

maritime
gateway
ports • shipping • logistics

April 2010 Rs.100 www.maritimegateway.com

Interviews

**Investment in
Youth + ERP = Future**

Ajay Chopra
CEO, DIESL

Driving Green

Roberto Bencina
MD-Asia Pacific, Sennebogen

Maritime Ties

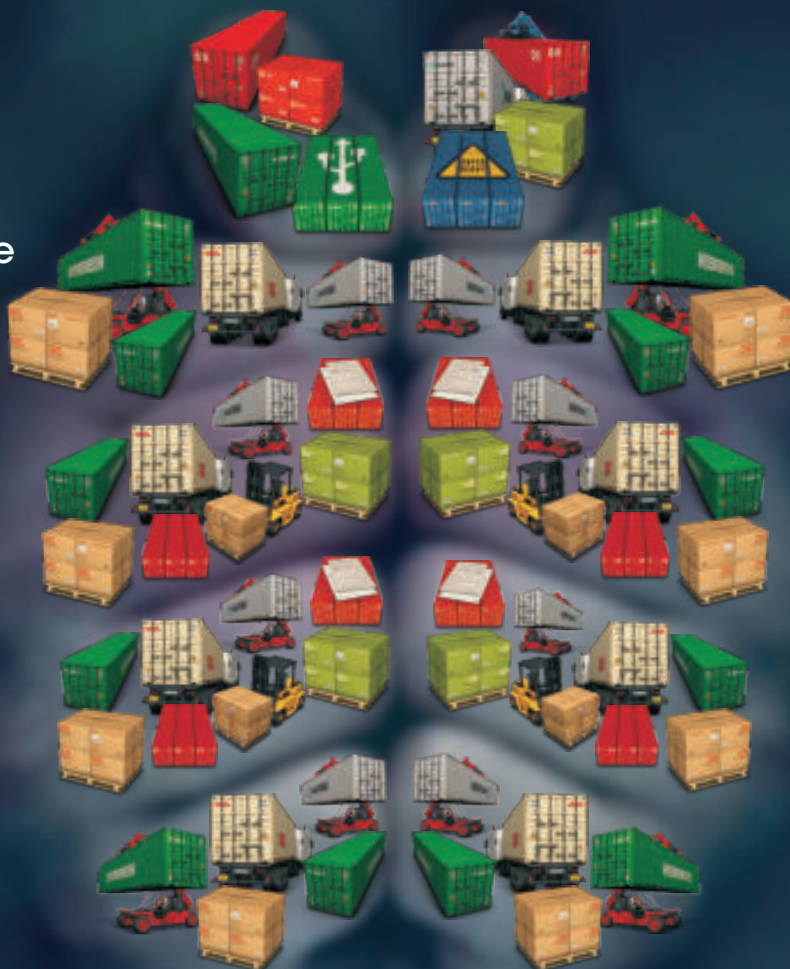
**Global Warming:
Drowns
Differences**

Port Scan

**Dighi Port:
Gateway to
Maharashtra**

Taxation

**Budget 2010: Boost to
Infrastructure**



Mindset Matters

As India Inc. believes in innovation as the recourse to growth and success, Maritime Gateway comes up with recommendations and reportage of the summit on 'Inland Logistics: New Pathways' steered by Gateway Knowledge Forum.

snb:qn

The logo for SICAL, featuring the word "SICAL" in a bold, blue, sans-serif font, followed by a stylized graphic element consisting of two overlapping, curved shapes in blue and green.

+91.44.66157071/72
info@sical.com

Shipping | Port handling | Customs clearing | Freight forwarding
CFS | Trucking | Trains | Warehouses | Terminals

YOUR BUSINESS IS GOING PLACES



Your business is going places. We make sure it reaches cruising heights.

India's first International Cargo Airline. Soon to commence services along the routes to Tokyo, Shanghai, Hong Kong, Seoul, Bangkok, Sharjah, Nairobi, Milan, Brussels and London. Look out for "ACE Lightning" and "ACE Flash" the express services by ACE, providing guaranteed delivery of less than 36 hrs within its own network and less than 48 hrs within its extended network. ACE brings you a seamless network, assured connectivity and accelerated business growth.

Spanning 150 countries, bringing together 250 years of collective experience, delivering cargo across destinations,
ACE. Accelerating Business Dynamics.

✚ 24/7 ✚ Fast ✚ Efficient ✚ Reliable

www.acex.in



Ayan Cargo Express

A Subsidiary of Ayan Cargo & Express Logistics Pvt. Ltd.

A-87/88, Road No. 4, Mahipalpur Extn., New Delhi- 110037 India | Tel: +91-11-47184545 | Telefax: +91-11-47184590



21 Cover Story

MINDSET MATTERS

As India Inc. believes in innovation as the recourse to growth and success, Maritime Gateway comes up with recommendations and reportage of the day-long summit on 'Inland Logistics: New Pathways' organised by Gateway Knowledge Forum.

INTERVIEWS

16 Investment in Youth+ERP=Future

Ajay Chopra, CEO, DIESEL



40 Driving Green

Roberto Bencina,
MD-Asia Pacific,
Sennebogen



TRADE TALK

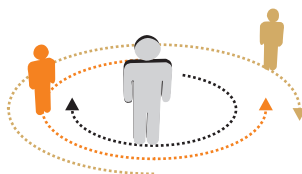


58

Revving Up Rail Freight

Indian Railways needs to address broader issues involved in freight traffic to help itself function better.

LOGISTICS



42

Friction in All Lanes

The retail boom in India heralds newer services in logistics and catering to the fashion industry is fast catching on as an innovative model.

PORT SCAN

52 Dighi Port: Gateway to Maharashtra

Dighi Ports holds the promise of addressing the gaps left by Mumbai Port and JNPT in terms of cargo handling thanks to its strategic location and proximity to industries.



We are an international commodity traders with special focus on India. We specialize in strategic raw materials like Coal and Iron Ore. We target a Million ton per annum on imported coal alone and another Million from Iron ore in the next two years.

Leveraging on our experience of our pedigree and our highly satisfied clientele, we intend to become a leader for Imported Coal, targeting over 12 MTPA in the long run.

We believe that success in commodities trading comes through genuine long-term commitment to all elements in the trading process. This commitment involves the interest and support of the communities in which we operate. And through our core values: Best Procurement Practices, Quality, Price, Service and Delivery we intend to be the preferred class.



SEABASE
IMPEX PVT. LTD.

Quality
Price Service
Delivery

your trade partners!



**EXPORT
Iron ore**

to East-Asian countries

**IMPORT and
provide Coal**

for Indian Industries.

Contact Us

Email: **info@seabase.in**

Tel: +91 - 44 - 4350 8731/2

Fax: +91 - 44 - 28270616



Comparing the ports

Dear Editor,

Apropos the news on the Economic Survey (**Maritime Gateway March 2010**) observation on marginal decline in turnaround time and the pre-berthing detention compared to the previous year of major Indian ports, comparing their performance levels with Hong Kong is like comparing the uncomparables.

Besides drastically improving and reducing the infrastructural and hinterland connectivity deficiencies, several other factors have to be seriously looked into with a view to achieving much better turnaround and reducing the vessels' wasteful stay in the port. The issues could be port's efficiency levels, eliminating restrictive practices related to work-to-rule for ensuring sincere round-the-clock work, constant monitoring and continual on-the-spot supervision, entrusting clear-cut responsibilities to the personnel at all levels of operations which are strongly protected by trade unions, bringing about uniform practices in all Major Ports for overall healthy competition and freedom to the Administration (Board of Trustees) to initiate appropriate remedial measures. Instead, any attempt of imposing numerous restrictions on trade would cripple developmental process to the international level. The glaring example is to compare levels between privately run terminals within and the major ports' terminals whose statistics if analysed have to be taken with a pinch of salt.

A major pivotal port is built keeping in view long-term gains for over a century and the economic prosperity of the country as a whole.

CS Murty, former traffic manager at Mumbai Port Trust

MARITIME TIES



45 Global Warming Drowns Differences

The age-old maritime dispute between India and Bangladesh clears up with the disappearance of a mud and rocky island in the Bay of Bengal into the sea.

ENVIRONMENT



47 Green Shipping in the Blue Ocean

As climate change threatens to cause adverse effects to the world, there is a need for stakeholders in shipping to play an active part in protecting the environment.

TAXATION



60 Budget 2010: Boost to Infrastructure

A quick review of how the maritime industry has fared till now ever since the global financial crisis.

NEWS

08 Ports

10 Shipping

12 Logistics

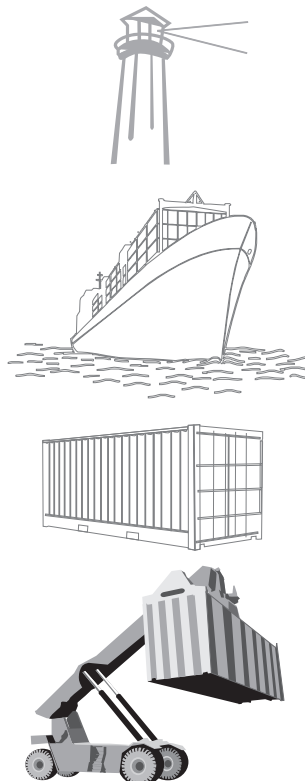
14 Exim

51 International

OTHERS

62 Events

64 Executive Diary



**Better, Bigger & Growing
all this and more at
APOLLO LogiSolutions**



Cargo safety is something we take very seriously

At our CFS-Panvel, we are taking cargo care safety standards to a new level. Our 50 acres prime - site therefore, comes equipped with everything. The best movement equipment, well covered warehouses, trained security personnel electronic surveillance, security checks, the works. Everything to keep your cargo far from damage and close to safety. Total Security ! What more could you ask from a CFS?

Preferred Gateway to and from NSICT, GTI & JNPT

CFS Details

- Warehouse: 10,000 sq mt. & Open Yard: 30,000 sq mt.
- Provision for heavy consignments including iron & steel, plant & machinery
- 20 plug points for reefer containers Bonded warehousing, cargo consolidation & deconsolidation
 - Fleet of over 100 trailers, reach stackers & forklifts
 - Customized IT platform Scientific Storage & Planning
- Round-the-clock security with CCTV & Power backup for pilferage-free, safe & secure operations
 - CT-PT Compliance Underway Trained and Certified Logistics and CFS Professionals
 - Fully furnished office space for customs & customers



CFS-Panvel: Survey No.59, Kone-Sawla Road, Somathance, Panvel, Dist, Raigad.
Tel.: 91 021 43262001-08 | Fax: 91 021 43262010
For marketing enquires call: 98209 17300
E-mail: cfs@apolloindia.com | Website: www.apollologisolutions.com

Greening the Black



Eyjafjallajökull, the tongue-twister of an eruption of the year so far, was yet another disruption for the global supply chain. The ice cap that crippled air cargo throughout Europe led to newer management strategies for companies to literally weather the storm! And business enterprises have been coming up with business continuity plans to ensure that they best service their customers and suppliers, come what may.

Even as the affected organisations are revisiting their business impact analysis and risk assessment thanks to calamities, they

are diligently working towards sustainable models and methods in the midst of the changing environment, that is being seen and felt as never before. If they have just overcome the blues, and are trying to rise above billows of black, they are also too keen to thrive as the new greens on the block.

The thought process of these enterprises has already surpassed the needs and woes of today. It is working out ways for better business approaches and to bring in newer technologies that can address environment, social and economic challenges. If the talk is how to achieve zero emissions, the walk definitely needs small footprints. And the competing economies, especially the US and China, together letting out 41.7 per cent of world's carbon emissions every year, seem all set for the trek. Or are they really?

Though governments, industries and consumers around the world are responding to concerns about the effects of carbon dioxide emissions on climate change by determining how to design more efficient energy and environmental practices and regulatory regimes, experts say developing such a regime requires a different mindset on the part of the political powers that be because of the different approaches each country has. It is also difficult due to the absence of an effective precedent because, as the World Shipping Council says, no transportation mode has had a comprehensive carbon emission regime that can simply be borrowed and applied.

All such thought on sustainability issues calls for innovation into today's businesses. Keeping with this spirit, *Maritime Gateway* has just triggered thought and talk on newer advances in trade and the following pages will sure give you an insight into the possible innovative practices and models being discussed across the world, a better one at that. The Gateway Knowledge Forum on Inland Logistics has come up with recommendations for new pathways in the sector and the government too has taken note of the suggestions.

So going green though can still remain glamorous, it forces to become a chanting mantra till the simple objective is achieved – to live and let live lest we should be left to many more Eyjafjallajökulls.

Best Regards,

Ramprasada, Publications Director
ramprasada@gatewaymedia.in

Editorial Advisory Board

NATIONAL

B B Pattanaik
 MD, Central Warehousing Corporation

Jasjit Sethi
 CEO, TCI Supply Chain Solution

Capt Anil Singh
 Sr VP & MD, DP World Subcontinent

A Janardhan Rao
 President, Indian Ports Association

Yogendra Sharma
 CEO, Adani Rail Logistics Ltd.

S S Kulkarni
 COO, INSA

Capt Ram Ramchandran
 President, NISAA

INTERNATIONAL

Joachim von der Heydt
 Chairman, Bengal Tiger Line, Singapore

Sudhir Rangnekar
 CEO, Oman Shipping Co, Muscat

Capt Subhangshu Dutt
 Vice President, Institute of Chartered Shipbrokers, Singapore

Publications Director Ramprasada

Associate Editor Radhika Rani G

Sr. Assistant Editor Jagadeesh Napa

Copy Editor Srinivas Reddy G

Sr Designers Vijay Masa, Lakshmi Dandamudi

Designers Yogesh Dhabale, Srinivas P, Nagaraju N S

Web Upender Reddy V

Head - Business & Events Wilson Rajan
wilson@gatewaymedia.in - 099499 05432

Manager - MarCom Padmapriya C
padmapriya@gatewaymedia.in - 099890 59259

Marketing & Sales

Mumbai Dr Shibu John Head-Strategy & BD
shibu@gatewaymedia.in - 098676 82002

Delhi K N Sudheer Regional Manager
sudheer@gatewaymedia.in - 099101 66443

Kolkata Nikhil Doshi Region Head
nikhil@gatewaymedia.in - 098369 96293

Chennai W Sudhakar Manager
sudhakar@gatewaymedia.in - 097899 81869

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.

Copyright

No material published here should be reproduced in any form without prior written permission from Gateway Media.

Feed Back

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

SUBSCRIBE

Phone : +91 (40) 2330 0061 / 2330 0626
e-mail : subscribe@gatewaymedia.in

write to : Gateway Media Pvt. Ltd., # 407, Fifth Floor, Pavani Plaza, Khairatabad, Hyderabad – 500 004, INDIA

Phone: +91(40) 2330 0061, 2330 0626

Fax : + 91(40) 2330 0665

www.maritimegateway.com

Digital Magazine:

<http://emag.maritimegateway.com/>

Explore a new world of premium warehousing township at Bhiwandi, on Mumbai-Nashik Highway (NH-3)



Welcome to Arham Logiparc. 10 million sq. ft. of storage solutions packed with strategic, infrastructure and business advantages.
Discover a new realm of warehousing. Best Suited For : FMCG, Manufacturing, Retail, Logistics and heavy Industry
Available on Lease / Outright • Construction in full swing

Advantages At A Glance:

Octroi-free Zone | Proximity to Mumbai-Nashik Highway (NH-3) | Location Advantage - 15 mins drive from Thane
State-of-the-art warehouse facility | Packed with effective infrastructure advantages | World-class business environment



PEB Structure



SELF SUPPORTED DOME Structure



RCC Building



Arham Anmol Projects Pvt. Ltd.

Arham Logiparc, Mumbai-Nashik Highway (NH3), Valshind Village, Bhiwandi,
Dist - Thane 421 302, Maharashtra, India. Tel.: 0992 045 0404 / 0982 065 9972
E-mail: dhiraj@arhamgroup.in • Website: www.arhamgroup.in



(An ISO 9001 : 2008 certified company)



Cochin Port

Record cargo throughput in 2009-10

With a 12.5 per cent growth rate, Cochin Port sets a target of 19.11 million tonnes of cargo throughput for 2010-11.

Cochin Port has achieved an all-time high cargo throughput of 17.43 million tonnes in the year 2009-10, a growth rate of 12.5 per cent over 15.49 million tonnes recorded the previous year. Though the port's traditional cargo like coal, fertilisers and industrial salt have recorded a fall of about 10 per cent, the deficit was more than compensated by higher volumes in liquid bulk, especially petroleum products, and also general cargo like cement, iron scrap and timber logs. There is an increase of about 11 per cent in container traffic. A total of 289,817 TEU containers were handled during the year, as against 260,784 TEU handled during 2008-09. The vessel traffic registered an increase of 18 per cent in 2009-10 while the average turnaround time of ships showed an improvement of 3

per cent. The average ship berth day output also registered an improvement of 2 per cent. The increase in cargo throughput has brought in additional revenue to the tune of about Rs 6 crore to the port in terms of wharfage alone. Additional revenue through storage charges and vessel related charges through increased vessel traffic has also accrued to the port on account of the higher throughput.

The port hosted 44 cruise ships on international calls and seven high-seas overnight voyages – the highest among all Indian ports so far. During 2009-2010, Cochin, for the first time, played homeport to the Cyprus-based cruise vessel M V Aquamarine of Louis Cruises. The vessel catered to the domestic clientele promoting cruise vacation in the Indian market.

Hazardous waste

Green minister for joint action

Concerned over recent radiation exposure incident in the capital, Environment



Minister Jairam Ramesh has written to the Finance Ministry on a joint mechanism to sensitise customs department to ensure that no hazardous material is dumped in the country.

Replying to a supplementary that whether India's ports are equipped to check the hazardous materials, the minister said, "...the honest answer is no" and asserted that procedures at the ports will be tightened to bring about a greater control on the import of hazardous waste.

He, however, said India has a strong set of hazardous wastes management rules but the implementation needs to be strengthened especially at the port level to ensure that such material was not dumped in the country. "We need to ensure better coordination with the customs authorities which we are attempting. We also need to ensure that our trade policy does not allow the free import of wastes."

Ramesh assured the House that as far as hazardous waste is concerned, the Central Government will not shirk its responsibility and come up with strictest possible rules and ask the States and local authorities to cooperate in monitoring the implementation of these rules.

Port expansion

Rs 14K-cr projects mooted

The government will award port expansion projects of Rs 14,000 crore under the PPP mode in the coming 2010-11 fiscal. "We will award 21 projects for a total investment of Rs 14,000 crore in the coming fiscal," Shipping Secretary K Mohandas told reporters recently. The 21 projects will add about 200 MT cargo handling capacity to 12 major ports in the country. The current combined capacity of these ports is about 574 MT. The total capacity by March 2012 will be 816 MT, he added. -PTI

Karaikal Port

India Infrastructure Fund (IIF), managed by IDFC Project Equity Company Limited, will invest Rs 150 crore into the equity capital of KPPL towards Phase-II expansion.

Helping Lanka

India to rebuild KKS harbour

A delegation of experts from the Indian ports industry visited Sri Lanka to carry out the groundwork for the development of the Kankesanthurai harbour. The harbour which was destroyed during the 30-year war will be renovated with assistance from India under the Rs 12-billion aid package pledged for the post-war development projects in Sri Lanka.

Already, the Indian government has started several projects for the construction of vocational training institutes; the rebuilding of the northern railway line is also being conducted under a credit facility from the Export and Import Bank of India.

The Indian delegation will visit the Kankesanthurai site for first information and assessment. Meanwhile, the Indian government also announced that the Palaly Airport would be developed with Indian assistance.

Port development

JSW Infra to invest Rs 10k crore

JSW Infrastructure & Logistics plans to invest Rs 10,000 crore to develop 5-6 ports in India in the next 10 years. "We have prepared a road-map to develop 5-6 ports in India and will invest Rs 10,000 crore for this in the next 10 years," JSW Infrastructure joint MD and chief executive officer BVJK Sharma said. "Our aim is to increase the total cargo-handling capacity to 180 million tonne."

The company is in the process of identifying locations for the proposed ports. It will raise 75 per cent of the total investment through debt, Mr Sharma said. Besides, JSW infrastructure will build a ship maintenance facility in Dhabol, Maharashtra, he said. -PTI

Paradip Port

Essar to invest in cargo berth

Essar Shipping Ports and Logistics (ESPLL) said it has signed a license agreement with the Paradip Port Trust to invest Rs 500-crore in a dry bulk cargo berth. Essar Shipping has signed the deal for a 16-million-tonnes-per-annum dry-bulk cargo berth taking its total port project investments at Paradip to over Rs 1,000-crore, a press release said. After completion of the project by April 2011, its total terminal capacity will be 30 MTPA.

Container connectivity

Ro-ro jetty at Willingdon

Cochin Port Trust and the Inland Waterway Authority of India, in a joint venture, have introduced a ro-ro / lo-lo barge connectivity to the new International Transshipment Terminal coming up at Vallarpadam by completing new terminal jetties at Willingdon Island and Bolghatty. The terminals, to facilitate inland waterway connectivity, were commissioned by SP Gaur, chairman of Inland Waterways Authority of India recently. N Ramachandran, chairman of Cochin Port Trust, Pradeep Kumar, IAS, Member Finance, IWAI; M Beena, district collector, Ernakulam; C J Mathew, commissioner, Cochin Special Economic Zone and Suresh Joseph, general manager, India Gateway Terminal Pvt. Ltd., were present at the inauguration.

To establish a link to the inland terminals in the NW3 from Kollam to Kottappuram to the logistic chain of Cochin Port, the jetty was constructed at a cost of Rs 16 crore provided by IWAI. The infrastructure was designed to meet the heaviest container and constructed by Cochin Port with the help of contractors K V Joseph and Sons of Cochin. A joint management committee will supervise the barge operations once the ICTT starts.



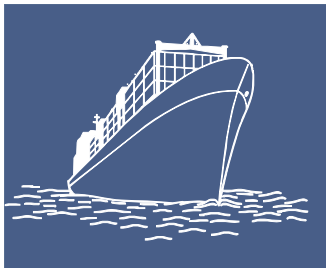
Addition in Orissa

SAIL proposes port

With expansion of its units in eastern India in pipelines, public sector steel major, SAIL evinced keen interest in setting up a port in Orissa, according to official sources.

A delegation of Steel Authority of India's (SAIL) top executives recently met Chief Secretary T K Mishra and other senior officers in Bhubaneswar to seek the state government's assistance for the proposed port.

"We have assured the SAIL officials of all help if they are keen for a port project," T K Mishra told reporters, adding that the proposed port would help the public sector to transport coal for its requirement. To have a capacity to handle 20 million tonnes of cargo, it could be located anywhere in the state's 480-km coastline, Mishra said. -PTI



Naval pride

GRSE launches first ASWC

The Indian shipping industry should have a level-playing field in order to survive in the globally competitive market, says SCI chairman.

State-owned Garden Reach Shipbuilders Ltd. launched the first anti-submarine warfare corvette in the presence of Union Minister of State for Defence M M Pallam Raju in Kolkata.

The ship named 'Kamorta' meant for the Indian Navy will be equipped with excellent stealth characteristics and very low underwater noise signature. With the indigenous component of the ship at 85 per cent, it will be ready for deployment in mid-2012. The ASWC measures 109 metres and can cruise at speeds of 25 knots. It is powered by four raft mounted indigenously built diesel engines each of 3,800 KW.

GRSE officials said four ASW corvettes would be delivered by 2015 with the size of the order being Rs 7,000 crore. The current order book of GRSE is Rs 8,000 crore.



Raju said GRSE capabilities will be strengthened after the ongoing Rs 500 crore modernisation programme was complete by 2011. He said all PSU shipyards for defence production were undergoing modernisation. "We are trying to offer a level-playing field and hope that large domestic corporates will soon enter defence production," Raju said.

Shipping woes

Level-playing field sought

The Indian shipping industry should have a level-playing field in order to survive in the globally competitive market, says SCI chairman.

Shipping industry in India does not have a level-playing field because the levels of taxation including indirect taxes are as high as 8 per cent to 10 per cent, according to Shipping Corporation of India's Chairman, S Hajara. Globally, foreign flag vessels pay only around zero to 0.5 per cent tax. Besides, India is losing international cargo to foreign shipping, he said.

At one time, Indian shipping lines used to carry around 40 per cent of India's international trade but this has come down to 8 per cent now, Hajara noted.

"The growth of Indian tonnage has not kept pace with India's EXIM (Export-Import) trade because of the lack of opportunity for Indian shipping to grow or for that matter for the Indian entrepreneur to get encouraged into Indian shipping," he said.

India's foreign trade being over US\$ 200-billion, the trade component is US\$ 30-billion and out of this around US\$ 27 billion freight is outbound.

A recent study has shown that if Indian shipping lines earned this freight, then 67 per cent of this would get ploughed back into the Indian economy whereas with foreign shipping lines earning the freight, only 10 per cent gets ploughed back into the country's economy by way of port charges, he said.



Back from blue

Century to restart shipping biz

Diversified Century Textiles & Industries Ltd. plans to restart its shipping business, which it had shut down about eight years back, due to a buoyant shipping industry.

"We had closed the business 7-8 years back due to market conditions. We are now considering restarting it," RK Dalmia, senior president at Century Textiles said. "We had sold all our vessels back then, so we do not have any vessels at present," he said.

The firm had not set aside an investment for the business as it would have to obtain shareholders' approval for restarting the venture, he added. The annual general meeting for shareholder approval is scheduled to be held in July, the company said.

Century, whose FY10 net grew 43 per cent to Rs 3.39 billion on higher revenues, makes cement, denim, paper and yarn. Its revenues and profits grew mainly due to the performance of its cement division, which contributes 60 per cent of total sales. Cement profits grew 73 per cent to Rs 8.3 billion in FY10, but losses at its textiles and pulp and paper businesses weighed down on overall gains.

Shipping certificates

Fake document gang busted

With the arrest of 12 persons, Mumbai police claimed to have busted a racket involved in preparing fake shipping related certificates that permit crew members to work on vessels. The first arrest had been made in January second week after immigration officials caught Binit Sing Panwar, who was found with a fake Continuous Discharge Certificate (CDC), a document issued by the shipping ministry which should be possessed by every crew member working on a ship, police said.

Panwar was nabbed when he was on board a private merchant vessel, M V Uniglory, off the city coast, they said. A case was subsequently registered and during probe eleven other associated with the racket were held in traps laid by police over a period of time in the city, Additional Police Commissioner R K Padmanabhan said.

Most of the gang members were either makers of the CDCs or agents who used to search for customers in the metropolis, he said. "It has been found that people who were not into shipping business also used to get these CDCs to travel abroad illegally," he said. -PTI

Services rationalisation

Reforms in tax structure mooted

The finance ministry advisors have called for reforms in the tax structure for services like shipping, aviation and telecom to make them competitive, as well as put the economy on a higher growth path. A working paper authored by finance ministry senior economic advisor H A C Prasad and additional economic advisor R Sathish asked for rationalising the tax structure in the shipping industry, which pays 12 direct and indirect taxes currently.

Taxes like corporate tax, minimum alternate tax, dividend distribution tax, withholding tax on interest paid to foreign lenders, wealth tax, VAT, lease tax and service tax raise the effective tax rate of around 2 per cent under the tonnage regime to around 9 per cent, said the paper, titled Policy for India's Services Sector. As per the tonnage tax system imposed on shipping a few years back, levies were to be based on assets rather than on revenue. The paper clarified that these are the views of the authors and not the finance ministry. -PTI

Shipbuilding order

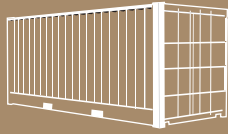
ABG bags Rs 385-cr deal

ABG Shipyard said it has bagged a contract worth Rs 385 crore (US\$ 85.5 million) for construction of three cement carriers of 20,000 DWT each, from Associated Bulk Carriers Pte. Ltd., a JV company of Precious Shipping Public Company Ltd. The vessels will be delivered to the company between July 2011 and November 2013. With this, the order book stands at Rs 12,100 crore. Meanwhile, ABG has sold around 6 per cent stake in offshore and oilfield services firm Great Offshore. In January, ABG, through a unit acquired 5.7 million shares, or 15.2 per cent of Great Offshore Ltd. via an open offer.

Shipping to banking

DG Shipping moves to ADB

The Asian Development Bank (ADB) said it has appointed Lakshmi Venkatachalam as Vice-President for a period of three years. Venkatachalam, currently Director-General of Shipping and ex-officio additional secretary in the Government, will be responsible for ADB's private sector and co-financing operations. Venkatachalam, an Indian Administrative Service officer from Karnataka cadre, has also worked as principal secretary in the Karnataka Government. -PTI



NEWS

Freight terminal

DHL starts LCL service

DHL announced the opening of its new ocean freight terminal in Cochin and the launch of its weekly direct Less than Container Load (LCL) Consol services connecting Cochin, India to Europe, North America and emerging markets via DHL's multinational gateway in Colombo, Sri Lanka.

Operated by Danmar Lines, DHL's in-house carrier, the new service from Cochin via Colombo offer customers reliable and superior services with reduced transit times of up to three days.

Said Amadou Diallo, Chief Executive Officer, DHL Global Forwarding, South Asia Pacific, "With the timely introduction of this new LCL service, we can offer opportunities to our customers to increase their footprint in global commerce as the world's economy picks up.

"This fixed direct LCL Consol service connecting Cochin to the rest of the world, has further strengthened our ocean freight product to support

customers especially in the spices, palm oil and coir business sectors," he added.

Speaking on the occasion, Christoph Remund, Chief Executive Officer DHL Lemuir Logistics India, said, "The launch of this vital service is part of DHL's on-going plans to expand its own operated, weekly guaranteed, LCL services globally. This is in line with our commitment to the Indian logistics industry to provide value-add solutions to customers through constant product innovation and increased efficiency."

Logistics partner: DHL has been appointed the official logistics partner for the 'Red Bull Chris Pfeiffer India Tour 2010' that ended recently. Chris Pfeiffer, the World's Stunt Biking Champion toured five cities across India starting in Delhi and moving onto Mumbai, Hyderabad and Bengaluru. The shipment was moved in specially designed containers by air freight from Germany to Delhi under an ATA carnet.

Boxes to Nepal

Century to serve hill state

Century Plyboards (I) Ltd., CFS (CPIL Container Freight Station) at Sonai Kolkata has obtained Nepal Container handling notification and now will be able to handle Nepal-bound containers at the existing CFS. CPIL also declared that in addition to the existing CFS at Sonai, the second phase of CFS at JJP Base bridge will be ready soon. Subsequently, the handling capacity will increase 12,000 TEU per month with dwell time of 15 days. Overall handling capacity will be 14,000 TEU per month.

CPIL CFS is the state-of-the-art technology with single-window delivery system and plans to provide reefer plugs, container tracking facility, fully computerised customs office, daily reporting system, shipping agents house for extension counter, accommodation for banking facilities, weighment facility and handling of hazardous cargo.

Liberty Marine

Shortlisted for award

Liberty Marine was the only Indian ship agency shortlisted as one of the finalists for 'The Ship Agent Award' of the 3rd Seatrade Asia Awards along with three International Companies namely – Jardine, Willhelmsen & GAC.

The awards were presented in Singapore recently in conjunction with the Singapore Maritime Week.



Rajasthan deal

Shubham to manage warehouses

In a first of its kind PPP, benefiting thousands of farmers and agricultural commodity traders, Shree Shubham Logistics Limited (SSLL), a complete commodity value chain solutions provider, has entered into an MoU with Rajasthan State Warehousing Corporation (RSWC), a public sector undertaking in Rajasthan recently.

With approximately 90 warehouses and an aggregate storage capacity of over 7,60,000 MT spread across Rajasthan, RSWC has been successfully providing storage and preservation services for both agricultural and non-agricultural commodities since the last 51 years.

The MoU will help SSLL manage 38 warehouses of RSWC with a storage capacity of around 4,05,000 MT providing benefits to commodity stakeholders across the state.

MJ Logistic Services

Reefer warehouse at Palwal

MJ Logistic Services Ltd. (MJ) has commenced operations of its state-of-the-art 4 million tonnes capacity cold storage warehouse and distribution facility with new customer wins in the frozen food & vegetables segment at its Palwal facility in Haryana near Delhi/NCR. The cold storage is part of the 200,000 sq feet logistics centre offering temperature controlled chambers from 18-25°C under a single roof and strategically located for customers in the food processing industry wanting to cover the supply chain across the northern region of India and Delhi/NCR.

At present the facility is host to customers in the frozen food & specialty products segment like McCain's Foods India Pvt. Ltd., Danisco India Pvt. Ltd., and other customers in the frozen vegetables segment.



The cold storage warehouse and distribution facility at Palwal.

IMU to set up maritime law department



P Vijayan, Vice Chancellor of Indian Maritime University (left) and R Venkata Rao, Vice Chancellor, National Law School of India University, Bangalore (right), exchange documents of an MOU in the presence of G K Vasan, Union Minister of Shipping and Veerappa Moily, Union Minister of Law, in Chennai recently as part of an academic collaboration with the Malta-based International Maritime Law Institute to provide specialised course in Maritime Law. IMU also plans to set up the Department of Maritime Law this year.

Award: P Vijayan was awarded the 'Rashtriya Vikas Ratan' and a Gold Medal in appreciation of his individual achievements and intellectual excellence in national development by the Indian Society for Industry and Intellectual Development, New Delhi during a seminar recently.

CSCMP offering

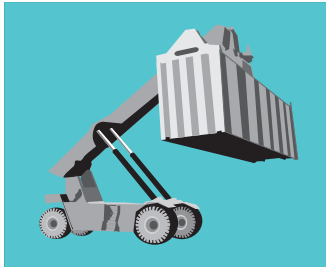
SCM course online

The Council of Supply Chain Management Professionals (CSCMP) has expanded its online educational offerings with the addition of a new course called Supply Chain Management Essentials (SCME). Created by Brian Gibson, a member of CSCMP's Education Strategies Committee and professor of logistics and supply chain management (SCM) at Auburn University, the course covers the fundamentals of SCM in three modules: SCM planning, SCM execution and global SCM. SCME presents the information through instructor discussions, animation and video.

Stake in India

Hitachi arm buys Flyjac

Hitachi Transport System, an offshoot of Japan's Hitachi, has acquired Flyjac Logistics for nearly Rs 246 crore, giving it a firm footing in India's logistics and warehousing sector. The deal propels Hitachi to the top 10 Indian logistics companies alongside big players such as DHL, Panalpina and Kuehne+Nagel, Flyjac said recently. Flyjac Logistics, which is focussed on ocean and air freight forwarding facilities, is present in 26 locations and 19 warehouse facilities across India with a group strength of 1,250 staff while Hitachi operates in 285 places globally.



NEWS

Sports weapons

Govt eases norms for imports

In view of the Commonwealth Games scheduled in the national capital from October 3, the government eases rules on shipment of sports weapons.

Ahead of the Commonwealth Games, the government eased procedures for import of sports weapons for renowned shooters, who will no longer be asked to seek permission from the sports ministry.

Instead, a single point permission from the Directorate General of Foreign Trade (DGFT) will be granted and that too at the regional level itself to the National Rifle Association.

Earlier, the requests for these shipments were routed to the DGFT through the Ministry of Youth Affairs & Sports. "This has been done with a view to liberalise and rationalise the procedures," the DGFT said.



Earlier, in February, the government had removed duty on all sports goods and equipment, including rifles and pistols, to be imported by the Organising Committee of the Commonwealth Games 2010 and national sports federations. The Commonwealth Games will start in the national capital from October 3, 2010. -PTI

Exporters' costs

Low rates mooted

The Indian government is examining ways to reduce transaction costs for exporters to enable them compete better in the tough global markets. A taskforce headed by minister of state for commerce and industry Jyotiraditya Scindia is expected to submit its report by June-end.

Simplification of procedures and transparency issues need to be addressed. Cost arising out of inefficiencies in the process can be avoided, Scindia said. He further said the transaction cost estimated to be US\$ 12-15 billion by the task force, works out to 7-8 per cent of total export value. "Even if we are able to work on and reduce up to 30 per cent of these costs, we will be rendering a huge benefit to exporters," he said. This cost is almost double than in China and Malaysia. -PTI

Trial exports

Nissan ships cars to Spain

The Indian subsidiary of the Japanese Nissan Motor Company has taken the first step to export vehicles from its plant near here by shipping out six Micra cars as test consignment to Spain. "Trial transportation for exports is a very important milestone for us as we gear up for exports to Europe from second half of 2010," said Kiminobu Tokuyama, Nissan Motor India managing director.

The company shipped out the cars in late April. India will be one of the a major production hubs for Nissan Motors as it plans to ship cars made near here to more than 100 countries in Africa, Europe and the Middle East.

Nissan plans to export around 110,000 cars out of India in 2011 and increase it to 180,000 in the future. Tokuyama said production of the Micra for the domestic market will begin in May and for the export market in July.

Copper products

Export norms eased

India has eased its value-addition norms on exports of copper products to 8 per cent from the earlier 15 per cent, the commerce ministry's arm said, a move seen boosting shipments. Copper products will include anode, cathode and wire rods, the DGFT said in a statement. Indian firms import copper concentrate and export finished copper and allied products. Allied products like winding wire, copper bus-bars cater to about 20 per cent of country's exports.



**No Cost overruns.
No Delays.
Fast Turnarounds.**

Now you can relax!

Everest PEB for fast, strong and durable warehouses

- Our design team ensures multiple loading and unloading docks to minimize your turnaround time.
- We offer you the flexibility of open-span framing design, which enables smooth forklift movement and enhances efficiency
- We combine the finest steel with scientific design to build warehouses that can withstand any unfavorable weather conditions like cyclones, high velocity winds, heavy snow and most importantly, earthquakes

Some of our most prestigious projects



Shree Shubham Logistics, Alwar
Area - 5,64,900 sq. ft.



Anham Logistics, Mumbai
Area - 6,10,404 sq. ft.



M.J. Logistics, Palwal
Area - 1,93,680 sq. ft.



Shree Sai Logistics, Mumbai
Area - 2,42,100 sq. ft.



PRE-ENGINEERED BUILDINGS

Everest Industries Limited Genesis A-32 Mohan Co-operative Industrial Estate Mathura Road New Delhi - 110 044 India
Tel.: 011-41731951/52 Fax: 011-46566370

peb@everestind.com | www.everestind.com

sms: **PEB** to **56767**

alvkmad:3725

Drive India Enterprise Solutions Limited, a Tata enterprise, provides integrated multimodal logistics services with expertise in customised transportation solutions and flawless distribution of goods and information from the start to the end point. With a turnover of Rs 1,500 crore, of which logistics services contribute to Rs 240-250 crore and the remaining Rs 1,100-1,200 crore comes from trading in telecom products – selling handsets, accessories, data cards and modems, the company has presence all over the country with 600 people on board and 2,500 people working in various capacities. “We have been growing 100 per cent over the last few years,” CEO **Ajay Chopra** explains about DIESL’s phenomenal growth and future plan. An ISO-certified organisation and industry-first to create its own internal quality programme – Project Caliper, DIESL compares each of its facilities on a quality parameter and has an objective and neutral method of judging the performance. “We have done things little differently, created a focus which is little different from what was seen in this country because logistics industry was never known for process-discipline and quality things. We picked up the good practices and implemented them. We believe that we will be a truly international organisation,” envisions the CEO as he shares his views with **Ramprasad**. Excerpts from the interview:

Investment in Youth +

Q Having started as an in-logistics service producer for your telecom arm, DIESL is a Rs 250-crore success story today. How are you consolidating your position in logistics service business for non-Tata companies?

We have actually grown to this number (Rs 250 crore) over the last three years, growing over 100 per cent every year. It actually started as an organisation which was providing logistics to one of the Tata group companies – Tata Teleservices. Tata Indicom was the brand name. Initially, we were doing logistics services only for them. However, what we discovered was that as we grew along with Tata Indicom and created footprints for them all over the country, we created a network and infrastructure which could very

easily be leveraged for providing services beyond that company. And that’s where we started looking out. Today, we work with about 70 organisations in the country out of which only about 10 come from Tata group companies and the balance 60 are non-Tata group companies. And that has been one of the major achievements. Because one of the first challenges that we faced was to make the industry believe that we are here as a serious player in the logistics segment and not remaining as an in-house organisation for one of Tata group companies. What we have done is we have focussed on end-to-end solutions. So over the three years, we created one by one all the three verticals that we today work on, starting from warehousing, going to distribution and then going into freight forwarding, custom

clearance and shipment, which we call as international logistics solutions. So, today, when a customer looks at us, he finds a one-stop window from where he can get complete outsourcing solutions – if he wants to outsource his entire logistics functions, we are there to take it up for him.

There are various companies who have outsourced everything, right from the pick-up of their raw materials, or spare parts or finished goods from outside India to bringing it in, to doing custom clearance, to doing the initial primary distribution, to running mother warehousing facilities, to even doing implant logistics for them, and then doing secondaries, last-mile deliveries and reverse pick-ups – each one of them. That is the capability that we have built over the last three years which



iPods put you in perspective

With the flights and the travel that you do, iPods help you to cool down and put you in the right perspective.

- **The present portfolio:** This is my seventh year with the Tatas. Though I am a CA, I quickly moved to operations – managing operations and setting up enterprises. I have had two decades experience with Mobil, Amways, Pearlpet and RPG.
- **Education:** Graduation from Delhi University. CA from Jaipur, Rajasthan.
- **Hobbies:** Jobs these days leave very little time for hobbies but I love to photograph, I love my camera, I love to travel. I listen to a lot of music, all kinds of music, but more of ghazals. Am a big fan of Jagjit Singh.
- **Family:** Wife is a homemaker, daughter is in her 2nd year of Mass Communication and son is in ninth grade.

ERP = Future

has helped us to grow by the number and pace which we have been able to generate. The overall industry in the organised sector has only grown by 18-19 per cent, but we have been able to grow 100 per cent every year.

I believe one of the main reasons has been the fact that we were very clear that we want to be an integrated logistics solutions provider – a one-stop shop. Secondly, right from day one, we wanted to create a little difference between us and an ordinary logistics provider. So we created a huge process focus. Right from day one, we were also very clear in our thoughts that whatever we do, we have to do with a lot of technology and ERP support. We work on SAP, we also have various products like WMS, DMS, OTM, Track and Trace which are available, which again give an assurance to a

customer that it is not a manual-based system but a system-backed support, which will be consistent. I think these are the things that have helped us grow very fast.

Q The debate on outsourcing logistics solutions goes on. So, what is the changing face of logistics requirements in the country today?

It probably starts from some of the challenges that we have and one of the challenges that has always been in the country is the fragmented state in which the sector existed and it still exists to a great extent. The fact is 94 per cent of the industry is with the unorganised sector and only 6 per cent is with the organised players like us. That becomes the starting challenge. What that challenge creates is the second challenge: most of the time, logistics outsource or

insourcing decisions were taken based on only one criterion – cost saving. We have been challenging the premise of cost advantage in all our interactions with the industry stakeholders as well as with all the customers that we work with or have the perspective we look at working with. We have been saying that this is a wrong criterion – don't outsource because you want cost advantages. Outsource only if you have three or four reasons like:

1. You want to use the specialisation which the 3PL service provider wants to bring in. He is a specialised player in, say, warehousing or distribution or in freight forwarding or custom clearing. He brings that special skill.
2. You want to use your own resources better and focus on the

core area for which you are there, rather than wasting that talent in doing things which someone else can do better.

3. You want to move away from a model where your money is stuck in capital investments and long-term investments and you want to go into a variable model where the entire thing is based on an operational cost-basis – a variable and not fixed model.

We have been driving these points to the industry. Slowly, industry is realising and people are tending to take decisions based on the right reasons. And as more and more of this happens, we are sure the concept of outsourcing will become more stronger and the willingness to outsource and the confidence to outsource will increase.

Q From the service provider point of view, can we say that the focus is shifting from being cost-centric to service-centric and what would be the big differentiator for a service provider?

Absolutely. The entire outsourcing was earlier based on cost and this was huge negative, but it is now becoming more of service-centric. Only when it is service-centric, proper benchmarking can be done. That's where the comparison on right issues comes in. Today, organised players like us are being compared purely on cost basis. It is unfair because you are being compared with an unorganised player whose overheads will definitely be much smaller than the overheads that we work with; but at the same time, the efficiencies and the solution support that he can provide cannot be compared with what we give. This is because the investments that we make in the systems – on WMS licenses, distribution management system licenses and IT ERP networks – are huge and much higher than what an unorganised player provides. But people have begun to understand these intricacies and are

“GST will act as a positive step towards the organised piece of the market growing bigger. However, the unorganised players will not suffer or be wiped out because the organised players will use them as partners.”

actually looking at service part, solution part and sustainability part of the solution.

Q The industry has been facing many Infrastructure challenges. How did you overcome these?

You are right. Infrastructure challenges have been haunting this industry and the country for quite some time now. But we have come into the industry when things have started to change. We are fortunate that we were not there in the industry 10 or 15 years ago when the infrastructure was just not there. The last few years have seen the governments do a lot of work on infrastructure. Focus is being placed on the right areas – road network has become better and the power situation has improved. But when you compare with countries like Singapore and China which are considered to be the role models for logistics development, we are nowhere near them.

We have taken a two-fold approach: We created a network of locations – we operate 172 warehouses today, all across the country. As a result, we

could overcome some of the challenges that came in our path, in being able to provide services quickly and efficiently. So today, our customers get the advantage of our wide network – whichever place you want to put your best foot forward and focus on your marketing place or want your new schemes launched, we have the right resources/infrastructure in place.

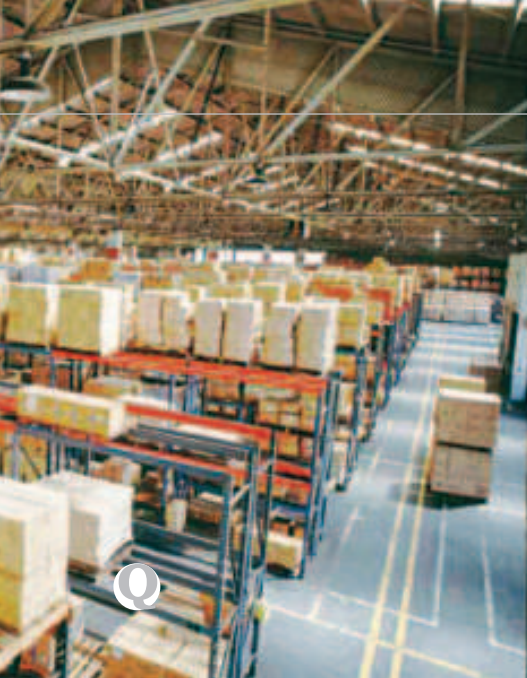
Secondly, all of our locations are on the ERP roadmap. So, each location is completely visible, giving you complete visibility on the current status of transaction and inventory. That again helps you to overcome some of the infrastructure issues which are there.

Thirdly, we have been transparent. We have never promised things which we believe the country's infrastructure does not allow. If you have to carry something from Maharashtra to the Northeast and you need to tell your customer that it can take 10 days to reach, you better tell him in advance to get him prepared for it. So, communication, a technology-backed support and the network that we created probably allowed us to overcome some of these issues.

Q You have established a big presence in telecom and retail. What are the other verticals that you are looking at?

We work today with FMCG,





consumer durables, chemicals and bulk logistics. We are doing value-added services in kitting and packaging. We have a pretty successful arm in this. The focus sectors are of course telecom, retail and FMCG.

Q With retail boom happening in the country, do you have any plans of developing extensive network of warehouses in future?

What is happening currently is that retail has boomed in the country with a lot of retail players in the market. But most of them are today working in-house. None of them are outsourcing to a third-party logistics service provider which probably comes from a lack of awareness about a 3PL's ability to handle activities. I seriously believe that this is going to change quickly because they would also reach a point where it would not make sense for them to continue to do it amongst themselves. And, all of us have been getting ready to meet that challenge. Slowly, logistics service providers like us have begun working on it.

Whether it would lead to a network of warehouses I am not too sure because the retail requirements are little different – retail go for larger facilities which are well-equipped to handle complexities consistently all across the year, the schemes, month-ends and so on. So, it doesn't

normally lead to huge number of facilities, but it leads to better and larger facilities. In any case, with the GST implementation coming in, the networks will probably get converted into consolidated hubs located strategically and operating out of areas which offer better facilities than other places.

Q You seemed to have planned 5-6 logistics parks. How does the model work?

We are an asset-light organisation and are not investing in the logistics hubs. We will go on long-term leases, use the facilities made by other players. Tata Realities Infrastructure Ltd, which is in the business of investing and creating in logistics parks, will create 23 logistics parks over the next five years. We come from a service perspective and would be using those facilities and those of others. We are purely focussed on the service side of it.

Q We have a very small percentage of organised players. As a service provider, how do you look at the logistics market in India?

The potential is huge. We are at the beginning of the curve at the global level. We have just started the growth path. Secondly, very little business is with the organised players. But in the last few years, organised players have registered a double digit growth and this means that more and more organisations are looking at outsourcing to the organised players. So what I believe is the trend is going to continue – there would be consolidations in the market, bigger shifts from the unorganised to organised area.

As of now, all the organised players can be gung-ho about the future because we are not competing with each other and there is a 94 per cent big piece of pie available for us to go and acquire. The industry and the business are going to grow as major changes are expected.

Q What is the management philosophy you have adopted over the last seven years in bringing the company to this level?

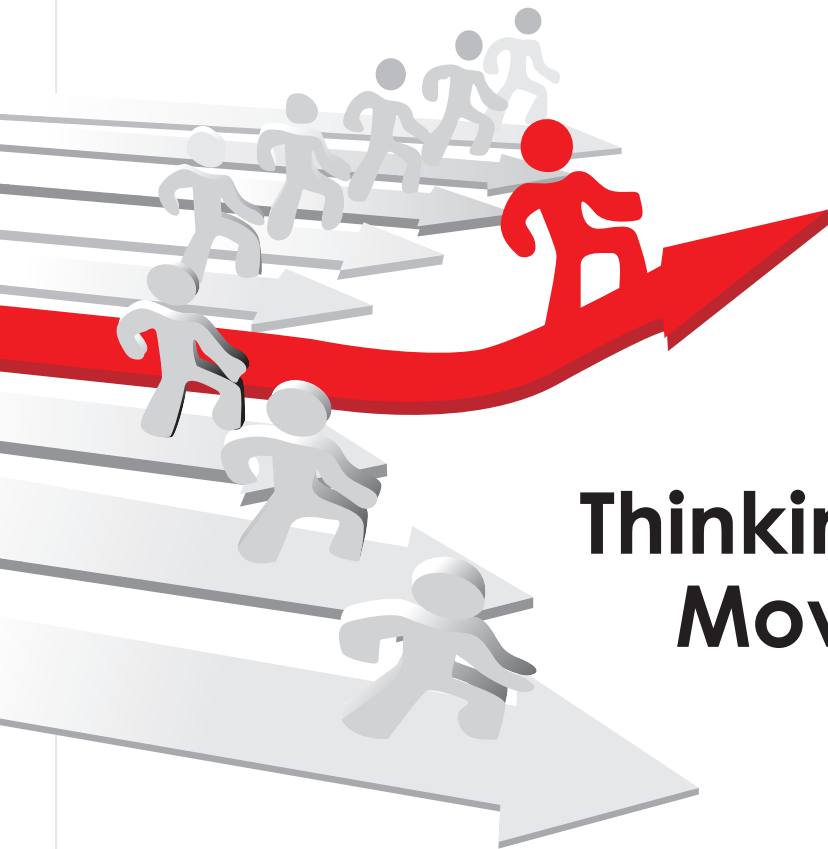
The approach has been participative. The environment we have in the organisation is open. We have young talent coming in every year with the average age being below 30. We nurture a lot of young management trainees every year and groom them to take bigger roles in the organisation. We have been picking up challenges which on the face value look impossible but the youngsters have always shown readiness to work on challenges. That's probably the reason we have grown 100 per cent. When we were a Rs 20-30-crore company, we targeted to be a Rs 100-crore company and we have achieved it. Despite the recession in the last two years, we have grown by 100 per cent and this gives a lot of confidence to the team. It is basically the participative approach that helped us achieve this growth.

We have a lot of focus on technology and system-based support, which is not generally done by the industry. When we were 100-crore company, we spent Rs 30 crore or 30 per cent of the turnover into creating ERP systems, softwares and solutions. This helps because it makes the organisation and the customers feel confident about the future. When you are investing in young talent and ERPs, you are investing for the future.

Q What is the vision for the company?

The idea is to become a premier logistics organisation in the country, to be in the top five logistics companies in Southeast Asia in the next five years. Our strategy is to internationalise our business – comparable to any MNC dealt by a global client. This will automatically take us beyond the boundaries because our customers, who are spread across the world, will pull us there. **MG**

Enhancing Client / Partner's Performance and Profitability Through Practical,
Consensus and Efficient Logistics Services.



Thinking **AHEAD** Moving **FORWARD**

State-of-the-art infrastructure, high quality clientele and a nation-wide foot print has made LMJ a force to reckon with. Our quest to grow more and touch the sky has made us to look beyond the horizons to make tomorrow possible today.

- Port Operations • Mega Food Parks • Modern Terminal Markets
- SEZ & FTWZ • Warehouse Management • M&C Agents
- CFS/ICD/EFC • 3PL and 4PL



Imj Logistics Limited
Thinking ahead – Moving forward

HEAD OFFICE
LMJ Complex, 15-B, Hemanta Basu Sarani, Kolkata - 700 001
Ph: +91-33-3983 9999 / 2231 0950-55
Fax: +91-33-2231 2525
E-mail: admin@lmjgroup.com

DELHI
LMJ House, 9, Hanuman Road, Connaught Place, New Delhi -110001
Ph: +91-11-2336 7203 / 05
Fax: +91-2336 7206
E-mail: ndelhi@lmjgroup.com

www.lmjlogisticsltd.com



MINDSET MATTERS

New Pathways in Inland Logistics

The Gateway Knowledge Forum on building efficiencies in inland logistics was well received and appreciated by the industry and the trade alike. It was a huge success as representatives from the logistics sector, manufacturing industry verticals and the government participated in large numbers in the six power-packed sessions of the day.

Recommend

General Recommendations

National Multimodal Freight Transport Policy

A policy framework governing the freight transportation through different means of transport is the need of the hour. Absence of such a policy framework has led to a lot of inefficiencies. This policy should include the ministries of Railways, Road Transport, Shipping and Commerce with representatives of these ministries forming a joint action team overseeing the functioning of this policy.

Such a policy can bring all the modes of freight transport under one roof and can speed up infrastructure developments concerning each of these modes.

Logistics Costs

It is common to hear from everybody that Indian logistics costs are around 13 to 14 per cent of the GDP. But there is no proper study or findings to substantiate this claim. Further, a recent Frost & Sullivan's study mentioned that the logistics costs are only 6.5 per cent of GDP rather than 13 per cent. Therefore, it is in the interest of the logistics sector at large that a comprehensive study needs to be taken up by the planning commission to put a figure to this cost.

Industry Status

As logistics sector comprises of various activities which have an identity of their own, it is difficult to include all the activities under one industry. In fact every activity can be an individual industry, say warehousing. Therefore, if an industry status for all logistics services is not possible, at least a single governing body to oversee the functioning of these activities needs to be set up. This cross-functional body should include representatives from ministries of commerce, shipping, road transport and railways.



Ramprasad (left), Publications Director, Gateway Media Pvt. Ltd. submitting the recommendations to K Mohandas, Secretary, Ministry of Shipping at the latter's office.

To the Ministry of Shipping

1. Charges at Indian ports are two to three times higher compared to ports like Colombo. Port charges need to be aligned with those of neighbouring countries.
2. It is high time to bring reforms in coastal shipping. It is necessary for the government to conduct a detailed study as to why there is no shen in coastal shipping.
3. Merchant Shipping Act needs to be amended as to treat ocean shipping and coastal shipping separately. Separate low cost infrastructure for coastal shipping should be established.
4. Coastal shipping should be deregulated and Cabotage laws need to permit foreign vessels to operate in coastal shipping.
5. Inland waterways need to be developed and aligned with National Multimodal Freight Transport Policy.
6. Introduction of a Freight Community System for the entire logistics sector in similar lines of Port Community System
7. Human skills to be developed with focus on transportation and logistics.

To the Ministry of Road Transport & Highways

1. Green channel to be provided for only those trucks carrying export cargo or excise sealed cargo to prevent delays at checkposts.
2. Potential highways that may attract traffic surge in future need to be identified and develop the road infrastructure accordingly.
3. Vehicle to be registered for payload as per manufacturers' specification to increase carrying capacity.

To the Ministry of Railways

1. The Indian Railways should bring in transparency in fixing tariffs by mutual consultation.
2. Rail freight policy should be aligned with exim policy of Ministry of Commerce.
3. Ministry of Railways to rationalise haulage rates and bring down haulage cost.
4. Work on Dedicated Freight Corridor (DFC) to be given top priority and work on this project needs to be expedited to reduce transportation costs.

Recommendations to the Ministry of Commerce

1. Government should work with the industry and trade to set up a network of inland container terminals. A terminal should be present within a radius of 100 km.
2. To achieve this, Land Ceiling Act needs to be amended and a single window clearance need to be set up for all land related issues.
3. Government to facilitate in land acquisition at subsidized rates and without stamp duty. Further incentives need to be provided for setting up terminals which include income tax exemption on handling of export/import cargo, subsidized electricity/water charges, equipment used within terminal to be duty free if imported or free of sales tax / VAT/ Excise if purchased domestically.
4. Warehousing industry needs a radical transformation and currently requires more private participation to bring in investment. Warehousing Act needs to be amended immediately.
5. Warehousing receipts to be traded at national level platform with guaranteed payments. Warehousing receipts should be bankable assets and banks should be able to finance against warehousing receipts.
6. All byers and sellers to be nominated a particular warehouse in the designated area for giving/taking delivery. This will help in providing recurring business to warehouses.
7. Spot exchanges to hire warehouses on monthly rental which will help in the warehouse in assured monthly income and reduce his business risk.
8. Government should have a neutral entity taking care of technology implementation. EDI should be EDI with no human intervention. There should be carrot and stick approach on part of the government – the industry should be incentivised and EDI made compulsory.



Inaugural Session

Secretary, Ministry of Shipping, K Mohandas, was the chief guest for the inaugural session. Addressing the delegates, he extended his support to look into and act upon the recommendations made by the industry during the day's panel discussions. "The ministry will look into and take necessary action on the implementable recommendations that this event will come out with. It will also be ensured that the recommendations addressed to other ministries will be forwarded to them for immediate action," Mohandas said.

Team Maritime Gateway is glad to inform readers that it had submitted the recommendations in person to all the government departments concerned and was assured of action in the interest of the trade and the industry.

Speaking on the issue of having a separate logistics ministry, he gently clarified that such a ministry will not be feasible in the near future given the vast and diverse activities the logistics sector encompasses.

Jayanth Kumar Jain, Chairman (Northern Region), Federation of Indian Export Organisations, presided over the inaugural session and brought out the issues concerning the logistics sector. He pointed out that higher costs are draining the competitiveness of the country in the global markets. He sought policy intervention in this direction to bring in efficiencies.

Capt. Ram Ramachandran, President, Northern India Steamer Agents

Association, called for an integrated approach from all the stakeholders of the logistics sector and to plan for the next two decades. Planning today for the next 20 years is crucial for the development of the industry, he said.



Session I



Raghu Dayal

Session I : **Policy Track**

Theme : **Freight Policy: Need for a New Approach**

Keynote Speaker : Mr Raghu Dayal, Former MD, CONCOR & Sr Fellow, AITD

Moderator : Mr Pramod Bhandari, President, FEDSAI

Panelists : Mr K. Sathianathan, CEO, Freightstar ETA Engineering Pvt. Ltd.
Mr Jasjit Sethi, CEO, TCI Supply Chain Solutions
Capt. Shriram Ravi Chander, COO, Visakha Container Terminals Pvt. Ltd.

The session on freight policy was captivating with an overwhelming response from the delegates as they actively participated and engaged the panelists in interactive discussion. Raghu Dayal, former managing director, CONCOR India Ltd., in his keynote address, suggested that Indian Railways (IR) needs 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.

Many of the panelists felt the need for a policy on freight transportation by road. Jasjit Sethi, CEO, TCI Supply Chain Solutions, stressed the need to beef up road infrastructure in the fastest way possible. He said that various ministries, in order to

put in coordinated efforts, need to first come together to review the status quo in the logistics sector and devise a coordinated plan to develop multimodal transportation.

The panelists called for the establishment of a National Multimodal Freight Transport Policy which encompasses not only rail and road but also inland water transport

and coastal shipping. This would enable various ministries and government departments to work in a much coordinated way in removing infrastructure bottlenecks.

Sathianathan, CEO, ETA Freightstar, asked the government why the Indian Railways cannot bring in transparency in fixing tariffs. While he stood by the monopoly for its





exemplary role in the growth of the economy, he pointed out that IR needs to consider the views of the industry and other stakeholders in fixing tariffs. As IR is the prime mover of commodities and raw materials in the country, its costs have a large bearing on the economy as a whole. Therefore, it is necessary for the IR to be transparent in tariff fixation. Sathianathan also emphasised the need to encourage multimodal transportation. He felt that this is the only way where large chunks of general cargo can be brought in from road to rail to increase efficiency.

Though it is not possible to have a separate logistics ministry, Sathianathan felt efforts can be put in to set up a Coordinated Executive Body comprising representatives from road, rail, commerce, shipping and finance ministries to oversee the functioning of the logistics sector.

Today, India is being compared with China in every aspect – be it economy as a whole or individual industries. Capt. Sriram Ravi Chander, COO, Visakha Container

Efforts can be put in to set up a coordinated executive body with representatives from road, rail, commerce, shipping and finance ministries.

Terminal Pvt. Ltd. succinctly brought out a comparison of India and China on the logistics front and highlighted the fact as to how China emphasised on multimodal logistics to reduce its logistics inefficiencies. He also highlighted the need for a policy-driven approach where technical standards like standardisation of road trailers and rail wagons are taken up. As this is crucial for having an efficient multimodal transportation system, technical standards as well need to be built in into the policy framework.

Capt. Ravi proposed to have an

Integrated Freight Community System for the entire logistics sector on the similar lines of Port Community System. “Such a system would solve the redundancies, duplication of paper work and enables seamless connectivity across the supply chain. It simply allows us to know what is being carried and from where to where,” he emphasised.

Coastal Shipping is one mode that is highly neglected, agreed the panelists. “The problem does not lie with the sea transport, but it lies with integration,” Capt. Ravi said. If we do not integrate it, the first and the last mile connectivities will kill it, he felt. The infrastructure that is required for coastal shipping should be simple and not as that for ocean-going vessels. A dedicated and standardised set-up with less draft and standardised handling equipment is needed for coastal shipping which is currently not available in any of the ports. “The moment you tend to combine it with exim traffic, it will fall apart, Capt. Ravi added.



K Raghuramaiah

Session II

Session II : **Infrastructure Track**

Theme : **How to optimise cost and time?**

Keynote Speaker : Mr K Raghuramaiah, ITRS, Chairman, Paradip Port Trust

Moderator : Capt. Ram Ramachandran, President, NISAA

Panelists : Mr Yogendra Sharma, CEO, Adani Rail Logistics
Mr Mansingh Jaswal, Director, Marketing & Sales, BLR Logistik Pvt. Ltd.
Mr Sanjay Swarup, Chief Manager, ICD Dadri, CONCOR

While the first session emphasised on policy initiation for bringing in better efficiencies, the second focussed on the importance of infrastructure and the urgent need to develop it to meet the ever increasing cargo requirements.

The keynote speaker, Raghuramaiah, Chairman, Paradip Port Trust, stressed the need to create better infrastructure for both ocean shipping and coastal shipping. He

quoted the example of coal from Mahanadhi Coal Fields in Orissa that is being sent to Andhra Pradesh and Tamil Nadu through coastal shipping. He asked the trade to take up such similar initiatives for other cargo as well. "Paradip Port today is in the process of setting up dedicated terminals for coal, iron ore and other cargo. Low-capacity cranes are being replaced with higher capacity cranes and the port is now installing mobile harbour cranes with 140 tonnes

capacity," he said. Clarifying a query, he said a dedicated berth for container handling will be developed soon and RFQ has been called to this extent. He also pointed out that the effective draft at Paradip is now 17.1 m and it will start handling Capesize vessels from July 2010.

Capt. Ram Ramachandran kept the discussion alive and kicking. He had the panelists and the audience on the edge throughout the session that started with the issue of import containers pendency at JNPT waiting to be rail ferried to ICD Tughlakabad (TKD) at Delhi. Some interesting points saw the light of the day: Yogendra Sharma, CEO, Adani Rail Logistics pointed out that the demand and supply imbalances at the ICDs and inadequate connectivity between ports and ICDs are the prime reasons for delays. Sanjay Swarup, Chief Manager, ICD Dadri, said some sections of the Mumbai-Delhi sector are oversaturated – running at 150 per cent of the capacity – and adding to the delays and costs. Further, adding to the congestion at the ports is ICD TKD's





limitation to handle only 7 to 8 rakes per day and the tendency of importers to take deliveries at a leisured pace.

On the solutions part, Swarup suggested the trade to use ICD Dadri, which is larger and more sophisticated than ICD TKD and Sharma stressed on using other gateway ports like Mundra and Pipavav in Gujarat rather than congesting JNPT further. Tushar Jani, President, Association of Multimodal Transport Operators of India proposed a rather radical solution of shutting down ICD TKD. “The entire TKD traffic can be diverted to Dadri and it could ease the congestion at JNPT,” he observed. ICD Dadri has a capacity of 1 million TEU per annum and is currently operating at only 23

per cent of this capacity. The panelists also came up with the idea of developing ports on the east coast to divert traffic originating from the northern hinterland to ports like Visakhapatnam and Paradip.

Capt. Sanjeev Rishi, Advisor to ICD Loni, suggested an interesting proposal – 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 rail operators to carry empty containers. These initiatives, he said, will ease congestion both at the JNPT and at the ICDs. Sharma supported the proposal and said it would ease congestion and improve the financial condition of the ailing

private rail operators.

To improve coastal shipping and easing trade imbalances, Raghuramaiah made the recommendation to allow foreign registered vessels to operate along the coast. This would also help strengthen cargo inflows to the east coast ports, he added.

Mansigh Jaswal, Director, Marketing & Sales, BLR Logistiks Pvt. Ltd. called for an umbrella association or a united representative body comprising road transporters, rail operators, shipping lines, port operators and logistics services providers. As there are too many associations fragmented or associated with their own domains, a greater and united representation is necessary to speed up things concerning not only infrastructure development but also other industry concerns. For this to happen, he 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 costs,” he felt.

“To permit cabotage, the government (the Ministry of Railways) needs to step in to reduce import-export imbalance and incentivise rail operators to carry empty containers.”

Session III



V G Ramakrishnan

Session III : **Management I**

Theme : **3PL in India: Waiting to be Unleashed**

Keynote Speaker : Mr V G Ramakrishnan, Sr Director, Frost and Sullivan

Moderator : Mr Shantanu Bhadkamkar, MD ATC and Vice Chairman & Convener, FFFAI

Panelists : Mr Sateshwar Tuteja, Director-Key Accounts & Vertical Markets, Schenker India
Mr Juzer Mastan, CEO, AFL Logistics
Mr Shammi Dua, National Head, Logistics & Customer Ops, Cadbury India Ltd.
Mr Siddharth Jain, Director – Business Development, LMJ Logistics Ltd.

This session dealt with the issues pertaining to logistics outsourcing in India and the capabilities of 3PL players and their service offerings. V G Ramakrishnan, Senior Director, Frost & Sullivan, the keynote speaker for the session, said the 3PL market is bound to witness growth in the years to come as organisations across the manufacturing verticals are growing in size and going global. Nevertheless, the rising customer expectations will be an issue that all the 3PL players need to take into consideration.

Ramakrishnan revealed that the logistics cost that everybody in this country assumes to be at 12 to 13 per cent of the GDP is in reality not more than 6.5 per cent. He said a survey carried out Frost & Sullivan involving logistics managers from 337 companies across 10 industry verticals showed that most of the respondents had logistics cost at around 5 per cent.

In India, reducing logistics costs is seen as the main reason to outsource logistics activities. This will remain

the biggest influencing factor for logistics outsourcing in the years to come. But as a policy, as Ramakrishnan mentioned, most companies will not restrict to one service provider offering end-to-end solutions but would rather prefer to have multiple logistics service providers (LSPs). The biggest reason is that companies are still low on confidence to entrust the entire

spectrum of logistics to an LSP. The second reason is the lack of capability on part of the LSP. Customers are aware that national players lack the capability and competency in understanding the local and regional requirements and hence prefer region-specific local players to the national ones.

Sateshwar Tuteja, Director, Key Accounts & Vertical Markets,





“3PLs fail due to many reasons, said Juzar Mustan, CEO, AFL Logistics. From a user perspective, companies are transparent in their processes and outsource logistics activities just to eliminate the manpower risk.”

Schenker India, pointed out that a 3PL should be flexible in accommodating the vision of the client, because at the end of the day, it is the partnership with the client that matters. He said 3PLs should not have a vision of their own. Their vision must be aligned with that of the clients' vision for long-term survival.

3PLs fail due to many reasons, said Juzar Mustan, CEO, AFL Logistics. From a user perspective, companies are transparent in their processes and outsource logistics activities just to eliminate the manpower risk. And from the service providers' perspective, lack of proper knowledge on supply chain management is the biggest reason for the failure. Secondly, LSPs forget to work in tandem with the client and pursue their own vision, which is again undesirable of them. LSPs often fail because they do not have the right cost structure. “Cost mismanagement has in many occasions led to failure of LSPs,” Mustan said.

Representing the user interests,

Shammi Dua, National Head, Logistics & Customer Operations, Cadbury India Ltd., said a user does not look at cost alone while outsourcing to a 3PL but much more than that – knowledge, infrastructure and technology. Further, they also expect transparency in terms of the capabilities of the 3PL provider in the level of service and integrating IT systems between the user and the provider. Dua also brought in the angle of the change in mindset – when the industry is growing at 20 to 30 per cent per annum, personnel too change for the better at the same rate.

Sidharth Jain, Director, Business Development, LMJ Logistics Ltd. emphasised technology upgradation of logistics assets in view of specialised requirements from the users. He felt that if a 3PL provider does not upgrade, he will literally be leaving a big gap that will have to be

filled by another breed of service providers – the non-asset-based service providers or the 4PLs. The non asset service providers, who adopt a partnership model with the users as well as with the 3PLs, have some distinct advantages over the 3PLs. As they do not have to look after asset utilisation, they focus more on understanding the user requirements. Before approaching a 3PL, they try to reengineer the internal processes on the user's premises such as packaging and labeling to cut down costs for the user.

Answering a question on whether asset light model will work in the current scenario, Mustan said a responsible LSP will have to own a good amount of critical assets in the current scenario. Having come from the 'asset light' school of thought, he said today critical assets are always a necessity in India to avoid the risk of over dependency on the asset partners.

Session IV



B B Pattanaik

Session IV : **Innovation Track**

Theme : **Changing Face of Logistics Hubs: Emerging Scenario**

Keynote Speaker : Mr B B Pattanaik, MD, Central Warehousing Corporation

Moderator : Mr Tushar Jani, President, AMTOI

Panelists : Mr Manoj Mohta, Head Research, CRISIL Research
Capt. Sanjeev Rishi, Advisor, ICD Loni
Mr Anil Arora, MD, M J Logistic Services Ltd.

This is a post-lunch session that ran parallel to the session on 3PL in India. It focussed on the importance of logistics hubs in the growing economy and the need to develop adequate number of such hubs to bring down the logistics costs and improve efficiency in the system.

B B Pattanaik, MD, Central Warehousing Corporation, in his keynote address brought to light the existing imbalances in the spread of logistics hubs and called for establishment of logistics hubs across the country rather than in some regions only. More than infrastructure at the logistics hubs, poor connectivity between the ports and the hubs is actually killing the trade. He seriously felt that private participation is necessary in building the necessary infrastructure and developing logistics hubs. The current PPP in the logistics and port industries is encouraging and this is should continue further to reach the world standard.

Agri logistics is one area neglected by the service providers as the returns are low. But Pattanaik countered that



the government is offering attractive incentives for service providers and so it makes business sense for the industry to grab the offer and enter agri logistics actively. It is also in the national interest, Pattanaik pointed out, that agri logistics needs to be improved and efficiencies brought in.

Tushar Jani, the moderator for the session threw in some interesting points for discussion and debate. He said Nagpur is ill-suited to be a logistics hub going by the way it is being developed today. Such a large-scale logistics hub should be coming up on the crescent route from Mumbai to Delhi – the belt for cargo generation and consumption and bustling with industrial activity. Biwandi logistics hub near Mumbai is a classic example as it handles 40 per cent of the domestic cargo in the country. Secondly, he pointed out that of the 13 per cent logistics costs, transportation comprises only 1.8 per cent as the country has the cheapest transportation system in the world. Therefore, if one has to bring down the costs, it should be in the other areas like warehousing, cold storage,



inventory costs, time delays at check posts and corruption. Consolidation has to happen in this industry which in turn will lead to economies of scale and lower costs.

Jani also voiced his 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 90 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," Jani said.

Anil Arora, MD, MJ Logistics Services Ltd., was all for developing seamless connectivity between the ICDs and hubs. He wished for a geography-neutral trade, possible only through well-organised network of logistics hubs and seamless integration among them through efficient connectivity. He compared the Indian scenario with that of the China where there are no chokes in the connecting lanes between the hubs. He also called for standardisation of cargo carrying cartons or containers

“There can be a policy amendment for allowing container trains to carry cargo from multiple ICDs.”

on the domestic front. Unlike in the exim trade where the cargo is measured in a standard TEU, the domestic trade does not have a standard measurement of cargo. This, according to Arora, is leading to a lot of inefficiencies in the supply chain.

Capt. Sanjeev Rishi, Advisor to ICD Loni and a veteran in ICD operations in India, made strong recommendations to the Government of India on the development of container terminals and logistics hubs. He said there should be a minimum spacing of 100 km between any two terminals to avoid undue competition between them.

The Land Ceiling Act should be amended or abolished for setting up of an inland container terminal, as this is a big hindrance in land acquisition. The reason is simple: the Act mandates only 12 acres of land under the name of one person but a container terminal requires a minimum of 30 to 40 acres. Stamp duty should also be exempted in full during the land purchase process, Capt. Rishi added.

Manoj Mohta, Head, Research, CRISIL Research, said the industry is looking at efficiency not only from a cost parameter but also from the value it provides to the trade. He also said logistics is mostly treated as cost-centric rather than profit-centric and this mindset should change to reduce costs and improve standards. He concurred with Jani's idea of consolidation in this sector and the establishment of large-scale logistics hubs like the one in Biwandi. He also highlighted the urgent need for inventory reduction by the manufacturing sector through active partnership with 3PLs that have large-scale warehouses and offer value services.

Session V



Niraj Ambani

Session V : Management II

Theme : Supply Chain Strategies: Best Practices

Keynote Speaker & Moderator : Mr Niraj Ambani, President, Reliance Logistics Limited

Panelists : Mr Jasjit Sethi, CEO, TCI Supply Chain Solutions
 Mr VGS Mani, Country Logistics Manager, Nokia - Asia-Pacific
 Mr Kalpesh Pathak, Asst VP – SCM, FIAT India Automobiles Ltd.
 Lt. Col. Susheel K Sharma, Drive India Enterprise Solutions

One of the last sessions of the day, it dealt with the core supply chain strategies and challenges involved in integrating business partners in the chain. Niraj Ambani, President, Reliance Logistics Ltd. made his keynote address and agreed to moderate the session for fruitful debate and deliberation.

Ambani mentioned that supply chain planning actually starts from the business strategy of the organisation. Speaking on integration, he said, the integration has to happen at all the levels. For instance, integration through supply chain planning has to include the perspective of the client's top management, their sales department's perspective and their CFO's perspective.

Some of the future best practices as highlighted by Ambani include investing in dispatch infrastructure, outsourcing repetitive tasks in the plant or outside the plant, automating processes, sharing data with vendors and having focussed discussion with them to analyse the data.

Lt. Col. Susheel Sharma, Head, North Zone, SCM Solutions, DIESL, spoke on the technology aspects of integration of the vendors, manufacturer and the distribution networks. He indicated that integrating these three partners in the supply chain is vital in the face of far-flung raw material sources and consumer markets. Integration of warehousing management system and distribution management system along with customer relationship

management system is crucial to have visibility throughout the supply chain, he said.

Lt. Col. Sharma also pointed out that one cannot imagine a supply chain system without an efficient information and knowledge network. Complete transparency, efficiency, quick response, reduction in costs and flexible strategies are some of the takeaways of such a network.

V G S Mani, Country Logistics





Manager, Nokia – Asia-Pacific, called for an integrated approach for service providers and manufacturers in India to work towards setting global standards in supply chain management and just-in-time practices. Mani highlighted the lacuna of not involving supply chain teams in the end-to-end process, i.e. from production conceptualisation to availability in the market.

In the decades to come, supply chain professionals will rule the roost in terms of designing business strategy of an organisation, said Kalpesh Pathak, Asst. VP, SCM, FIAT India Automobiles Ltd. The future strategies of supply chain management, he remarked, should be driven by integration, collaboration and consolidation. Integration involves business



partners right from the stage of conceptualisation. Collaboration involves working towards mutual gains through collective efforts. Consolidation helps in dealing with

“Integration of the vendors, manufacturer and the distribution networks in the supply chain is vital in the face of far-flung raw material sources and consumer markets.”

lesser number of suppliers thereby making it easier to maintain supplier relationships.

Jasjit Sethi, CEO, TCI Supply Chain Solutions, discussed the cost components of a supply chain – transportation costs, warehousing costs, inventory carrying costs and losses. While transportation and warehousing costs are given more importance in order to be lowered, softer costs like inventory costs are overlooked many a time. Sethi pointed out that all these costs are also a function of the processes starting from suppliers and ending with consumers. While improving efficiency in the processes can bring down costs to some extent, innovation in supply chain design can bring further more cost reductions. He also talked about the five forces matrix to integrate suppliers and customers in the supply chain. Sethi also emphasised that supply chain strategy is always dynamic and never static. The supply chain strategy needs to be changed along with the changes in the business environment.

Session VI



Amar More

Session VI	: Technology Track
Theme	: EDI: Where are we?
Keynote Speaker	: Mr Amar More, Vice President, Logistics Practice, Kale Consultants
Moderator	: Ms Radhika Rani, Associate Editor, Maritime Gateway
Panelists	: Mr Shantanu Bhadkamkar, MD ATC and Vice Chairman & Convener, FFFAI Mr P S S Prasad, Director, Apollo International Ltd & Apollo LogiSolutions Ltd. Mr Nilesh Sinha, Vice President, Allcargo Global Logistics Mr Anil Bhatnagar, Head-Logistics, Indoarya Central Transport Ltd.

The technology session of the day dealt in detail with Electronic Data Interchange (EDI) – the present and future levels of desired interconnectivity, the shift from transaction-based to stakeholder-centric system and the hurdles in the way of implementing EDI. Keynote speaker Amar More of Kale Consultants, started off stating the fact that Indian logistics industry spends 43 per cent of its revenue on technology as against the global benchmark of around 3 to 4 per cent because logistics elsewhere around the globe is synonymous with technology. Of India's logistics costs of 13 per cent of the GDP, 8 per cent are redundant administrative costs. "Logistics by its very nature is an interconnected business. Unless you eliminate the redundant processes or delays in deliveries, you cannot talk of efficient logistics or seamless communication with trade partners," More said.

"Today, technology is perceived as a necessary evil because a logistics company involved in talking with customs has to have technology and use it because customs today insist

on EDI," More added.

So what should the systems of tomorrow be like? Technology can be business driver. It has got the tremendous potential in driving logistics business. For instance, any non-logistics person will just remember DHL because of the phenomenal facility it gives the user in tracking their day-to-day packages.

So what kind of technologies/systems are relevant to the logistics industry? There are two types of systems. If one is the internal system or the ERP which is used by a logistics company to internally automate all its business processes, the other is the interactive system or community system that helps an LSP to talk/ connect with stakeholders – vendors, partners, customers or other constituents of the supply chain. The panelists agreed that one needs a community system that provides a common platform and eliminates paper, duplicate or redundant data entry. Today in India, there is some serious work going on this but the sad part it is still fragmented.

Therefore, there is a need to collaborate for a logistics community system in which two systems can talk to each other.

If logistics companies should use systems for cost reduction and enhanced customer satisfaction, the panelists agreed that it is the mindset that technology is an expense and not an investment. It is never considered as a capital cost in most of the projects. Today, a web-based technology can help in improving operations better. It is just a question of how we look at technology, how it can be useful to all the people.





Another hurdle is whether technology is right or not. What we want a stakeholder-centric system and not a transaction-centric system that will help you prevent failure rather than reporting failure at the end of the month. Automated workflow allows prevent failure than reporting failure, they felt.

So, what's the future for us?

- Community systems – a port community system, an airport community and true value will be delivered if we have a multimodal community system that we can go about in stages.
- Centralised customs automation that removes local controls. Agglomeration of systems across several ports and airports.

So, how can EDI become a way of business life, asked moderator Radhika Rani. Anil Bhatnagar of Indoarya Central Transport Ltd, said, “though we are desiring to develop at a fast pace to compete with the world, the biggest constraint is the cost to develop a captive program. Because of these prohibitive costs,

“EDI has to be a community system integrating ports, banking, forwarders transportation and customs.”

there are very few top-end service providers who will be able to muster some level of an EDI program but those in the growing stages are finding it develop to adopt.”

Secondly, the programs cannot be shared. A lot of the clients today are not prepared for interface because they feel data is confidential and do not the trust the LSP This is something of a mindset. But Amar More said these fears are unfounded because data security is very strong these days.

PSS Prasad of Apollo LogiSolutions said “EDI has happened because the government has imposed it. It has not happened in the private industry.

The industry has to develop it. Unless the mindset is clear, EDI across the stakeholders would be time taking.”

At this point, Shantanu Bhadkamkar said any system where there is human intervention is not EDI. Secondly, it has to be a community system that can integrate ports, banking, transportation, customs and forwarders. But introduction of any system has always happened by compulsion. For example, the community system, Tradenet, is compulsory in Singapore. Real success examples of EDI are in banking where swift money transfer is reliable. Second, online booking of air travel, including food and payment from any part of the world.

Nilesh Sinha of Allcargo observed that people are working in different kinds of silos. “There is no single language. If we talk of integration, the language has to be the same, applicable across different areas.”

The panelists concurred that the government needs to drive the implementation of EDI in businesses in a big way. The session thus ended on an optimistic note.



The Mosaic





The Right Medium:

The Write Minds

We thank Gateway Media for conducting such an overwhelming forum. Each session was full of knowledge with eminent speakers and snappier moderators making the interaction livelier. I suggest the government to use the surplus for enhancing the existing infrastructure in the logistics sector and to make Nagpur a rail hub.

Capt Deepak Kanuga
GM - Operations,
Hind Terminals Pvt. Ltd.

Having attended several conferences in the past, the Gateway Media conference was very well organised, had good content/speakers and the best part was the fact that it had clear agenda and came out with realistic actionables. I congratulate the entire team for this remarkable effort.

Siddharth Arora
Senior Manager - Customised
Research, CRISIL

Thanks again for the wonderful show that you conducted. We were impressed by the stage arrangements. I felt the content of the meeting and the way it was conducted were also impressive.

P Balakrishnan
DGM, Visakha Container
Terminal Pvt. Ltd.

We would like to congratulate the entire Gateway Team for an excellent and well organised event. We were able to get some great insights not only from the speakers but also from the audience.

Noel Ferrao
Associate Vice President,
Apollo LogiSolutions Ltd.

The event was well organised and was extremely insightful. So I was the gainer in attending it. I wish you all the best for future endeavours.

Niraj Ambani
President, Reliance Logistics
Ltd.

Thank you very much for an extremely engrossing day. It was a privilege to be invited to moderate the first session. There were some very thought-provoking issues raised on fundamental exim logistics issues. All were debated, but due to paucity of time, many could perhaps not be addressed comprehensively. Thank you for your hospitality and congratulations on a very professionally conducted meet.

Pramod Bhandari
President, FEDSAI

I got good insight on various issues. Interestingly, a couple of people from IT companies shared that they too have exactly same problems and issues as logistics players. I am sure the delegates have taken home a lot of learnings.

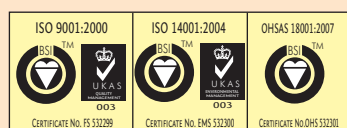
Shantanu Bhadkamkar
MD, ATC (Clearing &
Shipping) Pvt. Ltd.



CWC-Preserving Nation's Resources



- Has a net work of 490 warehouses throughout the country with 11million MT capacity.
- Providing scientific storage facilities for foodgrains, seeds, fertiliser etc.
- Credit facility by pledging the warehouse receipts.
- H & T facilities to depositors at their request.
- Operating 36 CFSs and ICDs for millions of exporters and importers.
- Providing pest control services at the doorstep of the customers.
- Bonded Warehousing facilities at its 75 custom bonded warehouses in ports and inland stations.
- Running container trains between Loni and JN.Port.
- To act as an agent of the Govt. for the purpose of purchase, sale, storage, etc.



**CENTRAL WAREHOUSING
CORPORATION**

(A Govt. Of India Undertaking)

CORPORATE OFFICE:

4/1, Siri Institutional Area, August Kranti Marg
Hauz Khas, New Delhi-110016
Tel: 26566107, 26850568 Fax: 26967712, 26967844
E-mail: warehouse @nic.in
website: www.cewacor.nic.in

REGIONAL OFFICE:

Ahmedabad, Bangalore, Bhopal, Bhubaneswar,
Chandigarh, Chennai, Delhi, Guwahati, Hyderabad,
Jaipur, Kochi, Kolkata, Lucknow, Mumbai,
Navi Mumbai, Panchkula, Patna.

Driving Green

Sennebogen, the leader in driving innovation through manufacture of material handling and crane engineering machinery, believes in think global, act local. Over the years, the industrial major, headquartered in Straubing, Germany, has made a foray into a wide spectrum of equipment in the maritime industry, construction, metal, paper and wood. All along, it has established a network and sales and service partners spanning the entire globe. Having recently taken over as the managing director of the Asia Pacific region of Sennebogen, **Roberto Bencina** is keen to promote the company's 'Go Green' philosophy that is aimed at efficient, environment-friendly and 'not overengineered' machinery. "Our motto is to keep the equipment simple with low maintenance," Bencina tells **Radhika Rani G** as he studies and explores the Indian market. Experts from the interview.



What are your observations of the maritime industry in India?

The maritime market in India has developed a lot in the past five years. It went from an unorganised chaotic situation to a better organised, less chaotic situation evolving as professional business. Bulk handling and heavy lift cargo, including the container sector, is really a field where I see the progress of the market in India.

What is Sennebogen's philosophy of business?

Our philosophy of business is to go green – to save our environment. We work towards the efficiency of the

machines. We try to not overengineer our machineries, keep it simple for the customer, with low maintenance. We try hard to keep up the green spirit we have, that means upholding efficiency, reliability and loyalty to our users.

What is Sennebogen's relationship with India?

India is always a challenge for everybody who wants to enter the market, especially for Sennebogen, because what we really like is Incredible India. Today, thanks to the good organised situation in the maritime sector and skilled people, Sennebogen likes to participate in

the evolving maritime market. During the last few years, there was big focus on container handling which is now well developed. The focus now goes to dry bulk handling and heavy lift sector. This is where Sennebogen comes in to join ports where old equipment has to be changed for new, effective and dynamic equipment for bulk cargo.

What are the challenges for equipment suppliers in India?

We mostly work in elderly ports and not in new ports. So, the big challenge is to find the right equipment where we have the right ground exposure, right dynamics and the right reach not only for big vessels but also for the smaller ones. This means having cost-effective machines for the ports where smaller vessels can be cost-effectively loaded or unloaded.

We strongly believe in the Green Way because you don't have to power the machines always with diesel. You can go the electrical way with any machine you have. Also, you can have both. What you finally get is a flexible machine running around the port and doing the work you need.

As far as equipment suppliers are

concerned, they are doing a good work. Every player in the maritime world has a place in what he is doing best. There are excellent companies providing good heavy lift and container lift equipment. But you come to a point where you need more dynamic machines.

So, how is Sennebogen different from the others?

We are quite quick to adapt to the changes as per customers' needs – we provide specially developed solutions, we listen to the special needs and don't deliver mass products.

What is Sennebogen's challenge in the Indian market?

The challenge is quite a big one for us. Yes, we are known in India for our reliability and for our machines that are extensively used in Europe and America. But India itself is really a challenge to establish ourselves. The Indian customers like competition and we being in the market now, they look at us. But I know we are under surveillance. This is normal because they want to see how we perform. But the customers also have to give us a chance to step



into their ports, to get our equipment placed there and have the possibility to perform. Our team tells them the big advantages but they have to experience our product – feel the difference that comes only when you can use it, feel it and touch it. This is always a challenge for us to convince our customers.

What kind of innovation is taking place in Sennebogen?

Our innovation is the solution for the customer. With more customers coming to us and asking us for solutions, the more innovative we are. On the other side, we are also working on innovation but I cannot disclose what is really coming in the future. It has to do with our colour green though.

We are going green in a big way – we have extreme focus on environment-friendliness and on our planet Earth. We do not just paint our machines green but go for the green concept. And India for us is a big field, not only in maritime but other sectors too. So India will be a major point of focus and we will do the needed to establish ourselves in every part of our sectors.

What drives you leading Sennebogen from the front?

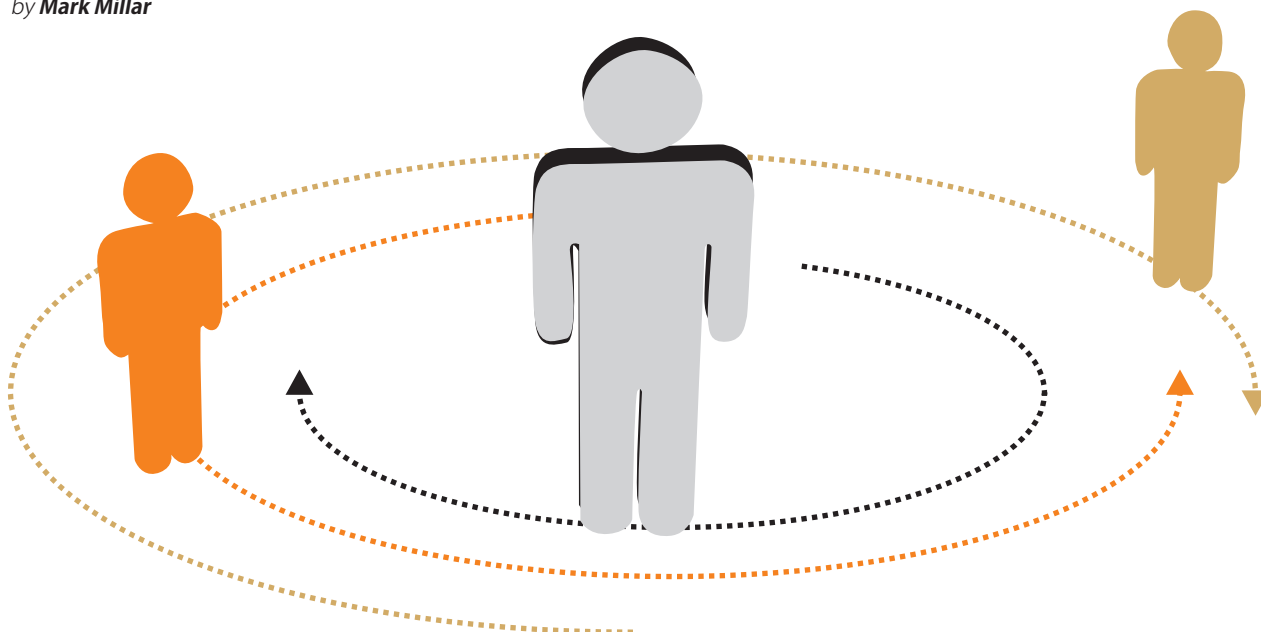
A good question! Self-motivation, a picture of what the market can bring you, past experience and what can be done for environment-friendliness, work safety and many other things in the spirit of Sennebogen. We will work in the Asia Pacific region as best as we can, to bring in nature-friendly and cost-effective machinery for our customers. **MG**



Friction in All Lanes

Commercial relationships between shippers, carriers and freight forwarders need to be reorganised and realigned during the coming years to ensure smooth transit of containerised shipping and their mutual transactions.

by **Mark Millar**



A recent survey by Eye for Transport revealed that 55 per cent of shippers expect to be able to continue paying the reduced freight rates they negotiated during the recession. However, the same survey revealed that only 14 per cent of carriers expected to be able to maintain such low prices. This huge discrepancy in expectations is another confirmation of the tension and frictions that we are experiencing in our industry.

On the sidelines of industry events this year – whether at the coffee, the lunch or often the cocktails – the conversation quickly turns to the friction between shippers and carriers. Participating in conferences in Hong Kong, China and India, I have heard shippers complain about carriers raising rates and imposing surcharges, whilst restricting capacity. The carriers have also been

complaining that shippers have unrealistic expectations of post-recession rates.

Post-boom blues

Until mid-2008, container shipping lines had enjoyed continuing growth for a number of years. Container volumes continued increasing, freight rates were healthy and the carriers confidently ordered more new ships with even greater capacity.

As the financial crisis hit, consumer confidence in Europe and the USA crumbled and Asia exports plunged. Manufacturers had less volume to ship and suddenly ships were sailing well-under capacity. With volume demand falling, there was pressure on unit rates, whilst additional new capacity was coming into the market – a potent combination.

As carriers adjusted to the situation, hundreds of container ships were

idled and rates were slashed to compete for the diminishing amount of business. Schedules were altered and slow steaming introduced in order to reduce costs. Uncertainty arising from the economic crisis resulted in brutally competitive pricing in the midst of unfulfilled commitments on volume and space, thereby putting enormous strain on even the best of relationships, amongst the fight for survival.

The shippers enjoyed unprecedented low rates throughout 2009 and naturally wanted rates to stay that low. Now that the green shoots of recovery are building confidence, more cargo is being shipped. However with so many container ships still laid up, volume increases in January and February resulted in capacity shortages and the rates rising once more – whilst cost-reducing slow-steaming practices

have extended transit times.

Shippers' point of view

From the shippers' corner, the latest complaints are aimed at carriers for keeping capacity idled – even though demand has increased, whilst reducing service levels through less frequent port calls and slow steaming, whilst simultaneously increasing rates and imposing surcharges. Creative terminology – over and above regular seasonal adjustments such as general rate increase and peak season surcharges – includes shipping lines positioning fees as an 'emergency revenue charge', an 'extraordinary surcharge' and an 'emergency bunker charge'. Numerous charges become complex and confusing, making it challenging for shippers to compare rates, whilst also being unable to predict their freight costs. Shippers are calling for more of the laid-up vessels to be brought back into service and for surcharges and rate rises to cease. They feel they are being forced to pay higher rates for lower service.

Carriers' complaints

The carriers grumble that shippers are being unrealistic and do not appreciate the difficulties faced by the container shipping industry. New capacity is due to come on-stream and hence there is reluctance to reinstate idled capacity – even though we have seen recent increase in volumes. Slow steaming initiatives not only reduce fuel costs, but also slow down the transit time, reconfiguring trade lane networks. Fewer vessels in service has resulted in reduced port calls on many routes. During the frantic battle to keep some cargo on ships, the rates were reduced to unsustainable levels such that the top-20 container lines lost over US\$ 12 billion in 2009, with the industry leader alone reporting losses of over US\$ 1 billion. The situation is clearly untenable and it is surprising that there have been no bankruptcies amongst the major carriers. Hence, they too are struggling. They have to continually adjust price and capacity

in relation to demand. However, the carriers should recognise that it was they who have reduced the rates to such unsustainable levels – and as it turns out, the ensuing price war has helped nobody and hurt everybody.

Stuck in the middle

Freight forwarders have been caught in the middle of this rumbling disagreement, and, as reported by one senior executive of a global forwarder, they are unhappy with continually being in the crossfire.

With rates fluctuating wildly, schedules altering frequently, transit times changing due to slow steaming and increasing volume demand putting strains on restricted supply, the freight forwarders have been continually re-negotiating space, price and service agreements with their carriers and their shippers – putting strain on relationships during very tough times for all parties.

The same senior executive also described how freight forwarders are unhappy with both the carriers and the shippers for business activities that undermine the forwarder's role

The combative comments reflect the fact that the term 'partnership' has been overused, with the struggle for survival taking precedent over agreements and loyalty expectations.



as the intermediary in the sector – carriers are encroaching on some of freight forwarders' business and shippers are negotiating contracts directly with the carriers.

Direct contracts with lines

About ten years ago, only companies moving more than 10,000 containers per year would have a direct contract with the shipping lines – space and price negotiations being directly agreed and contracted between carrier and shipper. These days, shippers with volumes as low as 500 containers, are entering into direct contracts with carriers, thus to an extent bypassing the 'wholesaler' role of the freight forwarder.

This has put a strain on traditional relationships between shippers and freight forwarders because their customers (shippers) are choosing to deal directly with their suppliers (carriers) in a bid to save costs and cut out middleman.

Also during the last ten years, many of the shipping lines have established their own business units to offer freight forwarding and logistics services to the shippers – so we also have the carriers bypassing the forwarders and offering competing services direct to the shippers – going direct to their customers' customer – again seeking to cut out middleman.

The traditional tri-partite structure of the industry – shipper, forwarder and carrier – is therefore surely coming under increasing threat and we may well see further disintermediation in the sector. In the meantime, the freight forwarders have to continue to work with the carriers that they feel are encroaching on their business and the shippers that they feel are trying to bypass them.

The way forward

So we are now in the situation of tension – we have adversarial relationships, combative negotiations and plenty of friction. Containerised shipping moves over 90 per cent of global trade, so all the parties involved are going to have to find

ways to work together. We will see a re-organisation and re-alignment of the commercial relationships between shippers, carriers and freight forwarders during the coming 24 months – as we all wait to see whether and how the economy recovers through 2011.

All three constituent groups need to diligently review and reconsider their arrangements with their business partners and make conscious choices – on case by case basis – between “strategic” and “transactional” relationships – with the responsibilities, commitments and expectations being quite different.

This is fine as long as both parties have the same understanding of the nature of the relationship. There will likely be more transactional business, with the various buyers and sellers shopping around on a more ad hoc basis, expanding the size of the ‘spot’ market, but with all parties having a

clearer understanding of the purely transactional nature of these deals.

Meanwhile, there will also be some re-alignment within the strategic relationships – resulting from the enormous strains induced by the economic crisis. We will see various major shippers reconfiguring their allegiances with forwarders and likewise some major forwarders re-aligning their commitments with carriers. In the major account sector, companies will likely get more selective about who they work with – suppliers and customers – and be very clear with their business partners about the nature of their relationship and related future expectations and responsibilities, both in good and bad times.

The global economic crisis has exacerbated tensions to create this adversarial environment in the industry. The combative comments that we have heard – on and off the

record – reflect the fact that the term ‘partnership’ has been overused, with the struggle for mere survival taking precedent over informal agreements.

The volatile supply and demand situation will not greatly change until the second half of 2010, when we should see some steady economic recovery on a global basis and therefore some stability in the markets. This will enable more predictable demand, leading to better balanced supply, improving equilibrium in the market, enabling those that have survived the crisis to settle down into their new relationships – whether they be transactional or strategic. **MG**

Mark Millar is Managing Director of *M Power Associates* – a specialist provider of industry-specific marketing, consulting and education services. He can be contacted on mark@markmillar.com



Subscribe Now

Fill the form & mail it today

We have just started making waves. Yes, with Maritime Gateway, a one-of-its kind trade magazine in the country that aspires to be a vital source of information for all ports, shipping and logistics players in the maritime industry. This Magazine addresses key issues and provides insights through analytical articles, comments and features. News, Port Scan, Interviews, Regional Update on the maritime scenario in the Middle East, Singapore and China, Technology, Policy, Equipment, Education are some of the regular incisive sections. People, Executive Diary, Markets and Global Happenings are other interesting features.

Join us as we cruise through the maritime industry!



TARIFF

THREE YEARS SUBSCRIPTION
36 ISSUES • Rs. 2,520/- • you save Rs. 1,080/-
@ 30% DISCOUNT

TWO YEARS SUBSCRIPTION
24 ISSUES • Rs. 1,920/- • you save Rs. 480/-
@ 20% DISCOUNT

ONE YEAR SUBSCRIPTION
12 ISSUES • Rs. 1,080/- • you save Rs. 120/-
@ 10% DISCOUNT

☐ payment enclosed ☐ send invoice ☐ 1 ☐ 2 ☐ 3 years (please tick your choice of subscription)

Name

Address

City PIN / ZIP State

Country Tel Fax

e-mail

I am enclosing a Cheque/DD No (specify bank) dated

drawn on (specify bank) dated amount in

favouring Gateway Media Pvt. Ltd. (payable at Hyderabad) for Rs. words only.

add Rs. 50/- for outstation cheque.

Global Warming

Drowns Differences

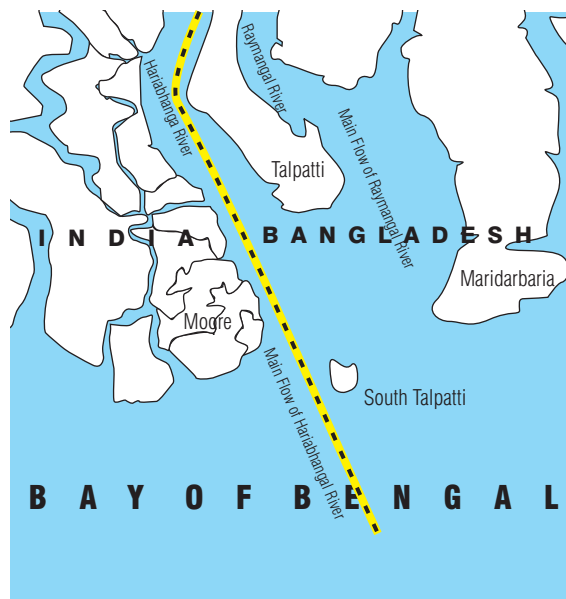
Global warming has eventually settled a long standing maritime dispute between India and Bangladesh with the disappearance of a mud and rocky island in the Bay of Bengal, reportedly swallowed up by the sea. But the maritime boundaries between these countries are yet to be sorted out.

by **Susenjit Guha**

Called New Moore Island by India and South Talpatti by Bangladesh, the island was the very basis of a simmering problem between the two nations. It stood exactly midway between India and Bangladesh. According to reports of a UN Panel, entire Bangladesh is on a low lying delta and is vulnerable to the rising sea levels over the years.

Commenting on the event, the director of the Jadavpur University's School of Oceanographic Studies, Prof. Sugata Hazra said, "What these two countries could not achieve from years of talking has been resolved by global warming. We can see the island still at lowest-tide level, and it has dispersed within the sea ... it is below the high-tide level."

It was reported in mid-March that the island made of rock and mud, measuring about 1.3 miles long and 1.1 miles wide, was losing land rapidly. Prof. Hazra checked at the satellite imagery after reading media claims and also cross-checked with local fishermen to ascertain the facts. "They confirmed the island had gone sometime back. We raised the alarm



that we'd better take stock of how much loss is occurring," he said.

The shrinking of the island began from the 1990s as part of the continuation of a process that began 40 years ago. According to researchers, the reduction of the landmass in the Bay of Bengal region of Sunderbans measured 81 square miles with erosion of an additional 27 square miles. The island was threatened in the 90s when it was just 6.6 feet above sea level, making it extremely vulnerable to the rising water. According to Indian foreign ministry officials, the simmering

tension about island ownership between India and Bangladesh may have died down with the disappearance of the island, but the maritime boundary demarcation is still an issue that could come up for debate in the future.

But Sugata Hazra was quick to point out, "There's a lesson here that the world should learn while negotiating over territory ... it's not whether some country makes a gain. It's whether we all collectively win or lose given the impact we're seeing on the global environment."

If one debates the issue of climate change, then

Bangladesh is at the utmost risk. It is a nation of nearly 150 million people and according to an UN panel's prediction, about 17 per cent of the country's landmass could disappear by 2050 if the water level rises 3.3 feet. The change could end up displacing 20 million people. Other climate projections have shown 20 per cent of the coastal region of Bangladesh could be submerged and 20 million people could be displaced in the event of one-metre rise in sea level by 2050.

And the New Moore Island was noticed only four decades ago in the

early 1970s when both Bangladesh and India began to lay claims hoping there were large-scale gas deposits underneath. Instead of building permanent structures, India sent in coast guard members as well as an armed frigate INS Sandhayak in 1981 to hoist a flag and return. According to reports from the period, Bangladesh navy took over as soon as the Indian coast guard left.

The entire episode is changing the dynamics of military threats and stand-offs between nations in the face of global climate change.

As the maritime boundary between India and Bangladesh and also Myanmar was undemarcated, the issue, as Dr Sreeradha Datta of IDSA puts it, was a rankling point and Bangladesh was the only country among littoral states not to have reached an agreement. She defined maritime boundary to be the “setting of limits of the state’s outer limit of maritime zones including its Exclusive Economic Zone (EEZ) and Continental Shelf, but also its maritime boundary limits vis-à-vis its opposite or adjacent state.”

With the disappearance of the New Moore Island, the dispute over contrasting claims may have gone, but the issue of ‘equidistance’ in maritime boundaries remains with Myanmar. The ‘equidistance’ principle was settled by UNCLOS III and India adhered to it while Bangladesh opposed it in case of the

New Moore Island, which was also known as Purbasha Island, situated at the confluence of Ichhamati and Rai Mangal rivers near the Bay of Bengal.

According to Maj. Gen. (retd.) Muniruzzaman Khan, director of the Bangladesh Institute of Peace and Security Studies, “the islands in the area are the unstable creations of the Brahmaputra River delta. New Moore first emerged on satellite images in 1974, and in 1981 India sent naval ships to plant a flag. The island had become central to a broader maritime dispute intensifying as a United Nations deadline of 2011 loomed large for resolving the issue.”

Bangladesh believed any ownership decision would have impacts on land mass between the two countries and on the maritime boundary baselines in which EEZs and continental shelves are calculated. But Myanmar was with India in denying Bangladesh any continental shelf or even an independent gateway to the Indian Ocean. Bangladesh had also come to loggerheads with Myanmar on the issue in the past. It will be in 2011 that Bangladesh is supposed to submit its maritime claims under the UN Oceans and Law of the Sea treaty.

With global warming solving the decades old dispute, the trend has become a sort of precedent for the future. But the issue of global warming pushing sea levels up is still

to be identified as the major cause even though scientists in India believe temperature rise and coastal erosion in the Bay of Bengal region between 2000 and 2009 was primarily responsible for the submersion of the island.

According to them, temperature rose by 0.4°C each year in the Bay of Bengal region and the natural calamities witnessed in the last decade bore testimony to the fact. As four super cyclones like Aila, Cedar, Bijli and Nargis ravaged large parts of Sunderbans in the two years between 2007 and 2009, the Lohachara Island on the Hooghly estuary also disappeared in 1996.

It is part of a growing trend and could happen anywhere in the world. Lohachara had about 4,000 inhabitants and they were forced to relocate, but the island resurfaced once again. The year 1996 was too early to conduct serious studies on global warming and submersion of islands, but the issue may come up for debate once again with the submergence of New Moore Island.

Prof. Hazra also believes several islands in the Hooghly estuary like Ghoramara and Jambudeep near the Bay of Bengal are also sinking. While Ghoramara had human settlements, the islands of Bulcheri, Bhangaduani and Dalhousie carry the risk of disappearance of the tiger population in the region. Researches carried along with his colleagues at the university also revealed other inhabited islands that risk getting eroded, flooded and also experience a rise in salinity in the water level.

There is a risk of more islands in the Sunderbans delta being claimed by the sea in future leading to large-scale displacement of population. A report submitted last month by the World Wide Fund for Nature warned about the sensitivity of the Sunderbans ecosystem, made up of mangrove forests and also home to a large tiger population, could be gobbled up by rising tide levels within the next 60 years. **MC**



The New Moore Island (in box) that submerges during the high tide.

horizonspeaks.wordpress.com

by **Nazery Khalid**

Getting heated up over global warming

The issue of global warming and climate change has become a topic that requires urgent attention by the international community. Visible impacts of the phenomenon demand that concrete actions are taken to mitigate its risks. Everyone must make the issue of reducing carbon emission as a priority and must aim to put in place preventive measures to reduce carbon footprint.

This applies to the shipping industry as well. One way or another, industry players must prepare themselves for a lower carbon future. That future could be here sooner than they think. Take the case of shipping, for example, which generates much of international trade volumes. Despite shipping contributing a mere 3.3 percent of the global total of carbon emissions (Lloyd's List, December 2009), carbon emissions from shipping are estimated to have doubled since 1990. It is projected that carbon emissions from shipping will grow by a factor of two to three by 2050 from 2007 levels if no regulatory measures are taken to lower the emissions.

The shipping industry, a key generator of global trade and economic activities, must also stand up and be counted to play its role to reduce its carbon footprint. Given the importance of ports and the shipping sector as key facilitators of trade, growing exploration and production activities in search of offshore oil and gas, there is a need for stakeholders involved in these sectors to play an active part in protecting the environment.

Infrastructure development and activities in these sectors can cause adverse effects to the marine surrounding, and environmentally unfriendly business practices can also be detrimental to the health of coastal areas and the seas.



Green Shipping in the Blue Ocean

Pressure for international action to combat climate change is building. Following the United Nations Conference of Parties on Climate Change (COP 15) held in Copenhagen in December 2009, the world has been awakened to the grim prospect of a warmer world which could wreak havoc on weather and atmosphere. If no concrete and sustainable measures are taken to address this issue, climate change could lead to adverse effects to the world and untold misery to human beings.

Coming clean on clean shipping

The shipping industry is already in the midst of structural changes influenced by various global trends. Political, economic, social, technological, environmental and legal forces are transforming the industry in many ways. In addition to these, concerns over carbon emission have reshaped the way industry players operate, think and plan. Meaningful efforts have been undertaken to lower shipping's carbon footprint, but much more needs to be done for industry players to adjust to a low-carbon environment and be accountable for their carbon emissions.

In the face of this, it is crucial that studies are undertaken to make shipping more energy-efficient and cleaner. The International Maritime Organization (IMO) Greenhouse Gas Study updated in 2009 reported that the application of 'known technology and practices' could make vessels more efficient between 25 percent to 75 percent, depending on vessel type. However, adopting such technology and practices may open a Pandora Box of other issues. In the event that shipowners pass the costs incurred from 'going green' onto their customers, the latter will in turn pass their costs down to end users and consumers of the cargo they ship.

It can be debated that given the considerable costs involved in practicing 'green shipping', there may not be much of an incentive for shipowners to increase efficiency of



their ships to a level that will make a difference on a global scale. Unless they can gain competitive advantage by 'going green', it is hard to imagine that shipowners are going to gladly start a voluntary technological revolution to change the entire shipping industry to a greener one. What more at a time when many of them are reeling from the crushing impact of global recession, credit crunch and falling demand for shipping services.

While it is encouraging to note the growing awareness among stakeholders in the maritime sector of the need for them to reduce carbon outputs, there is also a need to anticipate the effects of adopting measures to mitigate the risk of climate change. This warrants research that can lead to policy options that will lead to implementable, practical and

effective measures to reduce the impact of climate change on the maritime sector and balance them with business imperatives and other national agendas such as promoting socio-economic development and making Malaysia a globally competitive nation.

Although the maritime sector is governed by in-house and in-agencies rules and regulations and international conventions related to environmental protection, there aren't any clear guidelines how the maritime sector can help to reduce its carbon footprint and contribution to global warming. There lacks a set of best practices consisting of processes, procedures and measures for the local maritime sector to reduce pollution and protect the fragile marine environment.

This situation, while highly undesirable, demands industry players and research institutes to fill in this gap by conducting research on climate change and developing a set of policy options that can lead to the formation of a 'green maritime policy' for the industry and nations.

Reducing the shipping industry's carbon emissions

The fact of the matter is, with increased trade and offshore activities such as exploration and

“Although the maritime sector is governed by in-house rules and regulations and global conventions related to environment, there aren't any clear guidelines how the sector can help reduce its carbon footprint.”

production of oil and gas, demand for shipping services will increase. In tandem, the share of GHG emission of the shipping industry is set to rise.

It is a matter of concern for industry watchers that despite the relatively low share of the shipping industry of global carbon emission, its share has been on the rise. According to a study by IMO, shipping contributed merely 2.7 percent of the global GHG emission, compared to 21.3 percent by road transportation. Despite this, the shipping industry's portion of the global emissions has increased over the last 10 years, compared with the reduction of emissions in the aviation industry, which underlines that shipping has not managed to clean up its act as effectively as the latter.

It is therefore not wrong to assume that if nothing is done to reduce carbon emissions in the shipping sector, its contribution to the problem will only increase in the years ahead. An article in *DNV Container Ship Update* said that if no serious action is taken reduce shipping's emissions, its portion of carbon dioxide emissions would increase from 2.7 percent currently to as much as 20 percent by 2050.

Despite the fact that shipping is a highly regulated activity, there is still lack of regulation when it comes to reducing emissions. It has been argued that the current approach of addressing the problem via a piecemeal basis at national and regional levels is not effective, given the global nature of shipping.

It is encouraging to note that the IMO has, under MEPC, developed a strategy for shipping industry to clean up their act. This strategy includes guidelines on energy efficiency management, operational and design indicator. The MEPC has also managed to draw up a plan for industry players to agree to a market-based instrument to cut down on emissions before 2011. This proposal was predictably met with resistance from developed nations on grounds of their smaller contribution of the

The objective of reducing emissions from shipping industry is subject to clearing many political and operational hurdles.

world fleet compared to developing nations.

It appears that part of the perceived failure of COP15 to advance the cause of reducing emissions in shipping was the unrealistic expectation that it would take only one meeting to get everyone to agree to the cause. Stakeholders must realise that meeting the objective of reducing emissions from shipping industry is subject to clearing many political and operational hurdles. It will require compromise, cooperation, sacrifice and trade-off along the way, and resolute leadership by the IMO.

To get things moving, the IMO would do well to set realistic and implementable emission measures and rally maritime nations to set national emission targets. The challenge is to get nations started with voluntary targets while working towards coming up with a set of mandatory regulations. This might take a while to come to fruition but the IMO and shipping industry stakeholders must work on low hanging fruits and quickly work on relatively easily attainable targets such as working on emission goals and implementable measures on an independent basis.

Clearing hurdles, overcoming obstacles

What hampers efforts to introduce a uniform and global framework that can be adopted to combat emissions from shipping? For a start, there is the political element that gets in the

way of developing an international solution. Shipping can be emotive, and governments have time and again shown strong sentiments in the discourse on shipping in the name of protecting national interests. To them, shipping is a special case that should not be lumped together with other activities, hence getting governments to comply with a one-size-fits-all framework in matters pertaining to shipping is always met with strong resistance.

The highly politicised nature of the discourse on carbon dioxide emissions further adds to the difficulty in establishing a global regime to reduce carbon footprint in the shipping industry.

Several years have passed since the establishment of the Kyoto Protocol under the United Nations Framework Convention on Climate change (UNFCCC) but shipping stakeholders are still grappling with basic questions such as who to pay, how to pay and how much to pay for carbon emissions from vessels.

Of concern is the IMO approach of No More Favorable Treatment (NMFT) that accords the same treatment to all ships from all nations. Shipowners from developing nations, who do not quite have the means and technological prowess of their counterparts from more advanced nations, hence are unhappy with the fact that there is no level-playing field when it comes to the application of the NMFT principle.

Also under the Kyoto Protocol, nations have different levels of responsibilities of emissions, as stated in the concept of Common But Differentiated Responsibilities (CBDR) that does not hold developing nations accountable to commit to reduce their carbon dioxide emissions.

Time is running out before the Kyoto Protocol expires in 2012. The IMO should resolutely come up with a plan that can be agreed upon by all and sundry. Especially, pressing is to

Impact of shipping on GHG emissions

- Shipping is estimated to have emitted 1,046 million tonnes of CO₂ in 2007, which corresponds to 3.3 per cent of the global emissions during that year. International shipping is estimated to have emitted 870 million tonnes, or about 2.7 per cent of the global emissions of CO₂ in 2007.
- Exhaust gases are the primary source of emissions from ships. Carbon dioxide is the most important GHG emitted by ships. Both in terms of quantity and of global warming potential, other GHG emissions from ships are less important.
- Mid-range emission scenarios suggest that, by 2050, in the absence of reduction policies, ship emissions may grow by 150 to 250 per cent (compared to the emissions in 2007) as a result of the growth in world trade.
- A significant potential for reduction of GHGs through technical and operational measures has been identified. Together, if all measures are implemented, they could increase efficiency and reduce the emissions rate by 25 to 75 per cent below the current levels, on a tonnes/miles basis, depending on the ship type and actual trade and operating pattern.
- Shipping has been shown, in general, to be an energy-efficient means of transportation compared to other modes. However, not all forms of coastal and short-sea shipping are more carbon efficient than all other forms of transport.

get developing nations to agree to play their part in reducing their carbon emissions.

Meanwhile, developed nations must be persuaded to abide by the NMFT principle and must be convinced that any differentiation in carbon emissions arising must be acceptable to them. This is due to the fact that the majority of the world's flag is flagged under developing nations. To this end, a proposal by Liberia and Nigeria at a UNFCCC meeting to introduce a market-based levy to reduce emissions is worth considering. The levy collected will then be put into a special fund that can be used to assist developing nations to comply with the requirements of a low-carbon environment. Another proposal suggested the introduction of a carbon trading scheme that can be put to similar use to help shipping players from developing nations to address climate change issues.

Adjusting to a low-carbon future

The shipping industry has gradually improved its energy efficiency via technology and 'behavioral changes'. Key drivers of change in shipping include the quest to reduce cost and protect margins, meeting social pressure, complying with regulatory requirements, innovation and

technological advances, and availability of financing. Among examples of efforts of the industry to 'clean up its act' include improvements in ship design, use of more energy-efficient engines and fuel, application of energy-efficient operations such as slow steaming, and efficient route planning.

However, it must be realised that shipping facilitates much of the world's international trade. Given that world trade volumes are expected to grow year-on-year, the demand for shipping services will rise in tandem. This will result in an increase in carbon emissions from ships to enable global trade and the world economy to grow.

Looking at the issue objectively, one wonders then if focus should just be on shipping industry to reduce its carbon emissions without looking at other parties along the trade supply chain that benefit from shipping. Should a 'polluter pays' principle be introduced to ensure that the entire supply chain does its part to go green instead of just demanding that shipping industry, which is merely a party in the chain, to carry the burden to 'go green' alone? Is it realistic to expect shipping to be clean when it is just facilitating the carriage of goods sent by shippers who demand huge amounts of goods to be transported quickly across the

globe at the lowest price possible? What about consumers who are the final beneficiary of cheap transportation of goods provided by shipping – shouldn't they also be held accountable for the emissions from shipping activities that help fulfill their demand for goods and raw materials? These are among the tough questions that need to be answered in the discourse of cutting down carbon emissions from shipping.

While shipping has done well to start reducing its emissions levels, immense challenges remain in rallying industry players to voluntarily clean up their acts and meet the cost of complying with regulation. In this respect, the IMO will have a central role to play as the lead agency in shipping industry's efforts to reduce its carbon emissions. Appropriate market-based instruments such as bunker fuel levy and carbon trading have to be introduced to facilitate shipping to 'go green'. New technologies and innovation have to be developed and introduced to further reduce GHG from shipping operations, and the resources for R&D and compliance must be provided. Most importantly, there has to be a mindset shift among those in the industry to move away from the mentality of maintaining the status quo to a proactive stance to do their part to reduce carbon emissions.

Despite these challenges and the odd voice of scepticism about the impact of greenhouse gases on global warming, there is no denying the harmful effects of carbon emissions to the environment and the need to act to counter the threat. What you don't see can indeed harm you. The time for everyone, including shipping practitioners, to spring into action to reduce their carbon

footprint is NOW! 



Nazery Khalid
(nazery@mima.gov.my) is
Senior Fellow at Maritime
Institute of Malaysia.

Hub for goods

DB Schenker opens new terminal

The most modern forwarding terminal in DB Schenker's European land transport network has opened in the Austrian town of Bergheim, near Salzburg in Austria. Around 26 million euro was invested in the terminal, which serves as a hub for flows of goods in Europe, efficiently linking modes of transportation. The roughly 80,000-sq m site is now home to a 10,000-sq m transshipment hall, a 4,250-sq m logistics hall and an almost 5,000-sq m office building. Rail transports are integrated seamlessly into logistics solutions thanks to the terminal's dedicated siding, which connects the terminal to the rail network.

Karl Nutzinger, CEO Europe of Schenker AG hopes the capacity in Salzburg will help them position themselves perfectly when the crisis comes to an end. The transshipment hall features state-of-the-art equipment including 125 loading and unloading bays. 115 docking gates equipped with levelers. Thirty electrically driven forklifts are used at the terminal to ensure operations are quiet and clean.

Accreditation as qualified envirotainer provider:

DB Schenker has gained accreditation as a Qualified Envirotainer Provider (QEP) at several stations in Europe and Asia by Envirotainer AB, the Sweden-based provider of active temperature-controlled air cargo containers.

The accreditation, which verifies that DB Schenker can manage temperature sensitive shipments that are shipped in Envirotainer containers in accordance with Good Distribution Practice, has been awarded for the European stations in Brussels, Basel, Frankfurt, Geneva, Mannheim, Stuttgart, Vienna and Zurich as well as the Singapore operation. After completing the audit process, Envirotainer congratulated DB Schenker on the high level of its internal QEP documentation and the full commitment of the company's Quality and Commercial Management to the QEP Program.



Maritime education

EIMA ties up with Newcastle Univ

Emirates International Maritime Academy (EIMA) announced that it recently signed its first agreement of collaboration with Newcastle University, a world-class research-intensive university, signaling the beginning of the availability of high quality and specialised maritime studies and education in the UAE and the MENA region at large. Under the agreement, an MSc in Marine Technology will be the launch programme.



Captain Jaafar bin Sidin, Director of EIMA, with Professor Ehsan Mesbahi from Newcastle University at the EIMA in Dubai.

Refrigerated cargo

Iraq opens first reefer yard

Four months after introducing our own feeder vessel at the port of Umm Qasr, we are pleased to announce another major boost for Iraqi trade: the country's first refrigerated container yard.

The yard now has 150 plugs available and is ready to accept refrigerated cargo. The yard was built by the Kuwaiti terminal owner, Global Logistics and Warehouse Co (GLOW), in cooperation with Maersk Line.

HNS Convention

ICS welcomes protocol

The International Chamber of Shipping (ICS) has welcomed the adoption of the Protocol to the 1996 Hazardous and Noxious Substances (HNS) Convention. This was recently signed by 70 states following a diplomatic conference held under the auspices of IMO.

For many years, the ICS and its members have campaigned for the ratification and entry into force of the 1996 HNS Convention, which will establish an international regime of liability and compensation for HNS damage, to the benefit of all stakeholders, including those suffering HNS damage, those undertaking clean-up measures – including Governments – as well as shippers and carriers.

The protocol addressed the problems in the convention that were preventing states from ratifying it. These included the practical problems of reporting packaged goods imports to the Fund, the treatment of LNG and the consequences of non-reporting of goods generally.

If there is any port that is well positioned to address the gaps left by Mumbai Port and JNPT in terms of cargo handling, it is Dighi Port. With its strategic location advantage and proximity to industrial belts, Dighi Port can help the state of Maharashtra in retaining the cargo that is being diverted to Gujarat ports due to severe congestion. Unlike JNPT, Dighi will be able to handle all types of cargo, thereby meeting the needs of a wider customer base. The industrial belts around Pune, central and south Maharashtra will immensely benefit from this port once it commences operations.

by Jagadeesh Napa



Dighi Port

Gateway to Mahar





An integrated infrastructure initiative, this all weather, multiproduct port is today on the threshold of becoming the first private greenfield port to commence operations. Located at the mouth of the scenic Rajpuri Creek, Dighi Port has the potential to become the gateway of the state of Maharashtra.

The pioneer behind the development of this port, Vijay Kalantri, CMD, Balaji Infra Projects Ltd. is a strong believer of creating efficient infrastructure for the development of the state. Kalantri is one proud son of Maharashtra who has been constantly striving for the betterment of the state. He even denied an opportunity to develop a port in Gujarat for the love of Maharashtra. "As I was born and brought up in Mumbai, I chose to develop the port sector in Maharashtra rather than setting up port facilities in Gujarat, which is a proactive and well developed state in terms of ports," admits Kalantri. Ask him about Dighi and pat comes the reply, "Dighi will emerge as the gateway to the state of Maharashtra."

The Genesis

Coming from a textile and engineering background, Kalantri entered the port business as a first-generation entrepreneur. The Government of Maharashtra opened up port sector in 1996 and this led to a new era in public private participation (PPP) in the state. With seven ports in choice, Kalantri zeroed in on Dighi in 1997 due to its strategic location and nearness to sources of cargo generation and consumption. Feasibility studies were carried out in early 2000s and the concession agreement was signed with the Government of Maharashtra in 2002 for developing the first greenfield private port in the state.

Other studies were carried subsequently and had applied for environment clearance in 2004. IL&FS, an infrastructure development company, has lent the

much required support in the development of Dighi. When Kalantri approached IL&FS, they readily agreed to take up 10 per cent equity stake in the project, which was later raised to 20 per cent. "IL&FS has been a big support to us and they also helped us in syndicating the loans," says Kalantri. The port received environment clearance in 2006 and soon after this it began the tendering process for engineering, procurement and construction (EPC) work.

At level zero

While Dighi has enough land to develop 15 to 20 berths, government has given permission to develop five in the first phase. A total of Rs 1,200 crore investment is being pumped in the first phase of which a sizeable chunk will be used for dredging operations to take the draft to 14.5 m alongside the berths and 16.5 m in the channel. Dighi has a short dedicated channel of 12 km and it will have 16.5m draft plus a tidal variation of 2 m. Beyond the channel, the draft is 20 m. "Fortunately, the dredging here is soft and this has saved time and money," says Kalantri.

Locational Highlights

- Situated in Raigad district in Maharashtra
- Located in sheltered waters in the Rajpuri Creek with terminals on both the banks
- Strategically located on the international and coastal shipping route
- Proximity to the oil and hydrocarbon-rib, Persian Gulf, the Arabian Peninsula and the African Continent
- Accessible to the busiest international oil-tanker routes from the Persian Gulf to Singapore, South East Asia, Japan and Australia

Bird's eye view of the port

Dredging work was contracted to Van Oord India Private Limited, subsidiary of Netherlands-based Van Oord Dredgers & Marine Contractors BV. The contract covered capital dredging of the approach channel, inner channel, turning basin and berth pockets. A total of 23 million m³ will be dredged in two phases using trailing suction hopper dredgers. The contract also includes 5 million m³ of dredged material for reclamation on shore. About 14 million m³ is already dredged.

Kalantri's dedication to the port's development can be felt in the air of optimism that sounds in his voice. He says that as of now, the first berth, 350 m long and with a draft of 12.5 m is almost finished. Three berths will be ready by this year end.

Dighi being all weather, multi-cargo port, berths are being designed to handle all types of cargoes. Even though the berths are still under construction, Dighi is exporting bauxite from an 80-m temporary

berth. It received permission to export bauxite in 2003. It has handled about 5 million tonnes in 2009-10 and is looking at 5 to 7 million tonnes in this fiscal.

Though Dighi is being designed to handle all types of cargoes, the current focus is more on the bulk segment. It is procuring five advanced and world class Gottwald mobile harbor cranes of which two will be delivered in a couple of months. By the end of Phase I, the port will have the capacity to handle over 30 million tonnes of cargo.

Advantage Dighi

The biggest advantage for Dighi Port is the availability of land in plenty. A total of 1,000 acres is earmarked for the development of the port as well as the Free Trade Warehousing Zone (FTWZ). It recently signed a lease agreement for 77 hectares of land (which is part of the 1,000 acres) with the Maharashtra Maritime Board.

Another major advantage for this greenfield port is that it is part of the Delhi-Mumbai Industrial Corridor (DMIC) and Dedicated Freight Corridor (DFC). Dighi falls at the southern-most tip of this corridor and benefits from various plans and schemes announced by the government. When asked about the same, Kalantri said that being part of the DMIC and DFC will ensure constant flow of cargo to the port. "The big industrial estates – Rohad, Pathalganga and Vasai – that are next to the port will be of big advantage. The government is also coming up with a big industrial hub, Vile, near the port, which will also boost volumes in port in future," he said.

On the connectivity front, Dighi's strategic location enables it to reach the vast hinterland of Maharashtra that is richly occupied by industrial belts. To this effect, the port is strengthening its last mile connectivity to these extremely valuable stretches of industrial activity. It inked a pact with the



Construction of berths in progress

Coal will rule the roost

There is enough space in and around the port for big power plants to come in. Some big names have shown interest in setting up the power plants in the range of 2,000 to 3,000 MW and this will materialise soon. JP Cements is going to put up a power plant and a cement plant at the port. Besides this, there are two big power plants that are coming up about 60 km from the port – one by the Tatas Power and the other by Reliance Energy. POSCO is setting up a steel processing centre near to the port and will require coking coal for the plant.

Therefore, coal holds big potential for Dighi and will be the major cargo. The fact that both the ports in Mumbai cannot handle big quantities of bulk cargo is in fact a blessing in disguise for us. As a matter of fact, today, 7 million tonnes of cargo including food grains, sulphur and coal bound for Maharashtra is routed through Gujarat ports. We are rightly positioned to take advantage of this situation and leverage on the rising coal imports. With Dighi Port becoming operational, we will also bring back the cargo that is now finding its way through Gujarat ports.



Vijay Kalantri
CMD, Balaji Infra Projects Ltd.

Konkan Railway Corporation Ltd. to develop a 45-km rail link connecting the port with the Konkan Rail head at Indapur and Mangaon. The project that costs about Rs 500 crore will be operational in about 24 months. The MoU is a first of its kind for the Konkan Railway under which it will first acquire the land for the rail link and develop the Railway Siding at the Port. It will also operate and maintain the siding and provide the necessary back-up services and rolling stock.

There are around hundred industrial estates around the port with some well known names in the steel industry in the radius of within 100 km – Vikram Ispat, Ispat Nigam, Maharashtra Stainless Steel, Bosan Steel and Uttam Steel. Industrial belts including Kolhapur, Pune, Talaja etc. are very close to the port. POSCO, the South Korean steel major, too is setting up a steel processing plant near the port in about 500 acres with an investment of Rs 4,000 crore. Kalantri is optimistic that once the operations

commence at the port, the industrial activity in the vicinity will further pickup, paving way to increased cargo volumes.

To take advantage of this bustling hinterland activity, Dighi Port has

“Dighi Port inked pacts with CONCOR and Konkan Railway Corporation Ltd. for providing the last mile connectivity to the hinterland. CONCOR provides logistics services, while KRCL provides rail link to the port.”

signed another MoU with Container Corporation of India (CONCOR) for logistics and container rail support services. Under this MoU, CONCOR will provide dedicated train services to facilitate to and fro movement between the port and the manufacturing bases. The MoU oversees developing, operating and maintaining of facilities with the objective of providing comprehensive logistics services and end-to-end solutions from the factory doorstep to the port and vice versa, thus providing an integrated network of value chain services to the users at the port.

While Dighi enjoys wide ranging benefits due to its proximity and location advantage, it also promises to pass over these benefits to its customers. Kalantri reveals that the biggest benefits that his port would pass over its users are efficiency and competitiveness. “We will provide highly efficient operations at very competitive tariffs. Lower tariffs would mean overall lower costs and the trade would definitely get



Phase I

- Five multipurpose berths having 30 million tonnes capacity
- Three berths to be commissioned in 2010 and the remaining two in 2011
- Multiproduct port-based SEZ inclusive of FTWZ
- Development of railway network of 45 km approx.
- Development of road spanning 200 km approx.

benefitted by this,” says Kalantri.

SEZ & FTWZ: Volume boosters

Unlike other traditional ports in Maharashtra, Dighi offers multiple facilities which will add value to this integrated infrastructure set-up. The special economic zone (SEZ) and the free trade warehousing zone (FTWZ) are aimed at creating self-sustainable business environment for the port users in the most economical manner.

The SEZ, which will be the largest port-based SEZ in the state, would be a multi-industry SEZ with a land bank of over 2,000 acres. All the necessary regulatory permissions and licenses are in place ensuring that manufacturers will be able to start operations with the least possible hassle.

Another biggest attraction and a potential influencer in attracting national and international users to the port is the Free Trade Warehousing Zone (FTWZ) scheduled to come up at Dighi. The

FTWZ will be part of the port premises and will serve the port in boosting volumes as well as promoting it in the global scenario. The concept of FTWZ unveiled by the Government of India received good response in the country with many players coming forward to set them up.

The FTWZ coming up at Dighi has received the final approval and the layout work will commence shortly. Some big companies like POSCO from South Korea, JP Cements from JP Group and others have shown interest to use the FTWZ. Dighi Port has even entered into a pact with POSCO. The steel major is setting a world class steel distribution centre with an investment of Rs 250 crore. It will bring in steel from the upcoming plant near the port to this

distribution centre where some amount of value addition will be done and will be sold in domestic and international markets.

Dighi has signed similar MoUs with a couple of other companies whose names Kalantri denied to reveal. But he said that some amount of space in the FTWZ is dedicated for small and medium enterprises. “As much of the exim trade comprise of SME sector, we are dedicating a part of the FTWZ for the SME sector and port-based SMEs can use the services,” emphasised Kalantri.

Integrated approach

On completion, Dighi Port will be an integrated infrastructure initiative with few parallels. The world-class infrastructure and the end-to-end logistics solutions will see the port scale several notches in the operational efficiencies and customer satisfaction. Dighi proposes to have 15 berths on completion with 70 million tonnes capacity. Happy going for Dighi as well as for the state of Maharashtra. 

Wondering which port to choose for your business?



As India braces up to be a global player in the maritime sector focussing on the state-of-the-art port infrastructure, sophisticated greenfield ports and competitive trade practices, it's time for a reality check. Maritime Gateway presents to you the first ever comprehensive and the most up-to-date survey on the Indian ports – The Indian Ports Survey. The survey offers a holistic and in-depth analysis of the quality of services at ports and features a Customer Satisfaction Index.

20 Indian Ports
700 Users

Report



Presented by

maritime
gateway

Market Research & Analysis by


CRISIL
RESEARCH

Supported by


Ministry of Shipping


IPA

gateway
M E D I A

Gateway Media Pvt. Ltd.

407, Fifth Floor, Pavani Plaza, Khairatabad, Hyderabad - 500 004

Tel : +91 40 2330 0061, 2330 0626 Fax : +91 40 2330 0665

Revving Up Rail Freight

Indian Railways has set up Rail Vikas Nigam (RVNL) to strengthen its network and ensure seamless and faster movement of freight traffic. As part of the initiative, new rail infrastructure projects are being undertaken through PPP models. But broader issues involved in freight traffic can be addressed to help the enterprise function better. **Maritime Gateway** reports.

Rail Vikas Nigam Limited is a special purpose vehicle created by the Indian Railways to implement railway projects involving gauge conversion, new lines, doubling or creation of addition lines, electrification through non-budgetary support from the railways. The idea was to remove capacity bottlenecks on the rail network, particularly on the golden quadrilateral diagonals, and to facilitate port connectivity and multimodal corridors to hinterland on a fast-track basis.

RVNL's mandate is to implement commercially viable projects through various PPP models, especially the built-operate-transfer models and special purpose vehicles to enable equity participation by different stakeholders and model concession agreements.

As of now, some SPVs have been created to cater only to specific cargo



movement. For example, the Paradip Port-Haridaspur rail link that caters only to the movement of iron ore, leaving minimal scope for the movement of other cargo through the route.

But, involvement of exporters and importers handling multiple cargoes will provide sustained revenue returns to new projects, especially port connectivity projects. The railways has been hauling traditional cargo like coal, iron ore cement and fertilisers as it provides better and captive revenue yield than non-traditional cargo. Better connectivity to non-traditional cargo origin points like automobiles, ready mix concrete, marble and granite, fruits and vegetables, and white goods can ensure additional revenue.

To enable more shipments, RVNL can therefore look at creating newer routes of cargo origin and offloading. However, success of such projects depends on guaranteed cargo throughput.

New routes

Identification and creation of multi-commodity rail linkages under RVNL, involving private shippers in the project can ensure cargo throughput on the proposed link. This can be undertaken through debottlenecking the heavily saturated arterial routes supporting the main rail linkages (the golden quadrilateral and routes supporting it) and building rail links connecting the ports and the hinterland.

Apart from developing railway connectivity links, RVNL is also planning to develop logistics parks and terminals. The mechanised terminals will facilitate transportation of cargo between rail and barge. However, details on the mode of development and commissioning are yet to be spelled out.

Port projects

RVNL is presently executing 56 projects worth Rs 19,000 crore. Of them, 29 projects are intended to

Krishnapatnam Railway Company Ltd. commissioned the 23-km project connecting Venkatchalam railway station with Krishnapatnam Port facilitating evacuation of traffic to and from the port.



strengthen the golden quadrilateral and the remaining 27 are aimed to link ports and serve as corridors to hinterland.

Significant SPVs formed include Kutch Railway Company Limited, Krishnapatnam Railway Company Limited and Bharuch Dahej Rail Company. RVNL has also sent proposals to the Ministry of Railways for the development of rail link to Rewas and Dighi Ports.

Kutch Railway Company Ltd. commenced operation in 2007 and proposes to double the Kutch line as it could reach a saturation level in the next five years.

Krishnapatnam Railway Company Ltd. commissioned the 23-km project connecting Venkatchalam railway station with Krishnapatnam Port facilitating evacuation of traffic to and from the port. Since the port holds good traffic potential, there is a proposal to double the line.

Bharuch Dahej Rail Company has been assigned gauge conversion between Bharuch and Dahej. The state government is also developing a

multimodal logistics park at Dahej to link the line and the project is expected to be commissioned by December 2010.

Yet another project undertaken is the laying of Angul-Sukinda new railway line by Angul Sukinda Railway Limited. Doubling of Panvel-JN Port link and construction of new line between Vallarpadam International Container Transshipment terminal and Idapally have also been taken up as part of RVNL initiative.

Huge potential

There is enough potential for developing more projects given the 120 per cent line capacity utilisation in several sections of the golden quadrilateral. According to a study conducted by RITES for the Planning Commission, cargo traffic volume shot up from 82.2 million tonnes during 1950-51 to 2,555.3 million tonnes during 2007-08. However, rail freight traffic share steadily went down from 89 per cent to 30.08 per cent during the corresponding period. RVNL, therefore, has a larger role to play in the coming days to strengthen the rail network. **MC**

Based on the advanced estimate, it is now expected that GDP growth for fiscal year 2009-10 would be around 7.2 per cent, as compared to 6.7 per cent in the preceding year. Further, the economic survey has projected the GDP growth for next year at around 8.5 per cent. Although, this recovery is encouraging, a major concern for the Government continues to be the double-digit food inflation.

At the macro level, realising the role of infrastructure as one of the main drivers to sustain the growth, the Budget has increased the allocation for the sector to Rs 1,73,552 crore, constituting 46 per cent of total plan allocation. This is expected to boost ports, roads, construction, power and shipping. As far as the shipping industry is concerned, there have been no specific amendments proposed in the Budget. The provisions relating to presumptive basis of taxation applicable to foreign shipping companies ('FSC') and tonnage tax provisions applicable to Indian shipping companies remain unaltered. However, there are certain amendments proposed for ports, mainly on the indirect taxes front.

Tax reforms

As far as Direct Taxes Code ('DTC') is concerned, discussions with stakeholders are, by and large,

complete and the Government is confident that it will be in a position to implement the DTC from April 1, 2011. The DTC will replace the five-decade old Income-tax Act, 1961 ('IT Act') and will try to serve its stated objectives of simplicity, stability, clarity and reducing litigation.

On the Goods and Service Tax ('GST') front, the Government is actively engaged with the Empowered Committee to finalise the structure of GST as well as the modalities of its expeditious implementation. The Government is hopeful that GST will also come into force by April 1, 2011 along with DTC.

Surcharge on income-tax

The Budget proposes to reduce the surcharge on income-tax for domestic company from 10 per cent to 7.5 per cent. As such, the total tax rate for Indian companies will reduce to 33.22 per cent from the existing 33.99 per cent. This is a welcome move by the Government and would result into lower tax outgo for Indian companies. This will also assist in partially offsetting the increase in MAT rate.

Minimum Alternate Tax

The Budget proposes to hike the Minimum Alternate Tax ('MAT') rate from 16.995 per cent to 19.931 per cent (inclusive of surcharge and education cess). This amendment is likely to hurt infrastructure players

like port developers and operators and would go on to neutralise the tax holiday available to them under section 80-IA of the IT Act.

Interestingly, some industries like power and energy are anyway paying an effective rate of around 20 per cent and, therefore, the hike in MAT rate is likely to rope in many such companies into the MAT net.

Excise duty

General excise duty rate has been hiked from 8 per cent to 10 per cent on all goods which would significantly increase the input cost for the industry, especially the port developers.

Service tax – Scope enlarged for 'Port services'

Hitherto, service tax was levied on 'Port services', which was defined to mean any service rendered by port or any person authorised by such port or other port, in any manner, in relation to a vessel or goods.

The definition of 'Port services' is proposed to be amended to enlarge its scope to include all services within the port premises. Further, an authorisation from port authority would not be a pre-condition for taxing these services.

Clearly, the maritime industry was expecting a lot more than what has been announced in the Budget. To sum up, although the Budget has given infrastructure a substantial fund allocation, a lot remains to be done on the taxation front for the sector as a whole. In fact, if one looks at some of the recent income tax proposals, one can find a disturbing trend whereby several amendments seem to have been made with intent to deny the tax holiday to the sector.

Clearly, taxation will remain as an important tool in the hands of the Government. **M6**

by **Nikhil Rohera**

Nikhil Rohera (nikhil.rohera@in.pwc.com) is the executive director of PricewaterhouseCoopers Pvt. Ltd., Mumbai.



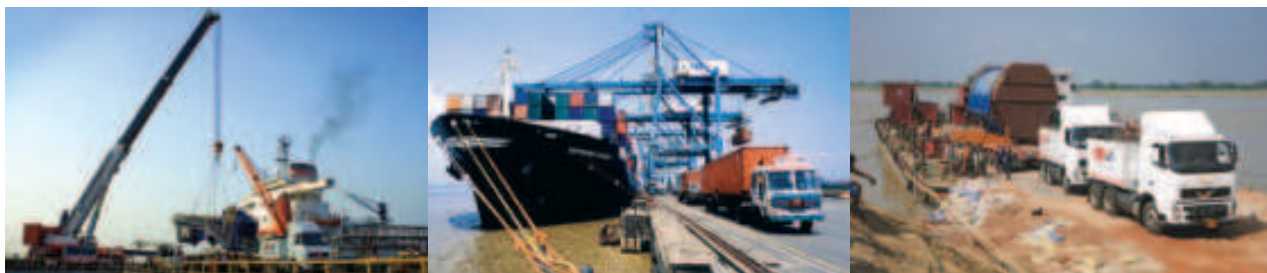
The fiscal year 2009-10 has been a challenging year for the Indian economy. The Indian growth trajectory in the preceding years was under threat due to the impact of global economic meltdown. However, with the injection of various stimulus packages by the Government at appropriate time intervals, the last quarter witnessed significant growth led by the manufacturing sector.



Budget 2010 Boost to Infrastructure



You Dream it, We carry it.



Allcargo Global Logistics Limited. Comprehensive Logistics Solutions.

- NVOCC Operations • Project Cargo Handling • Air Freight • Container/General Cargo Transportation • Terminal Handling
- Base Management for Oil & Gas Industry • Owners of Container Freight Stations (Customs notified, close to the port)
- Owners of Crane, Forklift and Reach Stacker • Owners of Warehouses

139 OFFICES ACROSS 59 COUNTRIES.

Listed on the BSE and NSE

*Logistics Company of the Year -2009-10
NDTV Business Leadership Awards*



Allcargo Global Logistics Limited

Diamond Square, 5th Floor, CST Road, Kalina, Santacruz (E), Mumbai - 400 098. India Tel.: 022 6679 8100 Website: www.allcargoglobal.com

New service

MISC plies east

MISC (Malaysian International Shipping Company), a top shipping line in intra-Asia region, commenced the East India Service (EIS) with the maiden call of M V Bunga Mas 12 calling at DP World Chennai recently to establish a reliable and efficient service between India and Myanmar.

The service would be on the following route : Yangon – Chennai – Colombo – Chennai – Yangon. Two vessels of 700-TEU capacity each have been deployed on this bi-weekly service. Crescent Shipping Agency (India) Ltd. are the agents for MISC in India.

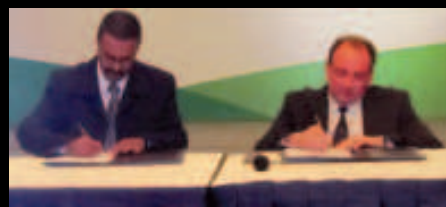
To commemorate this occasion, a function was held in the Management Centre of DP World Chennai, graced by Capt B Mahapatra, CEO Crescent Shipping Agency (India) Ltd., K Karthikeyan, general manager – South East Region, Crescent Shipping Agency (India) Ltd., Ennarasu Karunesan, director & CEO, DP World Chennai, Capt Balachandran Sinniah, Master of M V Bunga Mas 12 and Capt Ram Ganesan, head – Marketing & CFS.



The maiden call of M V Bunga Mas 12 at DP World Chennai. (Top) Ennarasu Karunesan, Director & CEO, DP World Chennai, congratulating Capt B Mahapatra, CEO, Crescent Shipping Agency (India) Ltd.

Belgian Mission

Deal for bilateral trade



Belgium Foreign Trade Agency was on an economic mission to Chennai recently. Vanguard Logistics Pvt Ltd and Europe based international freight forwarding company Transport Pierret SA signed the agency agreement in the presence of His Royal Highness Prince Philippe of Belgium to develop exports and imports traffic between the two logistics firms. Emmanuel Pierret, MD of Pierret signed an agreement with L Haribabu, director of Vanguard during the Belgain Trade Conference appointing Vanguard as their Indian agent.

Green Logistics

Call for coastal shipping

Coastal shipping needs to be encouraged as it is more environment-friendly than other modes of transport and is cost effective too, said Dr Satish B Agnihotri, Joint DG Shipping. He was speaking on Coastal Shipping – Why the ‘Suitable boy’ is not getting married during the CII Institute of Logistics’ ‘Green Logistics 2010’ conference held in Mumbai recently. Coastal shipping creates a win-win situation for traders as it reduces the cost of freight and carbon emission levels, he added. Speaking on ‘Power of Green: Trend to Indian Supply Chain’, Prof Lenny Koh, Director – Logistics and Supply Chain Management, The University of Sheffield, UK said India is heading better in reducing carbon emission than China.

B Sridhar, Member, CII National Logistics Council & Director, Bengal Tiger Lines said that the CII was closely working on developing environment-friendly supply chain management systems through various

initiatives. K V Mahidhar, Head – CII Institute of Logistics assured that CII will coordinate with all stakeholders to promote coastal shipping and carbon credits mechanism in logistics sector.



B Sridhar, Member, CII National Logistics Council & Director, Bengal Tiger Lines speaking at the CII Green Logistics summit in Mumbai recently.

Bills of Lading

ASIC educates trade



The Association of Shipping Interests in Calcutta (ASIC), comprising of Indian shipping agents as well as foreign shipping lines, organised a one-day seminar on Bills of Lading related to logistics industry in Kolkata recently.

Rajiv Sathe, associated with Symbiosis Institute, Pune, who was the guest speaker, talked about the various acts, conventions and norms pertaining to the global shipping and logistics industry which are guided by International Chamber of Commerce.

Pinaki Ghosh and Arup Guha, vice-presidents of ASIC, welcomed the participants and highlighted the importance of documentation-related knowledge base in the shipping and logistics Industry. Ashok Janakiram, the president, hoped to serve the entire trade by providing knowledge on the documentation formalities in bills of lading.

EXECUTIVE 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.



8th Asean Ports & Shipping 2010

Windsor Plaza Hotel, Ho Chi Minh City, Vietnam

May 20-21

The conference will provide companies an ideal platform to showcase products and services to the dynamic emerging port market. It also presents opportunities for companies and industry professionals to raise brand awareness, launch new products, network and establish business contacts.

www.transportevents.com

Mideast Marine Conference

Bloomfield Hills, Michigan

May 21-23

The event, organised by MarineLife Aquarium Society of Michigan is dedicated to the protection and conservation of the world's natural marine environments and promotion of intelligent Marine Protected Areas. Members and the public will be educated about the care, breeding and propagation of marine fish, coral and invertebrates.

www.masm.org

2nd Annual China Port Expansion and Efficiency Summit 2010

Shangri-la Hotel, Qingdao, China

May 27-28

The summit will bring together prestigious leaders from the port industry to explore solutions for port long-term growth and to update on the latest port expansion schemes. It also provides an opportunity to present products and services to Asia-Pacific port industry decision makers.

www.noppen.com.cn



SMM

SMM Shipbuilding, Machinery & Marine Technology

Hamburg, Germany

September 7-10

The trade fair offers nearly 2,000 exhibitors from all continents a platform for presentation of the latest technology and product developments for the maritime sector. It serves as a trend show and trendsetter, and a focal point for know-how transfer worldwide.

www.hamburg-messe.de

15th Asia Oil & Gas Conference 2010

At Kuala Lumpur Convention Centre, Malaysia

June 6-7

The conference brings together the oil and gas industry fraternity to engage in intellectual discourse on key industry issues while pursuing business building and networking.

www.cconnection.org

Sustainable Ocean Summit

Belfast, UK

June 15-17

The World Ocean Council brings together leaders from industries dependent on ocean space and resources to catalyse ocean business community leadership and collaboration in addressing ocean sustainability and stewardship and advancing corporate ocean responsibility.

www.oceancouncil.org



India Ports & Logistics 2010

Hyatt Regency, Mumbai, India

May 24-26

The conference, organised by IBC Energy, helps get the latest development updates from government, private and non-major ports, learn key expectations and future plans of international / regional investors into India's ports and logistics sector and gain insights on the expected capacities and expansion projects in India.

www.ibt-asia.com

International Defence Logistics 2010

Hotel Le Plaza, Brussels, Belgium

June 29-July 2

Europe's leading global logistics forum for the international defence community, the event will provide an opportunity for professionals to network with and learn from senior representatives from allied defence organisations and industry partners on critical strategic, operational and tactical challenges.

www.defencelog.com



**KRISHNAPATNAM PORT
COMPANY LTD.**

**We are your breakthrough in providing
Superior Infrastructure, State-of-the-art Facilities & Exquisite Services.**

We have the skill of building and operating the port in a very high standard.
Our belief is to innovate, improve and adapt to your needs which is our success
formula in making us India's biggest multipurpose port of international caliber.



Visit us at www.krishnapatnamport.com to know more about us or
e-mail us at customerservice@krishnapatnamport.com

Think GLOBAL

SOLUTIONS CONNECTIONS CUSTOMERS



MUNDRA INTERNATIONAL CONTAINER TERMINAL PVT. Ltd.
New Mundra Port, Navinal Mundra, Kutch 370 421, Gujarat, India
Te: +91 2838 288274 to 6, Fax: +91 2838 278, Website: www.mict.doports.com