one of the way out is that the hazardous ships entering Indian territorial waters without prior consent and without prior decontamination must be sent back. Such ships must take the Union Defence Ministry's clearance before entering the Indian waters. According to Gopal Krishnan, a Delhi-based activist, given the sensitivity involved, the regulation of ship-breaking activity should be handed over to the Navy. Also, there is a need to comprehensively investigate the adverse environmental and occupational health impacts of dismantling dead ships on fragile coastal environment of the Alang beach. The Gujarat Maritime Board and Gujarat Pollution Control Board (GPCB) – the monitoring agencies – should take action against the yards for not adhering to the rules. Presently these agencies are allegedly slipping away from their mandate according to media reports, the decontamination certificate which is to be obtained from the GPCB after all the oil is removed from the ship to continue with ship breaking is made readily available after a certain payment. "There is a lot of corruption that takes place since a lot of permissions etc have come into play. No one is really concerned about the occupational hazards," a senior ship breaker said.

A Funny Business

Ship breaking loves economic slowdowns where it does very well since owners would rather junk scrap-worthy ships than have them sit idle. Consequently, 2009 was a splendid year for the industry

Year	No of Ships Broken	Light Displacement Tonnage
2006-07	136	7,60,800
2007-08	136	6,43,437
2008-09	264	19,43,771
2009-10	348	29,37,802
2010-11	357	28,16,231
2011-12*	254	22,10,581

*Till Nov

Source: Ship Breakers Association of India

India's ship-breaking industry wants to resolve some of these issues by putting some onus on the shipowner as well to make sure that a ship coming in is free of sludge and environmentally sound. But the idea has not found any resonance in Pakistan and Bangladesh, the two other countries which resort to the 'beaching' method for ship breaking, as both fear a loss in business. Meanwhile, the International Maritime Organisation (IMO) in its Hong Kong Convention is contemplating a set of rules and regulations for safe and environmentally sound ship recycling.

Boomtime

It is crucial for India to resolve these matters as soon as possible as the country's ship breakers are expected to grow their global market share from the existing 35 per cent to 40-45 per cent in the next two years, according to a CRISIL study. The global shipping downturn and weak macro-economic headwinds since 2009 have facilitated the growth of the ship breaking industry with there being an increase in the supply of ships to be scrapped. When economies boom, ship-breaking suffers as ships are in high demand. Conversely, an economic lull spells a boom as idle ships can make more money as scrap. Between 2006-07 and 2007-08, the pre-crisis years, only 272 ships were scrapped in Alang. However, in the last three years alone from 2008-09 to 2010-11, the number has more than tripled to 969. This year, Alang is expecting a record number of more than 400 vessels to coast up onto its beach and die. The high prices for steel scrap have also been big catalysts for spurting the growth of Alang, as the ship breaking industry meets 30 per cent of India's requirement for steel scrap. In 2009 and 2010, the volumes in global ship breaking aggregated around 44 million gross tonnage (GT) – twice the volumes of the four preceding years. But for this boom to sustain, it is crucial that the industry takes care of both is workers and environs, else the continuous destruction may soon spell doom for the industry. mg

CHASING A MIRAGE

Though 100 per cent FDI has been allowed in shipping since 1997, the decision is yet to generate the desired result, mainly due to antiquated shipping laws and complex tax structure.

Sreekala G

The Centre decided to allow 100 per cent FDI into ship-owning to increase the overall tonnage registered under the Indian flag. But the government failed to create conducive environment to create adequate interest among foreign players to make the investment lucrative.

Though the Indian-flag ships managed to continue operations, the continuing global economic woes have put a question mark on their sustainability. Many shipowners like Mumbai-based Pratibha Shipping and Varun Shipping are in dire straits.

The situation has become so grim that the entire fleet of nine oil tankers of Pratibha Shipping were stranded at various ports in India and abroad and their crew were left without food and provisions for days in January this year, prompting the Director General (DG) of Shipping to convene an emergency meeting of representatives of the shipping company, seafarers unions, shipowners association, port trusts, Coast Guard and other officials to arrange food, provision and fuel to the stranded vessels and to bring home the crew as early as possible.

With the government making no effort to revamp the policy framework, Indian shipowners are feeling a sense of gloom and doom. Most Indian shipowners today feel that, running an Indian-flag ship is a nightmare due to adverse market conditions and multiple levies. Besides, they need to compete with foreign lines – who pay no taxes in India – for the country's own cargo. While the freight market has been at its low, operating costs have soared. Companies are finding it difficult to keep their fleet afloat.

According to the Container Shipping Lines Association (CSLA), FDI in shipping did not materialize due to seven major factors.

Antiquated shipping laws

India's shipping laws are outdated to the extent that it gives an opportunity to the authorities to use the most archived clauses into use.

In today's context, where information technology is the base for doing everything, no shipping work is completed without delving through age-old laws like Merchant shipping Act 1958, The lighthouse Act 1927, the Inland Vessels's Act 1917, Carriage of Goods by Sea Act 1925, Bills of Lading Act 1856, and Coasting Vessel's Act 1838.

Classification Rules

All ships required to be flagged in India must necessarily be classified by Indian Register of Shipping. While all classification societies purport to be guided by similar rules as envisaged by the International Association of Classification Societies (IACS), ship management companies have had to tear their hair to comply with IRS requirements.

Numerous taxes

Indian shipping is besieged with numerous taxes. Most components of costs of a ship are international and therefore even out for operators regardless of nationality. What makes the difference is the taxation and overheads or management costs in the host country.

The taxation regime in India currently skews the competitive ability of Indian shipping companies. This occurs not only in the international trades but also in the domestic and coastal trades. Even if a company flagged in India was to follow some of the best market practices in systems and operations to keep costs under control, the taxes would make operations difficult.

Taxes are levied on spares and stores for ships which are not applicable for foreign flags. Duty paid bunkers required to be used, tonnage tax, MAT (Minimum Alternate Tax), service tax on foreign freight, seafarer's taxation results in non-availability of competent personnel, withholding tax on interest paid on External Commercial Borrowings, service tax provisions on time and voyage charters etc, all tend to make foreign investors think twice before investing in India ship owning.

Despite the introduction of tonnage tax in India in April 2004, the average tax rate paid as percentage of profit is much higher in the case of an Indian company compared to a company operating in Singapore.

The current average tax on an Indian company is 9.73 per cent whereas for a company listed under Singapore's tax regime is 2.19 per cent.

Similarly, average tax rate as a percentage of total income was significantly higher in the case of the Indian companies when compared with that of foreign companies.

The average tax rate of an Indian shipping company for the financial year ended March 31, 2010, was 1.87 per cent whereas for a company under Singapore's tax regime with the same level of operations for the financial year ended March 31, 2010 would have been 0.42 per cent.

In addition, Indian shipping companies are required to pay indirect taxes such as service tax and VAT.

Cost heads of an Indian shipping operation

Cost elements	Market pricing
Taxation	National
Overhead/Management costs	National
Non-equity finance	National/International
Equity finance	National/International
Acquisition of ships	International
Crew manning	National
Maintenance	International
Repairs	International
Insurance	National/International
Stores & Supply	International
Port charges	International
Docking/survey costs	International
Fuels costs (Bunkering)	International

(Source: UNCTAD, the United Nations Conference on Trade and Development)

Operating parameters for a coastal voyage	Impact on an Indian flag vessel	Impact on non-Indian ship	Competitive advantage rests with
Flag	Higher tax rate	Lower tax	Non-Indian ship
Safe manning rule a) Number of seafarers b) Nationality of seafarers	The number of seamen to be mandatorily employed is fixed and higher per voyage	Not in the purview of these rules; lower manning scales	Non-Indian ship
Bunkers	Purchase cost ~30 per cent higher than a foreign flag ship operating on coast	Not levied; tax free	Non-Indian ship
Seafarers taxation	Indian seafarers on Indian flag ships have to pay tax and hence cost of employee goes up	Not levied; tax free	Non-Indian ship
Tonnage tax	Plus additional taxes payable such as MAT	Not levied; tax free	Non-Indian ship
Service tax on freight	Applicable	Not levied; tax free	Non-Indian ship
CVD	Applicable on the entire period that GTL is valid and on the value of the vessel	Applicable on time charter contract value	Non-Indian ship

License to operate

After flagging a ship in India, an owner needs a license to operate. He is not free to operate anywhere. And it is this rule that is misinterpreted or used scrupulously (by DGS and the Customs Dept) that it finally prevents the Indian tonnage from growing.

Facilities for registration of ships

For completing the flag registration in Germany, Singapore and a number of other flag countries, a shipowner or the agent is not at all required to visit the Marine Administration office. Only physical inspection of the ship is done by Registrar. Everything else could be done by emails. In India shipowner and his agent have to make numerous visits to the DG Shipping office. The

registration of a vessel under Indian flag takes 8-12 months in India as against 7-12 days in Singapore, Germany and other standard flag states. In fact, ships can be registered in 24 hours in some flags of convenience.

Manning scales on Indian flag ships

It is cheaper to operate with foreign manning scales rather than by Indian manning scales. If a ship is flagged in India, it will be required to follow the scales as set down under MSA 1958.

Cost heads of an Indian shipping operations

As Indian shipping competes internationally, the cost heads for Indian ships should be on par with multinational shipping companies. The cost heads listed below clearly show that Indian shipping has to pay costs and taxes at higher rates than prevalent internationally. Similar costs heads are not paid by non-Indian companies if they operate in their home countries.

CSLA points out that only one investor (American Eagle Tankers, Malaysia) flagged one tanker (Eagle Meerut) with Indian flag. The owner found it so expensive and cumbersome that after operating the ship for a year or so gave up and sold the ship. If we compare the operating cost of an Indian flag ship and a foreign flag ship plying around the Indian coast, the operating cost of the Indian ship will be about 40 per cent higher.

In addition, there are several other operating parameters that fail to enthuse foreign shipping companies to set shop in India. Mortgaging a ship in India at Merchant Marine Department is a cumbersome process and lead to undue costs. Obtaining a document of compliance (DoC) is most difficult and time consuming. There are no cargo support schemes, which reduce options of assured business. Usage of only Indian crew on board vessels is restrictive in terms of operating costs of ships.

Compliance cost of ships in India is unduly and unnecessarily high. There is no evidence of systems for quick supply and delivery of ship stores dutiable. There is little or no R&D in shipping, shipping reports, analysis data, statistical approach to decision making. There is lack of maritime constituency or influence on shipping policy.

Considering these issues, CSLA feels the government should offer policy of facilitation to encourage foreign shipping lines to invest in the Indian shipping sector. MG

"The Rotterdam Rules"

By **Michael F. Sturley; Tomotaka Fujita; Gertjan van der Ziel**

Book Review by **S Venkiteswaran**, Senior Advocate

It is high time that the maritime community should free itself from the shackles of the Hague Convention and Hague Rules and enhance its effectiveness to be useful in the contemporary times when shipping itself is modernised with the use of automation and computers – as a far cry from the good, old steam ships. No one disagrees that there is need to look at COGSA and bring in a equal liability regime all over the world. But how?

The culmination of a long formal and informal work, with the object of updating and revising the legal regimes governing the carriage of goods by sea, the new "United Nations Convention and Contracts for International Carriage of Goods Wholly or Partly by Sea" ended up with what the United Nations General Assembly recommended as "Rotterdam Rules". The Comite Maritime Internationale (CMI), after consultation with several experts, produced a draft to UNCITRAL, whereafter the Working Group on Transport Law started the process of discussions.

One can understand objection to change on tangible grounds but, unfortunately, in many countries the need for its adoption has not been appreciated due to ignorance. It is hence that this treatise by Michael F. Sturley, Tomotaka Fujita and Gertjan van der Ziel. The authors explained effectively not only the legal regime but also the justification and reasons therefore.

These three eminent authors had the advantage of involvement during the drafting of the Rotterdam Rules, commencing from the preparatory work of CMI and through the negotiations of the UNCITRAL Working Group. Each one of them was fully involved in every significant discussion during the negotiation of the Rules and had effectively participated in major decisions and, therefore, been able to articulate the concept extremely well with the personal insight, rather than bringing out a drab text-book. The book has also taken into consideration the need for going into the nuances of using certain expressions to convey what is intended. While dealing with the pragmatic goals of the Rotterdam Rules in the very first chapter, the authors have stressed where the present regime is unsatisfactory. The book reflects the efforts put in and the stages of tests that the draft has gone through. In Chapter II, they have succinctly expressed what is covered under the Rotterdam Rules and what is not covered.

The recent concept of electronic transport record, efficacy thereof and the law related to it has been explained in Chapter III. The authors have, with appropriate examples, explained the most modernised, door to door concept and the safeguards provided to avoid conflicts with other Conventions. The liability of a carrier and the obligation of a shipper, including comparison with the existing regime, have been dealt with in Chapters V and VI. In Chapter VIII, they have explained effectively the aspects of delivery.

One of the most welcome aspects is the number of examples provided by the authors, the examples being illustrative and explaining the factual situation for the purpose of application of these Rules. This book would be extremely useful and the lucid manner in which it has been written and the illustrations furnished make it equally understood well by a legal practitioner as well as by a person who has nothing to do with any litigation ever. At no stage the authors made it even remotely appear to be a public relation exercise or be protagonists of the Rotterdam Rules, but have restricted themselves at explaining in simple terms first, what the Rules are and second, how different this is from the existing regime. The restraint adopted by them is discernible in the careful language that they have used. The aspects of modern shipping not fully covered by the existing regime are well brought out.

In effect, nothing more is left to be said and the book is a complete treatise in all respects for all concerned if, eventually, the Rotterdam Rules hold the field or, if not, for those concerned to be better informed while advising in that behalf. As a matter for fact, even in the event of the Rotterdam Rules being consigned in the same lines as Hamburg Rules, this book would be useful in any future consideration of the review of the laws relating to carriage of goods by sea. The authors must be congratulated for the frank assessment of the situation and putting forth clearly an interpretation of the Rotterdam Rules so that, even if not implemented, it will be a "cognisant" decision and not an ignorant one.

DB Schenker eyes double digit growth in India

"Uncertainties are always a hindrance to business. But this is not only the case with India but also the other countries."

Reiner A Allgeier joined Schenker India as Managing Director in August 2012. He has spent more than 35 years at DB Schenker in various global positions including Managing Director of DB Schenker in Malaysia, Philippines and now India. He has also served as Head of the office of the CEO at DB Schenker Logistics corporate office in Germany.

He also served as a project delegate for DB Schenker in Africa during early 80s and begun his journey in Asia in 1989 with DB Schenker in Thailand. He had been technical advisor and country head for the agent of DB Schenker in Indonesia in early 90s.

He has been instrumental in establishing DB Schenker in South Asia and also served as President of Germany Philippines Chamber of Commerce while he was the Managing Director of DB Schenker in Philippines.

Allgeier is qualified with a diploma in Freight Forwarding and is married with four children.

Q What were your feelings when you became the head of Schenker India?

A I had a lot of excitement, which is still there. It is very thrilling to come to a successful and well established organisation like Schenker India. Then, it is very positive to be a part of the Indian market, which is fast growing and is accepted globally as a driving force in the coming years. And, the third reason is personal. I am looking forward to experience India which has a diverse history and culture.

Q You have now been in office for a few months. How is it going so far?

A I am learning every day. As a newcomer in such a big market one needs to learn a lot. I am very optimistic both about the future development of the Indian economy and the growth of DB Schenker in India. I have a knowledgeable team and we have good customer relationships.

Q There are a lot of political uncertainties and lack of infrastructure in India. Do you think it is tough to do business because of these factors? How was the situation in Philippines where you last worked?

A Uncertainties are always a hindrance to business. But this is not only the case with India but also the other countries. As far as few other countries are concerned, it decides on projects faster as they have a different structure. This is especially true for big projects, which are driven by the administration, making it more conducive to do business there. But in the long run a democratic set up like India is always better.

Q What are your targets for the future?

A We would like to have a double-digit growth as compared to 2012, which is a very ambitious target in the present environment as the economy in India will not grow by double digits. I believe we have the strength and knowledge to go for the double-digit growth. We will also increase our logistics footprint, and this implies that we would increase our warehousing, value-added service and distribution business. At present, we have a footprint of roughly 1.3 million square feet of warehouse facility which we plan to increase to 2 million square feet by the end of this year. The third target is that we want to extend out network. We are presently organised in five major regions and these regions have 36 branch offices. We intend to increase this to over 40.

Q How do you look at changes in international logistics sector?

A There is a shift of certain commodities from air to ocean because of the cost pressure. Secondly, the units shipped are getting smaller, and this is specifically true for the electronics sector, as the gadgets are becoming smaller. This has had an impact on our business, as the volumes have decreased. Secondly, the demand for end-to-end solutions has increased. Companies want to go to a solution provider who can give them integrated services from origin to destination. We at DB Schenker have a very good portfolio for such integrated solutions. Our founder, Gottfried Schenker, was the first one to start the idea of consolidation and having end-to-end solutions, in his times it had a different name: “From house to house in one hand”. We work according to the same concept still, but now it has got a different description – “end-to-end supply chain solution”. I believe this trend will continue.

Relationships with customers are also changing. Both solution providers and customers need to work together on the same platform like partners. We will need to sit together and find cost-effective logistics solutions. Here the question of ecology also surfaces, especially with big customers. There are companies, which do not entertain logistics firms to bid for any project if they do not have a clear ecological programme. Here also we are lucky, as our mother company – Deutsche Bahn – has a strategy till 2020 in which ecology is one major driving

factor. At global level we have many eco solutions, and comprehensive emissions reporting. We also use Ecotransit, ISO 14000 certification and many other such green tools. In India we have to offer more sustainable services. There would be some frameworks which would need to be set up here. As far as additional cost is concerned, I don't think ecology comes only with additional cost. For example, with environment-friendly trucks you have additional cost but you also have savings in the operational cost in terms of maintenance, energy efficiency, and longer life span.

Q Service revenue growth of the international market has not been very impressive. Will this trend continue?

A This depends on the situation both in the US and Europe. If we look at the news, there is no indication that there will be a lot of change in the European situation. But after the recent US elections, there might be some positive trend. Globally volumes for the logistic sector may be slightly better than the last year, but it may not be a very big jump. It may be somewhere between 1-4 per cent.

Q What are your strategies for the future?

A In future we will put more focus on the so called "last mile delivery" by enhancing our national network capability. It will be very important for us to increase our customer and employee focus. We will offer more and more tailor-made solutions since customisation of services is crucial in current scenario.

As far as employee focus is concerned, we are and will be putting a lot of investment in training because in the logistics sector in India it is very necessary that people are trained to deliver high quality services. If you have a clear customer focus then you cannot do it without the right employees. It is not easy to get the skilled people in India, and it is even more difficult to retain them. Retention of people requires a clear employee focus which entail both training and taking care of their welfare.

Q How has DB Schenker been able to retain its top most position?

A We are at the top and will stay at the top because of a very strong base. We have a very long history. Schenker was established in 1872, and we have had more than 140 years of existence. It shows that we have a strong base. The tradition, know-how, and knowledge of the organisation have led to our success. Secondly, we are financially sound and the needed funds for investments are always there. We have fundamental strength to do investment because of our mother company Deutsche Bahn, German Railways. We also have a very strong team and are an employee-oriented organisation. We value that people stay with us long. I have been with the company for 37 years. For a good company, you need a mix of fresh and old blood. The right combination needs to be there. Moreover, DB Schenker has developed a very good customer relationship with the major global and Indian companies.

Q What kinds of demands are you facing from your customers?

A Our customers need more and more information in real time. Today customers want to track every detail about the shipment. We are presently introducing a new operating system for air and ocean. DB Schenker in India will introduce this system this year. It is one of our major projects. We already have an online tracking system, but the new one will have many more features and milestones. Customers also need end-to-end yet cost-effective solutions. In the future, we will be more involved in the cost control benefiting customers. We have always been customer centric, rather than cost centric. But both go hand in hand.

Q How do you look at the Indian logistic sector?

A Though the standards may not match that of the major markets, India has a well developed logistics industry. It will increase drastically in the near future. Companies are willing to pay for a certain standard. So overall, the Indian logistics sector is developing on a positive path. Infrastructure will also develop, though it should be a little faster. Transportation by rail needs to be developed further as India has such an extensive rail network. The new freight corridor may prove to be helpful. mg

ZERO Customs

Manjula Murari

In a bid to attract huge investments from India, Mauritius has offered a zero-customs duty regime for Indian firms to gain easier access to the European Union and Africa. The new tax treaty will prevent misuse of bilateral provisions governing investments that will be routed from and into India through the island nation. Mauritian minister for trade and industry Sayyad Abd-Al-Cader Sayed Hossen discussed the country's free port policy with the Indian commerce and industry minister Anand Sharma during his visit to India.

India-Mauritius joint working group was to meet in February to review the existent bilateral tax treaty. A huge chunk of foreign direct investment (FDI) and foreign institutional investor (FII) investments come into India from Mauritius. So, the two countries are now discussing ways to prevent possible misuse of the provisions in the three-decade old treaty. Another issue that will come under scrutiny is the DTAA (Double Taxation Avoidance Agreement) between India and Mauritius.

The treaty was notified in 1983 and it provides for taxation of capital gains arising from alienation of shares only in the country of residence of the investor. FDI worth $7.21 billion were routed through Mauritius between the period of April and November 2012. The inflows into India for the same period stood at $71.38 billion. Mauritius will now incorporate a limitation of benefit clause in the tax treaty to soothe India's concerns regarding tax abuse by investors from third countries who operate through post box companies. Market regulator SEBI has been seeking reforms as such money is considered to be the black money hoarded by Indians abroad, who after registering in the island come to India to escape paying taxes.

Mauritius which is part of the African continent is preferred by many Indian investors to channelise funds given its favourable regulations. The island nation enjoys duty-free access for its goods both in Africa and the European Union, due to its trade agreements. For the Indian companies that look to setting up shop in the country, it offers preferential access in these markets. With the new policy, special arrangement of Mauritius with common market for Eastern and Southern Africa (COMESA) and the Duty Free Quota Free (DFQF) will come into effect.

The country is politically stable besides having good labour and logistics laws. The Mauritius' Freeport is a duty-free logistics, distribution and marketing hub both for eastern and southern African region. It boasts of state-of-the-art logistics and warehousing facilities that are readily available for the transshipment, consolidation, storage and minor processing of goods.

India and Mauritius have also initiated the process of setting up Joint Business Council and a Joint Working Group on trade and investment. JCB will focus on giving a boost to bilateral trade and investments by identifying the priority sectors and sectors of engagement. Between 2011 and 2012, the bilateral trade between both countries grew by 68 per cent. The bilateral trade for the period between April and December 2012-13 stood at $1007 million.

On the other hand, JWG will work out the framework for broadening and deepening the economic engagement between India and Mauritius.

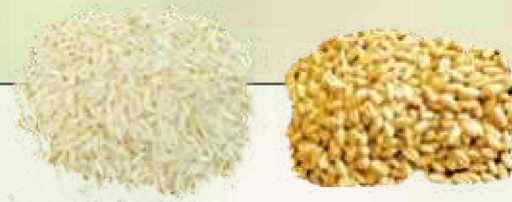
Plans are also on for the setting up of an integrated Textile Park in Mauritius by the joint collaboration of both countries. mg

2012 witnessed India emerging as a key exporter of wheat and rice. This trend may continue in 2013

Ritu Gupta

In the year 2012, India became an important food supplier of the world, exporting millions of tonnes of wheat, corn and rice. In fact it was the world's biggest exporter of rice in 2012, exporting 9 million tonnes of rice, according to a report by the Food and Agriculture Organisation (FAO). By lifting a two year-long ban on exports in 2011, the government enabled the private traders to push Indian rice in traditional and new markets at a much lower price, leading to the surge in exports. According to FAO, India would have record exportable cereal surplus of almost 15.7 million tonnes in 2012-13, which will include 7.7 million tonnes of rice, about 5 million tonnes of wheat and 3 million tonnes of maize. According to experts, whether this trend will continue in 2013-14 will depend on the weather conditions, the upgrades made to creaking export facilities and the government's ability to organise the national food reserve system that is failing to meet the domestic needs.

Concerns about the future notwithstanding, grain exports are presently booming with nations like South Korea, Indonesia and Thailand buying Indian wheat for the first time in nearly a decade. India may also profit from markets in the Middle East and North Africa because grain exports from the Black Sea region to these regions have reduced due to very little rains. Russia's wheat exports have also plunged by 60 per cent to 8.5 million tonnes in the marketing year that started July 1, 2012. This too is working in India's favour. What's more, India also has a freight advantage over Russia of US $10-$25/ tonne in exporting grains to East Asia and parts of the Middle East. While this



advantage has always been there, India in the past did not have enough grains to export, or sales were banned, or quality concerns limited the interest of the buyers. But with prices rising, importers are more willing to give India a chance.

Traders are expecting India to export about 22 million tonnes of wheat, corn, rice and soyameal in the year ahead. The Cabinet Committee on Economic Affairs (CCEA) has also announced continuation of the unrestricted export of wheat and non-basmati rice, as there is adequate availability of wheat and non-basmati rice in the domestic market. On December 29, 2012, it was announced that from the government's stocks, additional wheat exports of up to 2.5 million tonnes would be allowed. According to experts, this approval will boost the export market, especially as the global wheat prices have firmed up with drought hitting countries such as Russia, Ukraine, the US and Australia. In the marketing year 2012-13, rice exports also are estimated to reach 80 million tonnes, driven by strong demand.

Export prospects for Indian raw rice are likely to improve in the next few months as supplies from other countries become tighter. The situation for maize, however, is slightly different. India's maize exports are predicted to fall 37.5 per cent in the 2012–2013 marketing year due to decreased production and weak global prices, according to a US Department of Agriculture report. Prices in the domestic market were strong in July 2012 due to drought and the anticipation of strong exports, but have been slow since September, said the USDA report.

They are currently at ₹11,800 to ₹14,000 per metric tonne. According to the USDA, domestic prices are likely to drop even further as new crop arrival accelerates, which would move numbers below the Indian government's minimum support price of ₹11,750 per metric tonne.

The situation with maize notwithstanding, exports of rice and wheat indeed are bound to give the market a big boost. But crucial issues worry the exporter – poor infrastructure and the risk that government could suddenly impose a ban on exports or impose tariffs if domestic prices rise or if there is a drought.

Many ports have creaky infrastructure and are unable to handle large volumes, and ships can occasionally wait more than a month to load cargo. One executive with an international trading firm said the waiting period to load commodities at Kandla port a major port for grain exports at times grows from 7-8 days to 18-20 days. "We are witnessing a lot of inward cargoes in major ports like Kandla and Mumbai, which is affecting the exports of various agro-commodities," said the executive. The adjoining port of Mundra also suffers from congestion.

India: Government Wheat Tenders

Agency	Quantity	Tender Close	Shipment Period	Price (US$ per ton FOB)	Port of Loading
STC	100,000	Aug 3, 2012	Aug/Sept	302.50	Mundra
PEC	90,000	Aug 3, 2012	Aug/Sept	296.70	Kandla
PEC	60,000	Aug 16, 2012	September	308.00	Krishnapatnam
MMTC	35,000	Aug 21, 2012	September	301.10	Pipavav
STC	40,000	Aug 24, 2012	Sept/Oct	311.10	Chennai
PEC	125,000	Sept 10, 2012	Oct-Nov 10	313.50	Kandla
PEC	70,000	Sept 13, 2012	October	316.01	Krishnapatnam
PEC	30,000	Sept 27, 2012	Oct 10-Nov 5	307.50	Karaikal
STC	40,000	Oct 9, 2012	Oct 20-Nov 20	30.500	Chennai
MMTC	50,000	Oct 10, 2012	November	308.36	kakinada
STC	150,000	Oct 19, 2012	Nov-Dec 10	311.75	Mundra
PEC	100,000	Oct 19, 2012	Oct 25-Nov 25	310.00	Krishnapatnam
MMTC	35,000	OCt 25, 2012	Nov 10-Dec 10	310.80	Pipavav
PEC	125,000	Oct 30, 2012	Nov 10-Dec 15	314.12	Kandla
MMTC	100,000	Nov 8, 2012	Nov 25-Dec 31	318.67	Kakinada
STC	30,000	Nov 16, 2012	Nov 20-Dec 15	315.20	New Mangalore
PEC	55,000	Nov 19, 2012	Nov 26-Dec 25	319.50	Karaikal
MMTC	30,000	Nov 20, 2012	Dec, 2012	317.00	Mormugao
STC	40,000	Nov 20, 2012	Dec, 2012	317.21	Chennai
STC	150,000	Nov 26, 2012	Dec 10-Jan 15, 2012	322.22	Mundra
PEC	100,000	Nov 26, 2012	Dec 10-Jan 10, 2013	324.00	Krishnapatnam
MMTC	50,000	Nov 27, 2012	Dec 10-31, 2012	322.13	Pipavav
PEC	125,000	Nov 29, 2012	Dec 10-Jan 15, 2013	328.05	Kandla
MMTC	100,000	Dec 18, 2012	Jan 2013	323.11	Kakinada
PEC	90,000	Dec 20, 2012	Jan 10-Feb 10, 2013	324.15	Kandla

CRUCIAL TRADE LINK

The novel concept of FTWZs is slowly picking up in India. But it will require policy support and industry participation for the concept to take firm roots in the country's logistics space.

Ritu Gupta

Communication and information technology major Cisco Systems Inc, a US-based Fortune 500 company, recently commenced its regional distribution activities in India from a Free Trade Warehousing Zone (FTWZ). Critical network equipment manufactured at Cisco's facilities will be imported through this FTWZ for consumption in India and also for re-export from the subcontinent. The FTWZ will enable Cisco to clear their time-sensitive and critical networking equipment with short turnaround times, crucial for minimising network downtime experienced by Cisco's customers. Further, this will allow them to reduce extra links in the supply chain and improve the distribution efficiency. This is the first time that Cisco has designated a regional distribution centre beyond Singapore in the APAC region and this has made it possible for the company to fulfil its global practice of next business day delivery and assist in the upkeep of critical network equipment across the country and the region.

Indeed, the novel concept of FTWZ, introduced in India a few years back, is slowly ushering in a new revolution in the country's logistics and warehousing sector. According to experts, FTWZs would prove to be even more crucial for the country after the introduction of FDI in retail. This can be gauged from the fact that logistics giant DHL, in March 2012 decided to set up three new FTWZ in India to expand its foothold in the Indian market. DHL's global forwarding division had earlier set up an FTWZ in Chennai. "FTWZ will prove to be the central vein of our operations in India. We have an FTWZ operational now in Chennai, and now we will be looking at expanding our foothold to Delhi, Mumbai and Hyderabad," R S Subramanian, country head, DHL Express, was quoted as saying by the media.

The FTWZ concept would redefine logistics in India. At present, majority of the product hubbing and value addition is done in Dubai and Singapore, of which about 70-80 per cent of the value addition is being done for products meant for the Indian market. With the starting of FTWZs, this will slowly change as India has tremendous advantages in terms of cost and skilled labour. India can be used as the hub not only to distribute products within India, but also for the Middle East and the Asian markets.

The FTWZ scheme in India was introduced under Chapter 7A of the Foreign Trade Policy (2004-09). The objective of FTWZ is to create trade-related infrastructure to facilitate the import and export of goods and services with freedom to carry out trade transactions in free currency. The scheme envisages creation of world-class infrastructure for warehousing of various products, state-of-the-art equipment, transportation and handling facilities, commercial office-space, water, power, communications and connectivity, with one-stop clearance of import and export formality, to support the integrated zones as 'international trading hubs'. These zones are planned to be established in areas proximate to seaports, airports or dry ports so as to offer easy access by rail and road.

Today, numerous FTWZs across India service over 200 companies across sectors such as FMCG, retail, pharmaceuticals, chemicals, manufacturing, heavy engineering, and automobile. FTWZs have been opened by many companies such as Arshiya International Limited, Balaji Infra Projects Limited, Jafza Chennai business parks Pvt Limited, LMJ Warehousing Limited, Jhunjhunwala Vanaspati, Modern India, Haldia Free Trade Warehousing P. Ltd, J Matadee Eco Parks P. Ltd, and Chiplun Infra Pvt. Ltd. Arshiya was the one who built India's first FTWZ in Panvel, Mumbai, just 24 kilometre away from the Jawaharlal Nehru Port. It was the first of five strategically located FTWZs being built by the company.

The FTWZs have been a phenomenal success in Jebel Ali, Singapore and Rotterdam. The Jebel Ali Free Zone (Jafza), for instance, accounts for 25 per cent of all container throughput at Jebel Ali port and 12 per cent of all air freight at Dubai International Airport. Established in 1985, it covers a 48 sq km area and is home to over 6,400 companies from across the world. It sustains over 160,000 jobs in the UAE through its companies and accounts for over 50 per cent of Dubai's exports.

India till now has not been able to replicate the success of Jafza. While industry experts say it is possible to replicate the concept in India, they add that it will take a long time to establish a facility like the one at Jebel Ali or Singapore or Rotterdam. "We need to be patient and wait for a long time," said an industry source.

Harry S Lagad, director, logistics (Asia Pacific), Nokia, is optimistic about the growth of the concept. "I do not think that today the concept and the model will find many takers. But in the next 10 years, the way supply chains are executed will change. A lot depends on what the duty structure is going to be. Value addition and last-mile customisation will be the concepts that will drive growth in the FTWZ segment," he avers.

Unique benefits of FTWZ

For Imports:

- Flexibility to clear cargo in part consignments (unlike in the case in other CFS/ICDs) thus allowing flexibility towards consumption/end distribution
- Duty deferment benefits (freeing up working capital and reduction in costs)
- De-stuffing and stuffing of cargo from shipping line containers into other containers for avoiding shipping line detention charges and customised delivery. The same product could also be stored in the warehouses within the FTWZ at much lower costs as compared to detention charges
- Quality control prior to duty payment; hence no duty to be paid on rejected products
- Exemption of SAD, VAT and CST on imports through FTWZ
- Service tax exemption for handling and transportation of containers from port to FTWZ
- Availability of state-of-the-art container storage yard with world class safety, hazardous storage and maintenance and repair facilities within the FTWZ with service tax exemption
- Free foreign exchange transaction capability for the services rendered, including CY/Container Freight Station services
- Value optimising services can be provided like labelling, packing, kitting, bar-coding , palletisation and other authorized services
- All such activities are exempted from service tax as well as any purchases of packaging material, labels etc from DTA into the FTWZ would be treated as exports from such suppliers

For Exports:

- Factory stuffed containers entering the FTWZ are treated as deemed export providing immediate export benefits
- Local Tax Exemption (e.g. CST, sales tax, excise and VAT) on all activities conducted inside the FTWZ
- Increased efficiency through lowered reverse logistics activities through quality control before dispatch from India
- Lowering 'back to town' costs with better aggregation and consolidation
- Value optimising services can be provided like labelling, packing, kitting, bar-coding , palletisation and other authorized services with all fiscal and regulatory benefits
- Availability of state-of-the-art container storage yard with world class safety
- Free foreign exchange transaction capability for the services rendered including ICD/CFS services

For Re-Exports:

- Income tax exemption on all profits generated through re-export activity through the FTWZ
- Hassle-free re-export process by routing cargo through FTWZ integrated with ICD/CFS services
- Ability to leverage India's cost, skill and geographic positioning advantage as a hub for regional/global distribution post value optimising activities
- Service tax exemption on services availed by routing containers through FTWZ integrated with ICD/CFS services
- Permission of 100 per cent FDI for the set-up of units by the unit holder of the FTWZ
- Value addition services can be provided like labelling, packing, kitting, bar-coding, palletisation and other authorized services with all fiscal and regulatory benefits

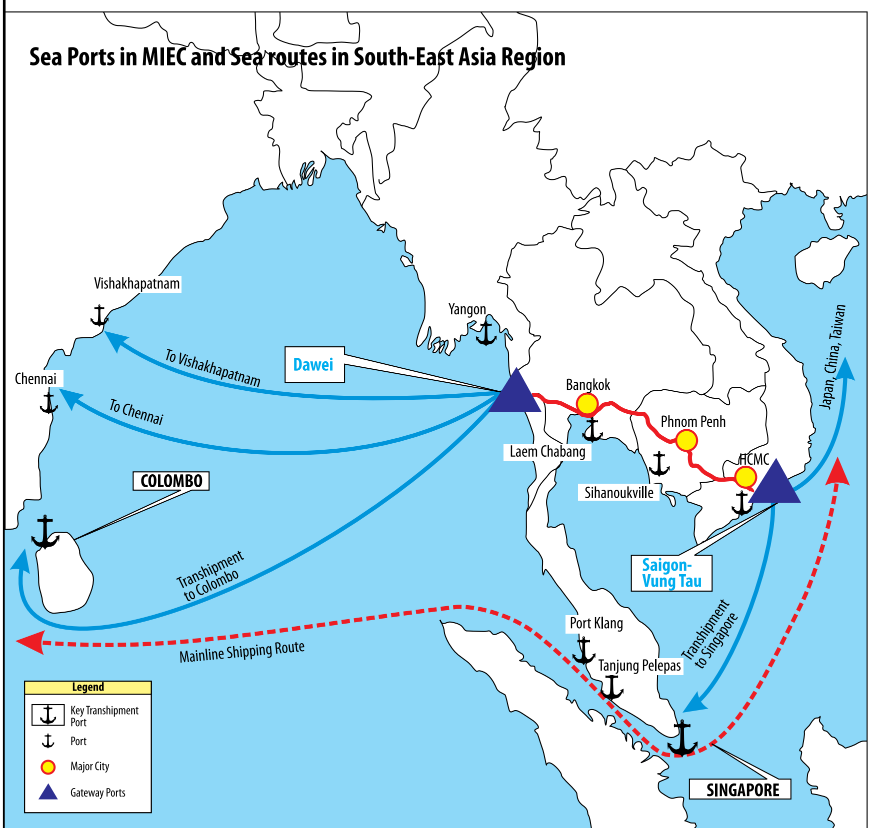
Other industry experts agree with him. "If one had gone to Jebel Ali 17 years ago, there would have been nothing in the free trade warehousing zone. It is a similar situation in India today. The industry need to test, pilot and demonstrate the success of the zone as adding value to the local economy. If the government is convinced that it increases the competitive edge in Chennai or any other city, then the authorities will push for it," says Amadou Diallo, chief executive officer, Africa and South Asia-Pacific, DHL Global Forwarding Managements.

According to other experts, FTWZs are inevitable if India wants to achieve double-digit GDP growth rate. According to K Ravichandran, senior vice-president, co-head, corporate sector ratings, ICRA Ltd, although the concept is sound, the zones will have to contend with competition from Container Freight Stations (CFSs) in the short to medium term as the latter already perform several functions that are done within FTWZs. He further added that FTWZs would be suitable for units that have large import content in their manufacturing operations, and good domestic and export market potential for their sales. Such units can store the goods in the warehouses duty-free and sell to domestic or international customers as and when feasible.

Such FTWZs would be economical if set up near ports, with significant market potential in the primary hinterland. FTWZs located near the periphery of Chennai and Ennore ports should have good potential because of significant hinterland demand from several units among auto ancillaries, textiles, leather, electronics and chemicals. The region is slated to attract significant new investments in some of the above sectors.

Indeed, FTWZs are comprehensive infrastructure required for improving India's container volumes besides enabling importers and exporters to efficiently and cost effectively carry warehousing, trading and value addition activities. The need of the day is for the industry and the government to carefully nurture the sector and provide the requisite incentives and momentum for its growth. mg

MEKONG- INDIA ECONOMIC CORRIDOR LIKELY TO TAKE OFF



With India's trade with the Association of South East Asian Nations (ASEAN) set to flourish, the proposed Mekong-India Economic Corridor, linking the northeastern regions of India with the East Asian region, may get a new lease of life. The Thailand government has already showed its interest in developing the corridor.

Sreekala G

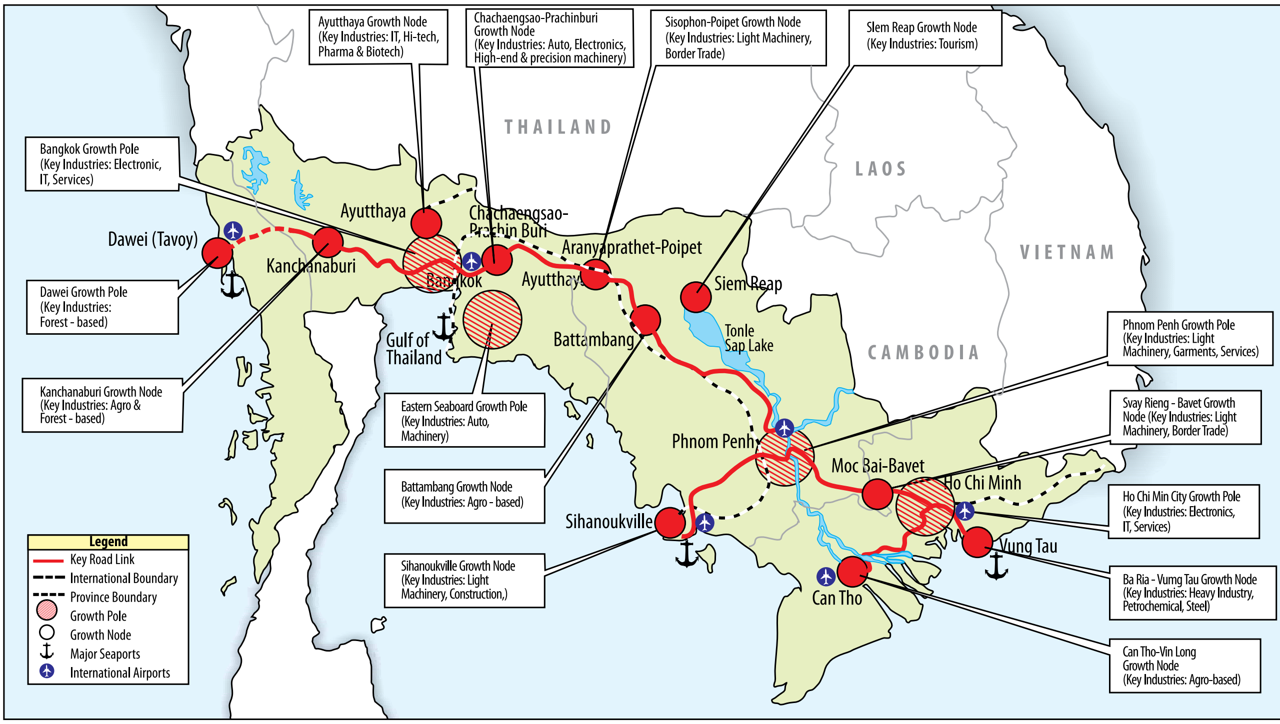
If the hectic parleys throughout last year that led to finalisation of the long-awaited India-ASEAN Free Trade Agreement on services and investment at the 20th India-ASEAN Commemorative Summit in New Delhi is anything to go by, governments and businesses in the region have realised the enormous potential for trade and cooperation between the 10-member ASEAN grouping and India, the booming Asian giant.

India has been pursuing its 'Look East Policy' since 1990s. The economic slowdown in the West and the US that started in 2008-09, in fact gave a boost to the policy in an indirect manner. The FTA on services and investment is likely to push up trade to $100 billion by 2015 and would give Indian professionals like accountants, engineers and doctors access to the $800-million Southeast Asian market.

In 2011-12, the total trade between India and ASEAN increased by 37 per cent to reach $79.86 billion thereby surpassing the trade target of $70 billion by 2012, ahead of time. Negotiations for an ASEAN-India FTA in Services and Investments are currently underway, according to ASEAN site.

With the opportunities set to surge, it is only natural that now India and its partner nations are thinking of building physical connectivity through roads, sea and air. In December last year at the summit in New Delhi, Thailand Prime Minister said that ASEAN-India connectivity through land, air, and sea links would be a significant factor leading to increased trade and investment between the two regions.

Location of Growth Poles and Growth Nodes in MIEC



Thailand hoped to work closely with India, not only under the framework of ASEAN-India relations but also in the frameworks of the Bay of Bengal Initiative for Multi-Sectoral Techno-Economic Cooperation (BIMST-EC) and developing the Mekong-India Economic Corridor to construct a sea route linking Chennai Port in India with Dawei deep-sea port in Myanmar and Laem Chabang deep-sea port in Thailand. The economic corridor would facilitate the transportation of automotive parts, computers, electronic components, rubber, and other raw materials related to various industries between India and the soon-to-be ASEAN Economic Community.

Thailand Prime Minister Yingluck stated that connectivity would involve not only infrastructure but also people-to-people contact. She believed that India's 'Look East' policy and ASEAN's 'Look West' policy would bring ASEAN and India closer together in fighting terrorism and promoting sea safety, disaster management, food and energy security, and sustainable development. India's Comprehensive Integrated Master Plan for Chennai-Bangalore Industrial Corridor would also link with the Master Plan on ASEAN Connectivity.

The proposed corridor can offer the much needed connectivity for India's North East region with an important trading route. According to a research paper by Panchali Saikia of the Institute of Peace and conflict studies, the sub-region in the eastern fringe of South Asia includes the Northeastern part of India along with Bangladesh, Bhutan, Nepal and Myanmar and also the South Western China. The Northeastern region is an essential factor in extending linkages with the Southeast Asian countries, it is important this region jointly participates in the development process of the region.

However, she says the connectivity will be improved only if these projects are executed within a time frame. A review and monitoring mechanism will help to ensure transparency and a time-bound implementation. Increased mobilisation of private investments and economic corridor development, including public-private partnerships is needed in the Northeastern region. To avail this it is important the information is reached to the foreign investors.

Under such grouping once the transport links are built, the next goal should be to transform the transport corridors into genuine economic corridors and development of the border points as Special Economic Zones (SEZ). Development of Economic Corridors will create links to the major markets and the nodal points – centers of enterprise development. It will further extend the benefits of improved transport linkages to remote locations and integrates them with more prosperous areas and open up investment opportunities.

With the Indian government reiterating its commitment to develop northeastern region, a little cooperation and support from ASEAN partners can make the projected boom in trade a reality through the development of Mekong-India economic corridor. mg

Efficiency in Major ports is Priority

Sandeep Chandra,
Member, National Shipping Board

As a member of the National Shipping Board, **Sandeep Chandra** plays a major role in guiding and formulating measures to boost shipping sector in the country. In an interview with **Ritu Gupta**, he talks about the steps taken by the board to ensure parity among ports and how the Indian Maritime Service can help the country.

Q What are the steps taken by NSB to improve efficiency and enhance capacity at major ports?

A National Shipping Board came into being by an act of the Parliament. It is the highest policy making body of the shipping industry. I am a nominated member of the board. At each board meeting, we try to address problems the ports face. A major problem was to have parity between public, private and PPP ports. We ensure that no port grows at the cost of another. Secondly,the board members are drawn from different services and there is no maritime service as such. Therefore we formed a committed to study how an Indian maritime service can be started.

Second major step was to help the fishermen community. I mooted an idea at the Vizag board meeting that some weightage should be given to the experience of these fishermen. We should find ways to provide them formal certificates whereby they can even ply larger vessels. This will increase their quality of life and earning capacity and they will not be dependent on money lenders. The third step which we mooted was to encourage inter coastal trade.

Since road and air cargo transfer has become expensive, inter coastal trade is a good alternative. It will also lead to the generation of employment. Fourth was the piracy problem which has become big. We have ensured that some kind of naval protection is given wherever there is high level of piracy.

We are also trying to improve the performance of Shipping Corporation of India. Last year it has incurred losses and we are working in coordination with DG Shipping to improve its performance. NSB is a body which brings together all the top honchos of the shipping community. All issues are put on one table and discussed thread bare.

As far as improving efficiency of old ports is concerned, we are trying to do so by putting in a lot of managerial measures, streamlining operations, doing studies whereby handling of cargo can be increased per capita and seeking examples of other ports all over the world. As far as new ports are concerned we are pushing in for more automation, as it increases per capita handling off cargo and profitability goes up. We are also studying why some ports are lagging behind. We are doing our level best to address the issues and bring them on par with others.

Q What were the recommendations made by DT Joseph sub-committee?

A The committee is studying various aspects of maritime service to be introduced in India – what would be the structure, metrics and so forth. It may take 24-36 months for the committee to come out with concrete recommendations on this service.

Q How will the Indian Maritime Service help the Indian maritime sector?

A It will provide tremendous opportunities to the people aspiring to join maritime industry and helps in making the system efficient. It will help in attracting quality human resources to the industry. Using their diverse knowledge and experience, we will be able to handle various problems the sector is facing today.

Q There were talks of revamping TAMP. What is your opinion on that?

A This is a highly technical and complex issue. I feel the sooner the TAMP is revamped the better it would be for the industry. But it needs to be revamped keeping a lot of variable factors in mind. Once it is revamped, it should not be counter-productive. It should not get bad to worse. Here also a lot of inputs are required both from the government and the private sector. We should also see what's happening outside. This issue should be solved as soon as possible, and we need to have more shipping experts drawn in. You will see some very concrete proposals coming up after March 2013 where this issue is concerned, as we are planning to hold a meeting in March 2013 in Chennai and devote a lot of time to this issue. We are very confident that the revamping will happen before this year ends and 2014 we will see TAMP in a new perspective.

Q Many new projects at major ports are suffering due to clearance problems. How do you think NSB can help speed up these project proposals?

A They can write to NSB and also me and we will help in seeing that they are cleared ASAP. We don't want anybody to suffer. NSB is a policy making body and implementation lies with the shipping ministry and the boards; but all our recommendations are taken seriously by the shipping ministry. If any project is facing problems, and if they write to us then we can take it in the agenda item.

Q With the share of major ports in the country's overall trade slipping against non-major ports, do you think it is time for NSB to take some path-breaking steps?

A We don't want any port growing at the cost of another. It should not be lopsided growth. This problem needs to be addressed as we don't want the shipping industry to face problems similar to the airlines industry.
I support that all of them should exist but major ports need to be given their due importance, which the government is giving. We will not allow any port, whether it is PPP or private, to grow at the cost of public ports because the capital comes in from the government. mg

Cargo throughput at major ports decline in April-January

Indian ports handled lesser cargo and witnessed drop in volume of containers handled in April 2012 to January 2013 due to strikes and weakening trends in the Indian and global economy. According to Indian Ports Association, total cargo throughput at major ports fell 2.86 per cent to 453.7 million tons from 467 million tons compared to the same period in the previous financial year.

Kandla topped throughput at 78.15 million tons, followed by Jawaharlal Nehru, at 53.76 million tons; Visakhapatnam, at 49.15 million tons; Mumbai, at 48.5 million tons; Paradip, at 46.6 million tons; and Chennai, at 44.3 million tons. The volume of containers handled by major ports in India slipped 1.45 percent year-over-year from April 2012 to January 2013, the first 10 months of fiscal year 2012-13, according to the Indian Ports Association.

Cumulative box volume fell to 6.43 million 20-foot-equivalent units from 6.52 million TEUs in the same period in the prior fiscal year. The tonnage of containerized traffic was relatively flat at 100 million tons.

JNPT, the country's busiest container gateway, handled 3.54 million TEUs, down 2.5 percent from 3.63 million TEUs in the same period in fiscal 2011-12. Traffic at Chennai Port was 1.3 million TEUs, declining slightly from 1.32 million TEUs a year ago.

Kolkata Port's volume increased about 12.5 percent to 502,000 TEUs from 446,000 TEUs. Tuticorin's throughput decreased to 394,000 TEUs from 398,000 TEUs. Cochin Port, which suffered a two-week container trailer crew strike this month, handled 275,000 TEUs, down from 289,000 TEUs during April 2011 to January 2012.

In fiscal 2011-12, which ended March 31, 2012, India's 12 state-owned major ports handled 560 million tons, down 1.73 percent from 570 million tons in 2010-11. Consolidated container throughput for 2011-12 was estimated at 7.77 million TEUs, up 3 percent from 7.54 million TEUs.

If the volume trends are anything to go by, major ports are unlikely to reach the target of 601 million tons set by the Shipping Ministry for fiscal 2013.

Freight rates decline as cargo volume drops

Rates to ship liquefied natural gas (LNG) are declining even as the gap between prices in Asia and Europe widens because too few cargoes are available, according to Arctic Securities ASA.

The investment bank said the cargo shortage would not change soon, and the end of winter may curb demand.

"The spread has continued to widen, but freight rates are declining and the reason is a lack of physical volumes, meaning that vessels are unable to get cargoes despite the favorable pricing picture. We do not see the volume in the market changing notably near-term, and as we start to move out of the winter market, the momentum for freight rates seem to be somewhat softer," Oslo-based analyst Erik Nikolai Stavseth said in the report.

CHANGING DYNAMICS

Indian organisations are realising the role of logistics and SC management in increasing productivity and streamlining large-scale operations. So, the logistics heads across verticals are adapting to the changing times and gearing up to play multifaceted roles that involve integrating technology and human resources for optimum returns

Manjula Murari

Logistics is just one simple word. But the one word encompasses getting the right products from the right place in right quantity and with right quality to the right destination in right time. As per the Agility report of 2013, India is the second most suitable country for the global logistics companies to look for expanding their business in the next five years. So, more than ever, the emphasis is not on getting maximum 'R's right, but on getting all of them right. Not to forget the added emphasis on least possible environmental impact.

As per its definition, logistics is a mix of planning, controlling, directing, coordinating, forecasting, warehousing, transportation, facility location and inventory management.

Expenditure on logistics by an organisation can be anything between 5 and 35 per cent of the sales. This is one of the primary reasons why some companies in India were reluctant to invest in logistics management earlier. But that is undergoing change. Today, companies understand the importance and relevance of good logistics heads and their contribution to the supply chain management.

There is huge potential in the logistics market and the sector is set to see exponential growth. The industry is expected to have an annual cumulative growth rate of 25 per cent. The industry is expected to be worth $365 billion by 2015. It is expected to account for 13 per cent of the GDP. Industries such as chemicals, pharmaceuticals, metals, FMCG, cement, textiles and capping it all, the retail segments are expected to grow directly contributing to logistics revenues. So, it is little wonder that leading Indian conglomerates such as Tatas, Mahindras, TVS and Reliance Industries have entered the market apart from big names such as the Future Group.

On the other hand, reports suggest that India loses $65 billion per annum due to poor logistics. There are a variety of reasons that could make the logistics extremely challenging such as market dynamics and changes in political and public policies; infrastructural hiccups; handling of hazardous, fragile goods; environment and sustainability issues among other things. In India, transport problems and the differences in regional development pose huge challenges to logistics players.

However, as the old saying goes, "you're only as strong as your weakest link." Hence, logistics management is all about making an assessment in totality of a company or project. It means coming up with a plan or design, implementation of the plan and the successful achievement of the plan. An important part of logistics management is to know who is doing what at every phase of the project and to make sure that all links in the chain are intact. Hence, a good logistics head should have a good team and also know how and to whom to delegate work for the success of the project.

Creative problem solving skills, administrative versatility, multi-national details of regulation and last but surely not the least, networking skills are expected of a top-tier logistics head. "My role in the organisation is to ensure that the wheels of the business keep churning efficiently and in a cost-effective manner so that the end customer is serviced on time, in full and is happy dealing with ACC.

The expectations from logistics are changing and growing from all the stakeholders. Customers want value addition in terms of more than timely deliveries. Inventory management on their behalf is one of such expectations. Similarly there are growing expectations in efficiencies, asset utilisation, cost reductions, stretch targets, speedy product recalls, timely redress of customer complaints, etc. also, logistics is asked to take part in business planning for both future efficiencies and competitive differentiation of the firm with its competitors. Safety in Logistics is another biggest mind set change we are battling in logistics," explains Jayanty V Sastry, Director Logistics, ACC, Pune.

> "The expectations from logistics and supply chain executives in the future will be in terms of moving from a customer – service provider mindset to that of a strategic partner. Supply chain and logistics executives will be expected to have a greater understanding of their customers' industries and align that knowledge to their understanding of that particular sector globally to devise solutions in keeping with standards previously unheard of."

Vikas Anand
COO, DHL Supply Chain

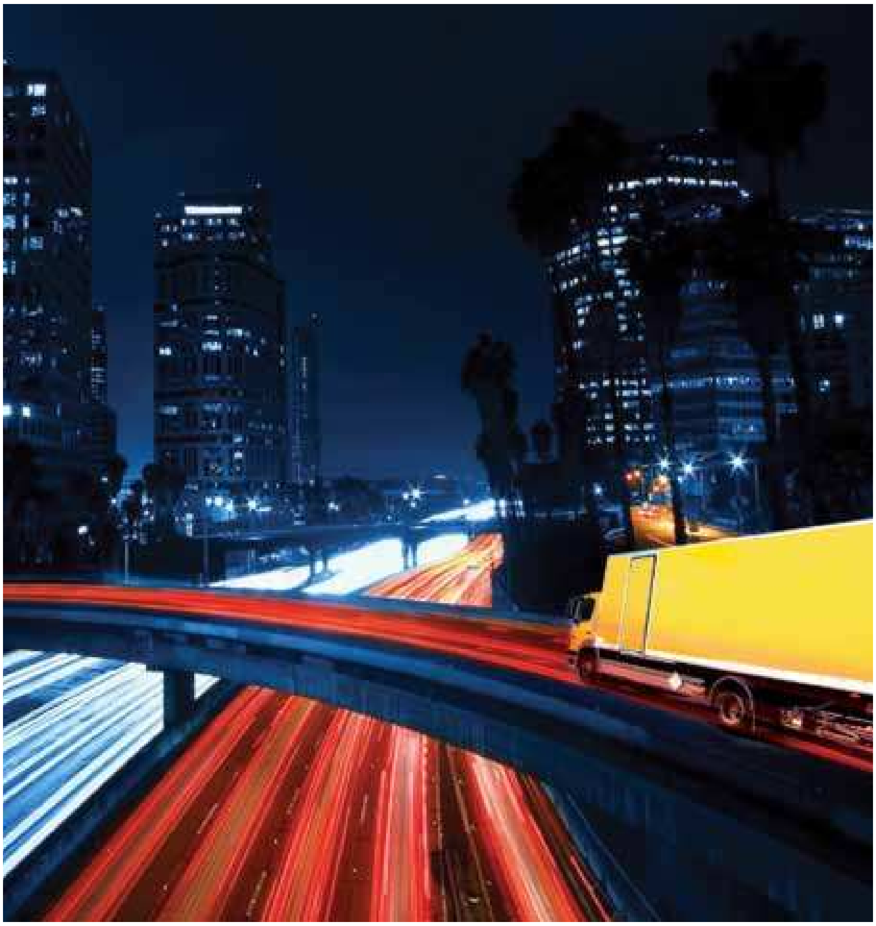
Managing various operations or plants and working towards streamlining efficiencies is another challenge that a logistics head has to deal with the globally aligned companies of today. This entails a thorough knowledge of international and national policies, guidelines, market diversities and networking challenges. A logistics head is expected to combine his know-how of people, process and technology to reach or maximize return on investments (ROI).

And to achieve this, another key area where the logistics heads invest in is the technology to make it a reality. They develop a synergy with the IT managers to develop a system which enables various people involved in the supply chain to perform optimally and align the entire process with the long-term growth plan of the organisation. "We have realized that in order to efficiently manage technology parts supply chain; parts pick up, shipment to technical repairs vendor and bringing the part back into inventory ASAP is a critical success factor. We have set up IT systems, control towers, transport and warehouse management systems which enable us to provide a differentiated service to our customers with complete visibility of defective parts movements across their supply chain. We have successfully replicated this for quite a few customers," says Vikas Anand, COO, DHL Supply Chain.

Good people skills are also a good prerequisite for a successful logistics head. With increasing competition among supply chains, a logistics head has to deal with a variety of complex situations such as governmental regulations, worker strikes, national holidays, transportation problems and a whole lot of unexpected hurdles.

To ensure that the supply chain functions most efficiently and the customer satisfaction is achieved with the lowest minimum cost, supply chain and logistics management processes and technology has been adopted by organisations big and small around the world. Having prior knowledge of global markets has its advantages says Vikas, "At DHL we follow some basic rules as far as our approach to managing supply chains is concerned:

Investment to upgrade infrastructure: DHL is already well invested into India with our recent announcement of €100 million investment over the next 4-5 years in India to upgrade our logistics



infrastructure. Investment on the ground means you are able to service your customer better and provide them with the necessary knowledge and competitive edge from a geographic and a price perspective. The benefit of being a global company can be seen in greater knowledge due to global know-how, quick turnaround time on critical decisions, and the ability to adopt best practices for the benefit of Indian corporates, where we are not required to reinvent the wheel.

Our new Multi-Client Sites (MCS) have been designed to enhance speed-to-market, with operational processes being optimized to improve efficiency and reduce costs. Built along DHL global standards, these MCS facilities are designed with best-in-class operational processes which include loading docks and dock levelers, RFID technology for barcode scanning and fully secured warehouses equipped with CCTV, electronic access controls, intruder alarms and traffic management systems.

Simplicity: The most complex problems normally have a simple solution. At DHL, we work with large global giants as well as sizable Indian corporates located in hinterland India. Hence it is critical that we ensure our approach to building strategic supply chains for these clients is simple allowing for easy understanding and quick implementation of solutions.

Global Metrics Score card: DHL Supply Chain measures Standardized Key Customer KPI on a monthly basis across all sites and all customers globally. This enables benchmarking, replication of best practices and Process Improvements are worked around KPI Gaps.

The above approach more than assures us of higher efficiency and better output to our key customers."

Over the past few years, the complexity of logistics manager's role has grown exponentially. Given the changes in the economic scenario of the country and the dawn of international supply chains, supply chain managers with strong skill sets and well-equipped with industry best practices have become necessary to maximize company's profits. It has been seen world over that companies who see the competition from other supply chains and invest in good managers enjoy a larger piece of the pie and will realize a higher return on investment (ROI).

"Logistics sector is rapidly gaining importance as companies realize that if they want to massively scale up operations, their biggest challenge lies in logistics. The expectations from logistics and supply chain executives in the future will be in terms of moving from a customer – service provider mindset to that of a strategic partner. Supply chain and logistics executives will be expected to have a greater understanding of their customers' industries and align that knowledge to their understanding of that particular sector globally to devise solutions in keeping with standards previously unheard of. Logistics will also play a strategic role in effectively aligning India to the rest of the globe and hence the logistics executive of the future will have to arm himself to service a very demanding Indian customer who is looking to conquer the world," says Vikas Anand.

The role is equally complex in the manufacturing sector feels Jayanty Sastry, "Building robust and dynamic work and SC processes, SOPs, using technology for efficiency and customer service, virtual networks and supply points, direct to market supply chains, earning premiums on value added logistics and express deliveries are some of the future areas of expectations. SC managers are expected to think globally, have more multinational experience, cross-functional experience and be team builders. The world of business will focus on SCM since that is the only area lot of money and intangible benefits are on the table."

Hence, competent and well-qualified supply chain and logistics managers are highly sought after and indispensable components of today's profitable international business survival and expansion plan. mg

Tax, warehousing issues besiege manufacturing sector

Major logistics challenges for Blue Star, a leading air-conditioning company in India, emanates from complex tax structure and fragmented warehousing.

Bhagyashri Kamat

Despite the huge potential for growth, the logistics business in India has not been without problems of its own. The fragmented and unorganised sector faces challenges due to complicated tax regime, inadequate infrastructure and lack of storage space. In this scenario, it is mainly the manufacturing companies, which are at the receiving end as they are dependent on transportation and logistics for the timely movement of their equipments.

Take the case of Blue star. It is a leading central air-conditioning company in India with an annual turnover of ₹2,700 crore, a network of 29 offices, seven modern manufacturing facilities, over 1,600 dealers and around 2,800 employees. The engineering-led manufacturing company faces problems in last moment delivery of chillers and products, which get installed at sites.

"Our problems are mainly due to fragmented warehousing due to tax structure; formal support to warehousing as a facility. There are no guidelines, no proper maintenance of warehouses. Another concern is the legal paper work, which hamper the administration as a whole,'' says Anil Sathe Senior General Manager, Supply Chain and Manufacturing division of Blue Star.

The production at a Blue Star factory starts with component imports from companies from China, which is prominently inbound logistics. Some products are manufactured as per company specifications and are imported after verification.

The procedure begins with the product coming to the factory, moving to warehouses or hubs in five locations and subsequently given to stores to be sold

Anil Sathe
Sr. General Manager - Supply Chain & Manufacturing Division, Blue Star Ltd

to the end consumer. Essentially, these include channel products, water coolers, air conditioners and deep freezers.

The whole network is designed keeping in mind the warehouse location and geographical reach.

Warehouse as a commodity is an important element in material handling. "A point to be highlighted at this juncture of time is that people do not understand long-term commitments while working in the warehousing sector. To handle the functioning of warehouses also requires trained manpower which is another problem,'' says Sathe.

A study by Deloitte points out that payment of multiple state and central taxes results in considerable loss of time in transit for road freight in order to pay such taxes and fragmentation of warehousing space especially for low margin products – a disincentive to create large integrated warehousing spaces.

Besides, various estimates put warehousing costs to be between 15-20 per cent of the total logistics cost. Despite this the state of warehousing in India is largely dismal. Around 80-85 per cent of warehouses are traditional with sizes of less than 10,000 square feet. Most of these warehouses are not leak proof, not equipped with security systems, racking facilities and other facilities. Majority of the operators of these warehouses are also small to mid-sized entrepreneurs with limited investment capacity.

Unfortunately, there are very few players operating in large warehousing domain. Only a few government agencies – Central Warehousing Corporation and state warehousing corporations – are owners of large warehouses in India today and majority of these warehouses are built for storing only food grains. Apart from being poor in quality, these warehouses are not sufficient enough to handle the increasing food grain production due to the land acquisition issues. It is time leading players of this domain and government sit together deliberate on the means of promoting the warehousing sector.

A uniform tax structure throughout the nation could be panacea to address most of the issues troubling logistics sector in India today. As a Deloitte study suggests, introducing Goods and Services Tax (GST) as soon as possible could not only salvage the industry but also boost the national economy. If implemented in spirit, GST will enable logistics services to be provided without consideration for tax boundaries.

The introduction of GST, Sathe firmly believes, will change the whole approach towards the way the distribution network operates. "Essentially, it will not be driven by taxation but customer reach, the committed delivery times and also related to the way we look at the secondary and primary way they can move around. Members from the industry are eagerly awaiting the implementation of GST. Warehouses will be consolidated as per pay per usage part and will also strengthen the overall logistics business,'' he says.

Light Dues
Problem & Solution

A few years ago, the Customs Department issued a circular stating that henceforth they would be collecting “light dues” on all cargoes carried ‘on the deck’ of ships in addition to the ‘net tonnage’ of the ship. According to the Customs Department, this was based on the interpretation of The Light House Act of 1927. By so doing, and from that day, the shipping industry was paying more than ₹20 crores each year.

“Light Dues” is a fee (charged at ₹8 per “light ton” which is about 100 cubic feet) placed upon a ship that comes calling into a port in India. The fee is charged for maintenance and upkeep of light-houses that are strewn all over the Indian coastline. It is based upon the earning capacity of a ship. While “Gross Tonnage” (or GT) is a figure indicative of the volumetric capacity of a ship, the net tonnage is just a figure that indicates the “earning” capacity of the ship. The earning capacity of a ship is taken to be the capacity of all the places where cargo is loaded. While usually all the cargo is loaded in under-deck spaces, general cargo ships also sometimes loaded cargoes on deck. Thus by so doing they were increasing their earning capacity and thus required to pay extra light dues. Keeping this in mind, The Light House Act was enacted in 1927.

As a background, it should be known that light dues are controlled by the Director General of Light Houses and Light Ships (DGLL) and come under the Ministry of Shipping. It is wrongly assumed on many occasions that the Director General of Shipping has some control on this subject. Again, a bigger misconception is that Light dues are controlled by the Customs Department. This again is patently wrong. The Customs Department is only a collector of light dues and all dues are promptly handed over to the DGLL. It is the officer of the customs who boards a ship and based on the declaration of deck cargo collects the light dues from the ship. The cargoes on the deck of a general cargo ship are usually based on measurements and for every 100 cubic foot, a fee of ₹8 is charged. According to the Customs Department, a container ship carries many containers on deck. Hence, the container ships would need to pay light dues on the net tonnage plus the tonnage of all the containers that are carried on the deck of container ship. While this may appear to be logical, it is incorrect.

But a container ship is different from a general cargo ship. When the Lighthouse Act was enacted, there were no container ships. Containerisation started in 1956 and the first container ships came out in the late sixties. The earning capacity of a container ship is indicated by its full profile capacity given in its approved “Stability Booklet”. When a container ship carries a full profile of containers it has reached its full earning capacity which is indicated by its “Net Tonnage”. Hence in the case of a container ship, the “net tonnage” indicates its maximum earning capacity just like how a net tonnage of a tanker indicates its full earning capacity. The makers of the Act stressed on the words “earning capacity”. If a ship comes only to discharge a sick seaman, no light dues can be charged.

All efforts have been made to explain this view to the Director General of Light houses and Lightships, as well as to the Central Advisory Committee for Lighthouses, but to no avail. It is time the Ministry of Shipping realized that their own department is carrying out functions incorrectly by wrongly interpreting an Act without understanding the spirit and the wordings. If this continues, then it is essential to just amend the Act and charge light dues on the basis of “net tonnage only” for all ships. This will lay to rest all controversies and disputes. mg

Dinesh Gautama

Confederation of Indian Industry

National Maritime Foundation

Conference on

Technological Upgradation of Logistics & Improvement of Ports

TULIP

26 March 2013: Hotel Hilton, Chennai

TULIP 2013, structured as a one day seminar, with an inaugural session featuring some of the top policy and decision makers from Government and industry, two plenary sessions, each addressing the two components of Technology and Infrastructure, a 'colloquium' in which every single delegate would participate in a brain storming exercise, followed by a valedictory session, which would attempt to summaries the take away from the day's deliberations.

Objective

TULIP 2013 expects to concentrate on two of the many significant factors which affect port operations – **T**echnological **U**pgradation of **L**ogistic & **I**mprovements of **P**orts. It is to find the linkage between the Technology and Return of Investment and find the solution to the impediments of Congestion.

Target Audience

Indian Ports, Government departments , Policy Makers, Indian Navy, Industry Associations, Chambers of Commerce, Port equipment manufacturers, Large Scale Industries, MSMEs, Logistics, Academic Institutions, Consultants.

The conference will have the presence of over 150-170 delegates from various streams attending the event. This is one of the biggest platform to explore various means to interact, contribute and also upgrade your business by way of network with the key people.

Log on to http://cii.in/EventsDetails.aspx?id=E000014448 for the event details

Contact Information

Ms Dhwani Shukla
Confederation of Indian Industry (SR)
Head Quarters
044-42444555 Ext: 659
dhwani.shukla@cii.in

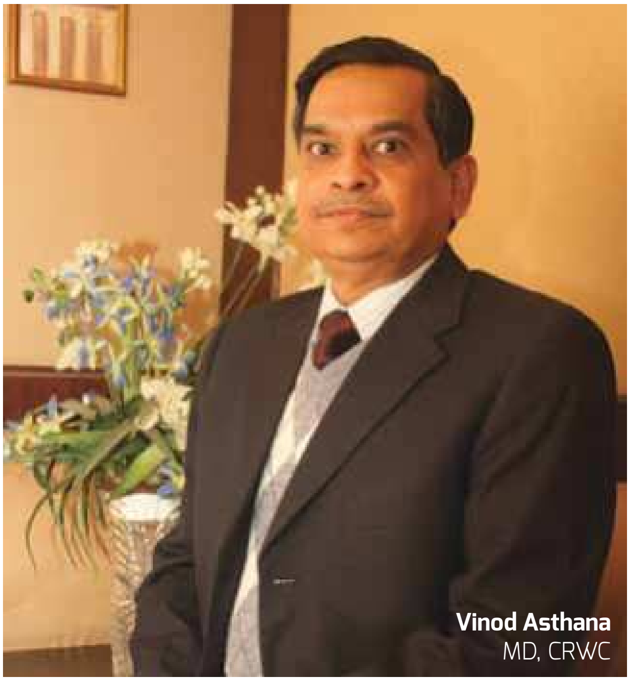
'We like to add 10 more terminals for pan-India presence'

Vinod Asthana, Managing Director of Central Railside Warehouse Company Limited (CRWC), is an officer of the Indian Railway Traffic Service. He has spent many years at various departments of the Indian Railways including commercial, operations, logistics, transportation, planning, and marketing and is instrumental in introducing measures to strengthen the efficiency and productivity. In an interview with Maritime Gateway, he talks about CRWC's expansion plans and future strategies.

Q As a recently formed PSU, what has been your experience so far?

A A MoU was signed between the Ministry of Railways and CWC for development of warehousing complexes near railway terminals to provide better service through total logistic solution to rail users. It was decided to bring all the rail warehousing complexes under the administrative control of a new company and thereafter Central Railside Warehouse Company Ltd (CRWC) was incorporated in 2007. The company develops, designs, constructs and operates rail side warehouses for handling full train loads of food grains, fertilisers and cement among other things. These warehouses have been developed along with related facilities for round-the-clock operation. This avoids multiple handling of goods and provides storage facilities for a few days at the rail head. We are operating 18 such terminals across the country.

The facility of the full train warehouse with the capacity of 5-6 train loads has helped the stakeholders especially during hostile weather conditions, traffic restrictions on road, non-existent facility of unloading in late night hours and non-availability of adequate trucks and labour. The above factors have made CRWC very popular with the industry. The transit warehousing at the goods-sheds across the country has helped in attracting traffic to railways and fast turnaround of wagons. CRWC has invested more than ₹200 crore in warehousing and terminal development. CRWC is doing its level best to promote and provide logistics support to trade and reduce the overall total logistics cost by leveraging economies of scale to the advantage of all stakeholders. In the last five years, we have grown steadily with a compounded annual growth rate of over 20 per cent. It has got an established warehouse capacity of over 3 lakh metric tonnes in 2011-12. Last year we handled about 8 million tonnes of cargo and this year we expect to cross 10 million tonnes mark. We are now in expanding and diversifying stage and we are also looking at increasing our capacity by 20 per cent every year. We are a profit making and dividend paying company. The CRWC warehouses are being used primarily for bagged consignments like fertilisers, cement and food grain.



Vinod Asthana
MD, CRWC

Q Are you facing any problems? Do you think your terminals are located at the right places?

A Yes we are. We do not get long-term assurances from our customers, and due to this we are unable to form long-term business plans. Our experience is that rail side terminals if efficiently run can offer a win-win situation for all stakeholders. We chose the locations of our terminals based on the fact that land was available with the railways in the goods shed area. Another reason for the choice of terminals was purely business – the potential of the number of rakes which can get to these units and their realistic availability. At present we are facing some problems of traffic at Hatia in West Bengal and Roza in UP, but we are trying to address these problems by talking to the industry and railways.

Q What are your present business expansion plans?

A More railside warehouse complexes are being set up. The work on the Mumbai (Jogeshwari) RWC will be taken up shortly. The plans for setting up RWCs at Cochin, Guwahati (Changsari), Malda, and Gandhidham (Gujarat) are under finalisation in consultation with the Railways. With the development of these facilities, the freight potential at these terminals will increase.

We are also now getting into the development of multi-chamber cold storages to support cold chain operation. Business plans are being put in place for developing these revenue streams. Railways has launched the Kisan Vision Project to encourage creation of cold storage and temperature controlled perishable cargo centres through Public Private Partnership (PPP) mode. Logistic based Public Sector Units such as the Container Corporation of India Limited (CONCOR), CWC, and CRWC were asked to provide infrastructure at six locations on Indian Railways under a pilot project. Out of six locations, Singur (West Bengal) and Nasik (Ojhar in Maharashtra) are in operation. New Jalpaiguri (West Bengal). Dankuni (West Bengal) and New Azadpur (Adrash Nagar, Delhi NCR) are under process and will be completed shortly. Mecheda (West Bengal) being un-remunerative project, not found to be a potential location for establishment of Perishable Cargo Centre. CRWC is developing the Dakuni land with the help of the National Horticulture Board (NHB) to help in storage of fruits and vegetables, besides their transportation. We plan to handle oranges, bananas, fish and flower exports to Bangladesh from there. It will be a 16 chamber warehouse where we have all temperature controlled systems for different categories of commodities.

As the Railways looks to decongest its stations by detaching parcel units from passenger trains, we have also as sensed an opportunity. We now want to launch parcel train services across its various warehouse complexes. We have seen an increased interest from companies to shift cargo to trains from trucks. We are discussing the issue with the railways. CWC has rail based stock yards which can be utilised for aggregation and storage of parcels from the adjourning areas and then be loaded in special VPU rakes of the Railways.

Another area of diversification is logistics parks. It is one business segment which CRWC is developing by investing in logistics infrastructure. Business plans are being put in place for developing these revenue streams; it would be phase wise programme and in the first phase we are identifying land in six states. We are in dialogue with many states but those who seem to be pro-active are Orissa, Assam, Madhya Pradesh, Chattisgarh, Gujarat and Andhra Pradesh. State like Madhya Pradesh is very important because of its strategic location – it's a major transit point because of its central location. We are trying to identify land in these states and sign MoU with them. Strategic location of land is very important for logistics parks. It has to have clear linkage with Railways as well road network. These projects would require huge investments as they have to be truly state-of-the-art.

Shri Vinod Asthana, Managing Director, Central Railside Warehouse Company Limited, is an officer of Indian Railway Traffic Service. He has wide experience of the Commercial, Operations, Logistics, Transportation, Planning, and Marketing on the Indian Railways.

He is associated with Chartered Institute of Logistic & Transport, U.K as Office Bearer, Centre for Transport Research & Management, Delhi; Institute of Rail Management. He is on the visiting faculty on the various institutions in Mumbai, Ahmedabad & Baroda, besides Delhi.

Q Apart from these expansion plans, how many new terminals do you intend to add?

A Right now, we are focused on developing terminals. More you develop these terminals, better it would be for Railways also. We would like to add 10 more terminals as it would help us to have a comprehensive pan India presence. They would be big terminals with a catchment area of 200 kms and very good rail and road connectivity.

Q Apart from the commodities that you are offering right now, do you plan to tap others?

A Yes we are. We are expanding our profile. We are also wanting to establish smaller warehouses with 5,000 tonnes capacity near metro locations and major consumption centres. These can be used for various commodities especially FMCG.

Q Have you ever thought of catering to the automobile industry because it is very keen to have stock yards close to the railway sidings?

A We have discussed the matter with SIAM and a few international agencies. The auto hubs are in Gurgoan, Chennai, Pune and some other places. We are pondering over the ways to integrate these hubs. Another issue is to how to have both rolling stock and terminals. We are also looking at altering the design of wagons for car transportation. Another option that is being examined is whether vehicle transportation can be integrated with vehicle express service so that goods can be transported in both the directions. In the next few years we are hoping to extend some services for this sector.

Q How do you ensure quality of service at your RWCs?

A Terminals are being operated round the clock, with trained manpower. Most of them are ISO certified and have proper procedures in place. Customer satisfaction surveys are also undertaken besides regular users meetings. In the near future we want to expand in a way and the key to our success would be customer satisfaction. mg

Asian Logistics & Maritime Conference

Reinforcing "The Asia Era"

Hong Kong has a unique opportunity to become a super-hub for the Asia-Pacific region, being strategically located between Singapore in southeast Asia and Shanghai in north east Asia.

Mark Millar

Hong Kong hosted the second Asian Logistics and Maritime conference at the Convention and Exhibition Centre – organised by HKTDC with sponsorship from leading industry providers Orient Overseas Container Lines (OOCL), Hutchison Port Holdings (HPH), Cathay Pacific Airways and Kerry Logistics.

In his opening keynote address, Financial Secretary John Tsang reinforced Hong Kong's strategic role as the leading epicenter of global supply chains whilst economic gravity increasingly shifts to the east. He spoke of more goods flowing into, out of, as well as within Asia, not just in absolute terms but also in relative terms, reflecting both the rising consumption power of Asian economies as well as the changing production patterns in a globalised world, reinforcing my view that the world is firmly in 'The Asia Era' – and will remain so until at least 2050.

Tsang remarked that Hong Kong is well placed to facilitate the myriad of global supply chains and the growing consumption markets in Asia. "Our prime location, world-class infrastructure and extensive multi-modal transport network make Hong Kong an efficient logistics hub for the region."

Hong Kong's leadership position is well established, having the world's busiest cargo airport with air freight throughput of 4 million tonnes; the container port is the third busiest in the world, handling over 24 million teu containers (twenty-foot equivalent units); and Hong Kong is also the international gateway into and out of the mainland Chinese market, with direct cross-boundary links to the economic powerhouse of the Pearl River Delta region.

The morning plenary session entitled 'Staying ahead of the Eastward Curve'explored the shifts in global patterns of production and consumption, again reinforcing my Asia Era philosophy. Panel speaker Joseph Phi, President of LF Logistics, identified the 'Stars of Asia' being China, India and Indonesia – together representing a golden triangle of emerging and exciting opportunities for businesses to benefit from their rapidly expanding consumer markets. Phi identified that Hong Kong has a unique opportunity to become a super-hub for the Asia-Pacific region, being strategically located between Singapore in southeast Asia and Shanghai in north east Asia. He called for three specific actions including government policy initiatives whereby Hong Kong becomes integrated within the free-trade agreements being implemented around the Asia region. Secondly he called for tighter logistics integration between Hong Kong and the Chinese mainland and thirdly for local logistics industry developments to specifically establish a world-class logistics park and create avenues to nurture logistics talents.

Scott Price, Chief Executive Officer of Wal-Mart Asia explained that their collaborative approach to working with more than 20,000 local suppliers is what enables Wal-Mart to offer low prices every day for consumers around the region. He mentioned how the most successful global brands adapt effectively to local market conditions, whilst maintaining and protecting their international brand equity.

In the context of the burgeoning e-commerce sector Price commented that web-based internet platforms enable retailers to exponentially increase the assortment of items for sale, quoting an example of online consumers having choice of over one million products available through a single e-commerce retail platform.

Increasingly deployed on hand-held mobile devices, technology is now the key enabler, empowering savvy consumers to conduct price comparisons in real time. Challenges in the e-commerce space involve how to efficiently execute the fulfilment and logistics operations to satisfy the increasingly complex B2C expectations with speed and convenience, whilst cost-effectively managing the last-mile delivery – AND making money for the company. In mainland China, many companies are investing large amounts of capital into e-commerce retail platforms and it will be interesting to see how this evolves during the next couple of years. On the topic of technology, Joseph Phi commented that within the increasingly complex world, businesses have to leverage technology to enable and provide the visibility that is critical to empowering successful supply chain execution.

Regarding third-party logistics and approaches to outsourcing, the discussion reinforced that the principle of outsourcing is based on the ability to access and leverage a third party's scale and capabilities – but also with the appropriate economic justification. Three keys to successful outsourcing were cited – first that it is a strategic decision whether to outsource or not; secondly, for outsourcing to be successful both parties need to be fully committed, including an open approach to appropriate information sharing, and thirdly, it is imperative to measure the success of the outsourcing partnership through a combination of key performance indicators and business metrics.

The afternoon maritime session specifically explored the ocean freight sector with Eric Ip, Deputy Group Managing Director of Hutchison Port Holdings questioning the economic and business benefits from increasingly bigger vessels. The latest 12,000+ teu vessels, and soon-to-arrive 18,000 teu ships, present challenges for terminal operators who need larger berths, bigger cranes and deeper water in order to accommodate these increasingly large container ships – "bigger ships will make fewer port calls".

According to Andy Tung, CEO of OOCL, the intra-Asia trade is now the world's largest ocean freight segment, representing some 62 per cent of global total container volumes. He commented that for each single long haul container move, for example Asia to USA or Asia to Europe, there are likely two-to-three short haul intra-Asia container moves. Nazery Khalid, senior fellow at the Maritime Institute of Malaysia, gave a lively presentation on maritime mega trends, reinforcing that the containerised shipping sector is dependent on derived demand. Volume fluctuations are primarily driven by external drivers such as population growth, outsourcing trends, emerging new economic powerhouses, factory locations, global recession and financial crisis, rising awareness of climate change, need for environmental protection and fluctuations in the oil price. The shipping sector therefore needs to respond and react to these macro-economic drivers, whilst balancing the supply and demand of vessel capacity and related port capabilities.

Overall, the conference confirmed Hong Kong's leading role as a world-class logistics hub that empowers global supply chain ecosystems. In addition to being blessed with its strategically significant geographic location, Hong Kong's long history as an international trading hub and maritime centre has resulted in best-in-class capabilities in logistics and supply chain management, based around enviable competencies in people, facilities and technology. However, Hong Kong cannot rest on its laurels and must continue to develop and improve – in order to avoid becoming become left behind. Logistics and maritime practitioners and communities must work together to further evolve Hong Kong's leadership role through the Asia Era and solve how best to collaborate with the emerging and developing economies in the region – in particular ASEAN and China.

Industry thought leader Mark Millar has been engaged by clients as Speaker, MC, Moderator or Conference Chairman at more than 250 events in 20 countries and is recognized by the Global Institute of Logistics as "One of the most Progressive People in World Logistics." mark@markmillar.com

A Forum that Made a Difference

The NISSA business forum 2013 highlighted many key operational issues plaguing the industry.

More than 60 per cent of India's container trade originates from northern regions of the country and this calls for adequate logistics infrastructure to be in place to meet the cargo requirements. The ever increasing container traffic density between the northern hinterland and ports like JNPT is increasing pressure on the powers that be to expedite the development of infrastructure and connectivity projects. The Dedicated Freight Corridor is yet to take shape and it may be another five years before the trade starts using this corridor. Similarly, the need for more inland container depots and terminals is being felt to meet the growing volumes. Many such issues indeed are plaguing the container trade industry in northern India and tapering its growth and hence it was but natural that they were discussed and debated upon comprehensively during the NISAA Business Forum 2013, which was held at New Delhi on February 7-8, 2013. Most leading players of the sector participated in the event. The forum dwelt both on infrastructure ad connectivity issues as well as operational problems among the various stakeholders in container trade.

A day before the forum NISAA also organised a workshop to educate the workforce of the industry regarding the various operational issues that are plaguing both the rail and ports ICDs/CFSs. The workshop also touched upon the documentation that is required for clearances and

Inaugural session of NISAA Business Forum 2013 seen from L to R - **Dr John Joseph**, Addl Director General Directorate of Revenue Intelligence, Ministry of Finance, Dept of Revenue, Govt of India, **Anil K Gupta**, MD, Container Corporation of India Ltd, **K Raghu Dayal,** Former MD, Container Corporation of India Ltd, **Capt A K Kaura,** President, Northern India Steamer Agents Association also the important issue of KYC. The workshop was a roaring success and NISAA was requested to organise such workshops on a regular basis as there is a dearth of maritime education in the country.

The forum too was a roaring success and this could be gauged by the applause received by the speakers of the inaugural session. Anil K Gupta, managing director, Container Corporation of India (CONCOR), highlighted the urgent need to take corrective steps about the high transactional cost. He said that the cost of running empty rakes had increased to crores of rupees. According to him, one of the ways to address the problem of empties was to increase exports through the railways. He also highlighted the need to multiply the ICDs. He said that the need of the day was to find more places for ICDS, and a minimum spacing of 100 km should be kept between any two terminals to avoid undue competition between them. He added that connectivity to the hinterland is of prime importance to boost the container trade. Adequately planned train schedules, well synchronised intermodal network and availability of end-to-end connectivity to the prime destinations or consumption centres will improve the distribution network and reduce the transit times. He also said that CONCOR is ready for giving e-clearances but it has to be done at all the terminals. Customs is always ready to help the industry and this is highlighted by the pace at which the clearances are given.

Raghu Dayal, former managing director, CONCOR, in his keynote address, suggested that Indian Railways (IR) needs

Session I: Role, Responsibility and accountability of Stakeholders Seen from L to R - **Harpreet Singh Malhotra**, MD, Tiger Logistics (I) Pvt Ltd, **Amitabha Chaudhari**, MD, India Infrastructure & Logistics Pvt Ltd, **Capt Sanjeev Rishi,** Advisor, Worlds Window Infrastructure - ICD Loni, **Dr L R Thapar** IRTS Retd, MD, Hind Terminals Pvt Ltd **Sanjay Swarup,** Group GM (Intl Mktg), Container Corporation of India Ltd, **P K Singh,** Advisor (Law), Competition Commission of India

Session II: Seamless Integration of service providers giving speech is **D K Sen Sharma**, COO - Container Terminals, Adani Ports and SEZ Limited and seen from L to R - **Bharat R Joshi,** Director - Biz Dev, Associated Container Terminals Ltd, **Vishal Sharma,** CEO, Gateway Rail Freight Limited, **Capt Ram Ramachandran,** Chairman & MD, Red Eagle Shipping Agencies Private Limited.

Session III: Way Forward - Future of Logistics in Hinterland seen from L to R - **Puneet Jain,** Director, Jaykay Freighters Pvt. Ltd, **Capt Thamburaj Jeyraj,** GM - Container Operations, APM Terminals Pipavav, **Gagandeep Singh,** Director, Majha Transport Pvt Ltd, **Capt Ram Ramachandran,**Chairman & MD, Red Eagle Shipping Agencies Private Limited, **Ruchir Parekh,** Director, The Thar Dry Port, **P N Shukla,** Former Director Opns & Bus Deve, Dedicated Freight Corridor Corporation of India Ltd.

to bring out a transformation in its approach and that the "business as usual" attitude may no longer hold good in the changing scenario of increased consolidation and competition. "IR has been a hugely successful organisation and has both the potential and the genius to bring about the change. IR can work collaboratively with the private players and use its land to build the necessary infrastructure through private participation," he said. According to him, there is a tremendous opportunity to optimise the existing routes but for this IR needs to resurrect itself. It also needs to radically change its approach where CTUs were concerned.

The forum also highlighted the fact that apart from the physical infrastructure, the service delivery also plays a crucial part in furthering the trade. Customer expectations have increased in terms of service levels and value added services offered by various logistics players like ports, container terminals, logistics parks, ICD/CFSs, ship agents and freight forwarders are of significant importance. Given the current market scenario, with freight rates hovering at rock bottom levels, surviving in these conditions as well as meeting customer expectations is a big challenge.

Some interesting points saw the light of the day: to permit cabotage of containers and allow exim containers to carry domestic cargo. Secondly, the government (especially the Ministry of Railways) needs to step in to reduce import-export imbalance and incentivise private rail operators to carry empty containers. These initiatives will ease congestion both at ports like JNPT and at the ICDs, and also improve the financial condition of the ailing private rail operators.

The industry was also concerned about the fact that container business in northern India is shrinking. One of the speakers said that the industry needs to take concrete steps to rectify the situation and it needs incentives for doing business. At present there are too many associations that are working in a fragmented manner. But the need of the day is to have a united representation to speed up things concerning not only infrastructure development but also other industry concerns. For this to happen, the speakers called for a change in the mindset. "The speed of change in the mindset will determine the speed of infrastructure development – which will result in the speed of bringing down the operational costs," some averred.

The conference also highlighted the problems being faced by the freight forwarders. It was said that they are perceived as the trouble makers, because of which their licences are revoked. This needs to be changed, as they are an important link of the industry. They should not be held responsible for all the misdoings in the industry. The fact that the freight forwarders were also getting into a death trap because of thin margins and payments coming very late was also discussed.

Throughout the forum and also the workshop the issue of KYC was highlighted time and again. Both the policy makers and industry players urged the shipping lines to have adequate information about their customers before taking any bookings. Presently, one of the biggest nightmares for a liner shipping company is that cargo many a times gets abandoned after landing and it is not able to recover the costs. In most cases the problem is associated with low-valued cargoes like waste oil, grease, used rubber tyres, scrap, old packaging material, waste paper, etc. While most of these products are imported for a genuine purpose there are some that may not have sufficient documents to prove they are bonafides. Once the shipment is entangled in litigation with the customs or is embroiled in a civil suit, it is anybody's guess as to when the container would be freed to the lines. This also adds to another problem the custodian of the shipments such as CONCOR or the Central Warehousing Corporation is saddled with large number "dead stock" which occupies their yards and needlessly stymies their revenue earnings. The shipping line loses freight since the containers cannot be brought into circulation for the export cycle. Currently CONCOR has over 2,000 containers that are long standing in its yard. According to many of the speakers of the forum, if the shipping lines are particular about the KYC norms then these problems can be avoided.

The participants also voiced suggestion over a policy amendment for allowing container trains to carry cargo from multiple ICDs. As many a time a single ICD may not contribute all the TEU as per schedule, it is meaningful for the train to carry cargo from other regional ICDs. Therefore, a rail head needs to be identified for a group of ICDs operating in a region, some averred. The use of technology for a seamless flow of traffic was also discussed at length. mg

Dates for your diary

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

Sea Asia 2013

April 09-11

Venue: Marina Bay Sands, Singapore

Topics Covered: Sea Asia will be conducted in Singapore for the 4th time from 9 - 11 April 2013 and will provide all the features that were so well received and even more:

- a conference programme that allows the Asian Voice and Perspectives to be projected,
- a sequence of lively, relevant and informative seminar sessions on diverse subjects,
- a bright and bustling exhibition floor containing some of the biggest brand names in the business
- a social programme that is both productive and enjoyable

Asia's remarkable forward progress in all aspects of maritime affairs, and the talented people who are driving it, needs a platform that reflects its status in the global industry; a platform which brings the international community to Asia to see for themselves.

The organisers of Sea Asia, Seatrade and the Singapore Maritime Foundation, are committed to providing such a pivotal event, which matches Asia's achievements and projects them outwards to the world.

More information: http://www.sea-asia.com

GreenPort South Asia

March 20-22

Venue: Trident Hotel, Mumbai, India

Topics Covered: The first GreenPort South Asia conference will cover environmentally efficient technologies for planning, expansion, operations and equipment as well as integrating the port into a city, investment, the greening of the logistics chain and the practical issues of pollution control.

More information: http://www.greenportasia.com

India Shipping Summit 2013

October 22-23

Venue: Mumbai

Attend for: This year's summit will include panel discussions, debates and social networking, which will offer a great platform for participants to discuss real issues and share views and ideas with key Indian maritime stakeholders and industry organisations. It is a great place to do business with India's maritime elite!

More information: http://www.indiashippingsummit.com/

Containers India 2013

April 19

Venue: Taj Vivanta by President, Mumbai

Some of the world's most admired speakers examine:

- How will future global and regional cargo flows change?
- What are the emerging transhipment opportunities?
- How the supply/demand balance will change?
- What Port / Terminals are doing to add value?
- How much further the containerisation process can go?

More information: madhukar@gatewaymedia.in

THE GATEWAY AWARDS 2013

THE BENCHMARK OF INDIAN MARITIME BUSINESS

April 18, Mumbai

SMM India 2013

April 04-06

Venue: Bombay exhibition grounds, Mumbai

Attend for: India's growing strength in Shipbuilding sector, coupled with the renewed drive in the industry, has set stage for the third SMM India to play host to the full spectrum of the Shipbuilding world. This leading international platform for new maritime innovation, SMM India 2013, will take place in conjunction with the 50th National Maritime Week offering undoubted result in unique collaborations that create a powerful new impetus for the sector. The event will attract more than 3,000 visitors and delegates from over 30 countries to the exhibition.

More information: www.smm-india.com

Singapore Maritime Week 2013 April 07-12 Venue: Singapore http://www.smw.sg

RNI NO.: APENG/2009/30633

POSTAL REGISTRATION NO.: LII/RNP/HD/1137/2013-15